HOMEOWNERS' ASSOCIATION OFFERING PLAN

VILLAS AT CHURCHVILLE

Washington Street
Monroe County, New York
Village of Churchville

Total Amount of Offering: $1,000.00
(Value of improved common areas to be conveyed to Villas at Churchville Association, Inc. in first phase of multi-phase development. If all lands now under the control of Sponsor or principals of Sponsor are added to the first phase as projected, the value of all improved common areas associated with subsequent phases will be approximately $5,000.00. The value of each phase is $1,000.00. The cost of membership in Villas at Churchville Homeowners Association, Inc. is included in the purchase price of units sold in conjunction with this offering.

SPONSOR AND: **NORTH COAST VENTURES, LLC**
SELLING AGENT: 6 Rainbrooke Drive
Pittsford, New York 14634

Date of Acceptance for Filing: January 23, 2014. The term of the initial offer is twelve (12) months. The term may be extended by an amendment to the Offering Plan filed with the New York State Department of Law.

20 Lots - Phase I
20 Lots - Phase II
20 Lots - Phase III
20 Lots - Phase IV
20 Lots - Phase V

(If all phases are developed and offered as projected or contemplated, the maximum number of Lots to be offered in all phases will be 100 Lots.)

SEE PAGE v FOR SPECIAL RISKS TO PURCHASERS.

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

THIS OFFERING PLAN CONTAINS THE TERMS OF THE OFFER OF SALE AND THE OBLIGATIONS OF THE SPONSOR.

PLEASE READ IT CAREFULLY.

THE PROPERTY YOU ARE PURCHASING IS PART OF A PRIVATE SELF-GOVERNING SUBDIVISION WHICH MAY INITIALLY BE CONTROLLED BY THE SPONSOR.

YOUR OBLIGATIONS AS A LOT OWNER ARE INCLUDED IN THIS PLAN. THIS PLAN IS PREPARED AND ISSUED BY THE SPONSOR OF THIS SUBDIVISION. IT HAS BEEN FILED WITH THE ATTORNEY GENERAL OF THE STATE OF NEW YORK, DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 120 BROADWAY, NEW YORK, NEW YORK 10271.

OFFERING PLAN FOR
VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

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OFFERING PLAN FOR
VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.
PART I

SPECIAL RISKS

1. Sponsor May Appoint Majority of the Board of Directors.

The Sponsor may designate a majority or all of the Board of Directors whenever it owns any of Lots subject to the provisions of the Declaration at the time of an election of the Directors. See "Control by the Sponsor" on page 20 of this Offering Plan and Section 5.03 of By Laws in Part II of this Offering Plan. **This could result in the Sponsor controlling the Board indefinitely.**

2. No Completion Bond Posted by Sponsor.

No completion bond is to be posted to secure the Sponsor's obligations to complete construction of the Association Property. See "Rights and Obligations of the Sponsor" on page 17 of this Offering Plan.

3. Sponsor Has Veto Power.

The Sponsor has veto powers over certain expenditures and actions of the Board of Directors so long as it holds title to any Lot on the Property. Such veto powers extend to (i) amendments to the Declaration which adversely affects a substantial interest or right of the Sponsor, (ii) any addition, alteration or improvement to the Association Property (except for necessary or mandated repairs), (iii) assessments to create or enlarge a reserve, contingency or surplus fund exceeding the proportional amount any such fund bears to the projected budget for the first year of operations (Schedule A on page 9 of this Offering Plan), (iv) hiring any employee(s) in addition to the employees, if any, provided for in Schedule A, (v) expanding or reducing the scope of maintenance services provided by the Association beyond that provided for in Schedule A, (vi) borrowing money on behalf of the Association and (vii) changing the basis of determining Maintenance Assessments. See "Summary of the Declaration" on page 21 and "Special Rights of Sponsor and Mortgagees" on page 27 of this Offering Plan.

4. Escrow Deposits.

Purchasers are advised that all deposits, down payments or advances made by Purchasers prior to closing will be placed in an attorney's segregated special escrow account covered by the Federal Deposit Insurance Corporation. Deposits in excess of $250,000.00 will not be federally insured. See "The Escrow Account" on page 12 of this Offering Plan.

5. Transfer Tax to be Paid by Purchaser.

The New York State Real Property Transfer Tax or "deed stamp" tax is the obligation of the Purchaser pursuant to paragraph 9 of the Purchase Agreement (see Exhibit A in Part II of this Offering Plan) and shall be paid at the time of closing. The payment of this tax is customarily the obligation of the seller.

6. Purchaser's Failure to Take Title.

Upon the Purchaser's failure to take title or the Purchaser's failure to make prompt and prior application for his/her mortgage, this Agreement shall become null and void and the deposits, with interest, if any, up to a maximum of ten (10%) percent of the purchase price, excluding extras, shall belong to the Seller, in addition to which the Purchaser shall pay Seller the full cost of all extras in the list attached hereto which were commenced prior to the date of closing, together with reasonable attorney's fees and court costs, incurred to enforce Seller's remedies, all of which shall be liquidated damages. Sponsor must make written demand for payments after default at least 30 days before forfeiture of deposit may be declared.

7. Property to be Built in Multiple Phases.

The property is being developed in multiple phases, however the Sponsor is only obligated to build the first phase, which consists of 20 Lots. See Introduction page 1, of this Offering Plan.

All terms with the first letter capitalized are defined terms. See "Definitions" in Section B on pages 6 through 7 of this Offering Plan.

INTRODUCTION

Purpose

The purpose of this Offering Plan is to set forth all of the material terms of an offer to sell membership interests in the Association, in conjunction with the sale of Lots (Units). This Offering Plan may be amended from time to time by an amendment filed with the New York State Department of Law and served upon Purchasers and Owners of Lots (Units).

General

This Offering is being made by North Coast Ventures, LLC. (hereinafter "Sponsor"). The property that is the subject of this Offering is located on the intersection of Washington Street (Route 36) and Gilman Road, in the Town of Riga, Village of Churchville. The Sponsor acquired fee title to the property in December, 2012. The parcel being offered under this plan consists of approximately 24 acres.

All of the land within the development will be owned in fee by either the Villas at Churchville Homeowners Association, Inc. (hereafter "Association") or by the individual townhome owners. Each townhome owner will own his/her home and garage and the plot of land on which the house and garage are located. The Association will own and maintain approximately 18 acres being landscaped area outside of the footprint of the townhouse, road, storm water pond and snow storage areas, if all 100 Units are built.

The initial number of lots with membership in the Association will be 20 individual lots (Phase I). Additional phases of 20 lots each, up to 100 lots will be added, as sales commence. The Sponsor is only obligated to build the first phase of 20 Units, which would result in an Association of only 20 Units.

All of the lands comprising the Development will be covered by a Declaration of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens - Villas at Churchville ("Declaration") recorded or to be recorded in the Monroe County Clerk's Office. A copy of the Declaration is included as Exhibit G in Part II of this Offering Plan.

Each Purchaser of a Lot will own the Lot and any Unit thereon exclusively and shall, upon becoming the Owner of the Lot, automatically become a member ("Member") of the Villas at Churchville Homeowners Association, Inc. ("Association"). Accordingly, if the Lot Owner sells the Lot (Unit), the Purchaser automatically becomes a Member of the Association. The Association is a New York corporation organized or to be organized under the New York Not-for-Profit Corporation Law. The Association will hold title to common areas ("Common Areas"), hereinafter sometimes referred to as "Association Property", which consist of all areas within the boundaries of the Property, except the Lots. A description of the improvements to Association Property is found on page 8 of this Offering Plan. Purchasers will not directly own any Common Areas but will indirectly have an interest in Association Property as Members of the Association.

The Association will own, maintain and repair the Association Property, maintain certain portions of the exterior of the Units, administer and enforce protective covenants,

conditions, restrictions, charges and liens imposed on the Property by the Declaration, obtain and maintain common fire and casualty insurance on the Units, obtain and maintain liability insurance on the Association Property, and such other insurance as the Board of Directors may determine to be appropriate from time to time; and collect and disburse the Assessments and charges necessary to perform its functions. The projected budget for the Association's first year of operation is found as "Schedule A" on page 9 of this Offering Plan.

Members of the Association will have the right to vote annually for the Board of Directors who will conduct the affairs of the Association. Members will pay monthly Maintenance Assessments or charges to the Association for:

1. the operation and maintenance of the Association Property;

2. the exterior maintenance of the Units, (See Declaration Section 6.02);

3. fire and casualty insurance covering the Units and liability insurance for the Association; and

4. the creation of such reserves for maintenance, repair and replacement and contingencies as the Board of Directors may deem proper.

Price Includes Interest in Association

The price of the Lots (Units) includes the cost of membership in the Association. The cost of creating the Association is paid by the Sponsor from the proceeds of Lot (Unit) sales. Prices are set by the Sponsor alone and are not subject to review or approval by the Department of Law or any other government agency. Unit Owners will be obligated to pay Assessments to the Association to fund the cost of Association operations.

Government and Services

The Village of Churchville will provide road maintenance and snow removal for Allfair Drive and Spotts Circle, the roads will be dedicated to the Village. Sanitation services will be provided by the Village of Churchville. Police protection will be provided by the Monroe County Sheriff's Department. Fire protection will be provided by the Village of Churchville Fire Department. Road maintenance will be provided by the Village of Churchville Highway Department. The Association will contract with a private disposal company for the collection and removal of refuse from the development.

Water will be supplied by the Monroe County Water Authority ("MCWA"). All water mains and hydrants are owned by and will be maintained by MCWA in easements granted to it. Electricity will be provided by Churchville Electric Corporation and natural gas by Rochester Gas & Electric Corporation.

Sanitary sewer collectors are connected to the Village of Churchville lines. All sewers and manholes in easements will be dedicated to the Village of Churchville. Sewer and water laterals are the responsibility of lot owners.

The property is located in the Churchville-Chili central School District.

Adjoining Areas

The areas which surround the Development are zoned as follows:

North	-	Riga - Rural Agricultural - farm land residential. Single family homes and vacant land.
South	-	Planned Residential Use District - Churchville Green Homeowner's Association.
East - R1	-	Residential - fire house and vacant land.
West - R1	-	Residential - single family homes.

Who May Purchase and Availability of Offering Plan

Purchasers must be 18 years of age or older. There are no other limitations on who may Purchase. There are no limitations on the sale or leasing of Lots (Units), except that an Owner shall not lease any portion of a Unit (other than the entire Unit), and no lease shall be for an initial term of less than six (6) months.

This Plan, as presented to prospective Purchasers, contains all of the detailed terms of a purchase in the Development as it relates to the Association. Parts A, B and C of the Exhibits delivered to the Department of Law contain all of the documents referred to in this Plan. Copies of this Plan and Parts A, B and C of the Exhibits for this Offering Plan will be available for inspection without charge to prospective purchasers and their attorneys at the law firm of Phillips Lytle, LLP, counsel to the Sponsor, One Canalside, 125 Main Street, Buffalo, New York 14203 or from the Sponsor at 6 Rainbrooke Drive, Pittsford, New York 14634 and, during the time any on-site office is open, at such on-site office.

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

No Minimum Number of Sales Required to Commence Conveyance of Title

There is no minimum number of purchase agreements ("Purchase Agreements") that the Sponsor must enter into in order to commence conveying title to Lots.

No contracts or agreements have been entered into and no deposits or advances of funds accepted as of the date this Offering Plan is accepted for filing.

DEFINITIONS

As used in this Plan the following terms have the meanings as follows:

"Assessments" - composed of (i) "Maintenance Assessments" (see definition below), charged to the Owners on an annual basis and payable on a monthly basis, and (ii) "Special Assessments" (see definition below).

"Association" - Villas at Churchville Homeowners Association, Inc.

"Association Property" - all land, improvements and other properties heretofore or hereafter owned by the Association.

"Builder" - North Ridge Crossing, LLC.

"Building" - a duplex structure containing two (2) Units.

"Common Areas" - all land, improvements and other properties owned by or intended to be owned by the Association. Once conveyed to the Association, the Common Areas become Association Property.

"Declaration" - The Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens which has been or will be recorded in the Recording Office prior to the transfer of title to the first Lot (Unit) in conjunction with this Offering Plan. The Declaration establishes the mandatory nature of the Association and includes the administrative framework and responsibilities of the Association and the basis for collection of Maintenance Assessments to enable the Association to carry out its responsibilities. The Declaration also sets forth the property rights and easements of the Members of the Association.

"Development" - the entire Villas at Churchville project, i.e. the lands described on Schedule A and Schedule B of the Declaration.

"Lot" - a plot of land subject to the Declaration which is designed for separate ownership or which is shown as a separate parcel on a filed subdivision map or on the tax records of the Village of Churchville, except that land owned by the Association shall not be deemed a Lot.

"Lot Owner" - the Owner of a Lot.

"Maintenance Assessments" - amounts charged by the Association to the Owners for the maintenance and operation of the Association Property, for the maintenance of Unit exteriors and the lawns on the Lots, for the administrative costs of the Association, including but not limited to office expenses, insurance premiums for casualty insurance covering the Buildings and liability insurance covering the Association Property, legal fees for enforcing restrictive covenants, accounting fees and charges for reserve funds.

"Member" - each holder of a membership interest in the Association as such interests are set forth in Article III of the Declaration in Part II of this Plan.

"Offering Plan" or "Plan" - the plan or prospectus filed with the New York State Department of Law for the sale of Lots (Units) together with an interest in the Association.

"Owner" - the holder of record title, whether one or more persons or entities, of the fee interest in any Lot or Unit.

"Property" - all properties, including the Association Property, and the Lots (Units) which are subject to the provisions of the Declaration.

"Purchase Agreement" - the written agreement or contract pursuant to which a Lot (Unit) is sold by the Sponsor and purchased by the Purchaser.

"Purchaser" - a person or entity who has entered into a contract or purchase agreement to acquire a Lot (Unit).

"Recording Office" - the Monroe County Clerk's Office.

"Selling Agent" - the person or entity, if any, retained by the Sponsor to act as the Sponsor's agent for the sale of Lots.

"Special Assessments" - amounts charged by the Association to the Owners for capital improvements, unbudgeted or extraordinary expenses and any monetary penalties imposed against an Owner pursuant to the Declaration. (See Section 5.04 of Declaration Exhibit G in Part II of this Plan).

"Sponsor" - North Coast Ventures, LLC.

"Unit" - each residential home on the Property which has been (i) completed as evidenced by issuance of a certificate of occupancy issued by the Village of Churchville for such home or (ii) occupied as a residence.

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

The Sponsor will construct 1 duplex townhome on each double lot, consisting of 2 attached units in each building. Two model homes have been started, but not completed in Phase I. Two other homes are under construction. No homes are occupied, since no homes are completed. The common areas will be improved by dedicated roads, a retention pond and landscaped areas. Upon completion of the entire project, the Association Property will be owned by the Association and consist of approximately 15 acres. The roads will be maintained by the Village of Churchville and will meet the requirements of the Village for dedicated roads.

The roads to be constructed will be twenty (20) feet wide and will consist of twelve (12) inches of #3 crusher run stone base, three (3) inches compacted asphalt binder, one (1) inch compacted asphalt top, armor flex, type 7. The roads in the development will be constructed to meet Village requirements since the roads will be dedicated to the Village.

Water, sanitary sewer and storm sewer service will be constructed by the Sponsor within individual lots and the Association property. The water system will be dedicated to Monroe County Water Authority and the sanitary sewer and storm sewer service systems will be dedicated to the Village of Churchville. The Sponsor has posted a letter of credit with the Village to cover the cost of construction. No certificate of occupancy will be issued until the water and sewer systems have been accepted for dedication.

It is contemplated that the first home will be ready for occupancy March 1, 2014, with all homes completed by August 1, 2015. Phase 2 is scheduled for construction to begin approximately September 1, 2015 with completion planned for August 1, 2017. Phase 3 is scheduled for construction to begin approximately September 1, 2017 with completion planned for August 1, 2019. Phase 4 is scheduled for construction to begin approximately November 1, 2019 with completion planned for September 1, 2021. Phase 5 is scheduled for construction to begin approximately November 1, 2021 with completion planned for November 1, 2023.

The homes and amenities will be constructed in accordance with all applicable zoning and building laws of the State of New York and Village of Churchville.

SCHEDULE A

Budget for First Year of the Villas at Churchville HOA, Inc.
Beginning January 1, 2014

	20 units	40 units	60 units	80 units	100 units	Footnotes
Projected Income						
Maintenance Charges @	34,800	69,600	104,400	139,200	174,000	1
$145 per month						
Sponsor Contribution	1,884	1,010	-	-	-	
TOTAL INCOME	**36,684**	**70,610**	**104,400**	**139,200**	**174,000**	
Projected Expenses						
Utilities	500	1,500	1,500	1,500	2,000	2
Water Charges/Sewer rent	-	-	-	-	-	3
Repairs/Maintenance/Suppplies	2,000	4,000	4,000	6,000	7,587	4
Service Contracts	8,861	17,722	26,584	35,445	44,306	5
Snow Removal	3,500	7,000	10,500	14,000	17,500	6
Refuse Removal	-	-	-	-	-	7
Insurance	7,400	14,800	22,200	29,600	37,000	8
Management Fees	4,080	8,160	12,240	16,320	20,400	9
Legal Fees	500	500	800	800	1,000	10
Accounting Fees	1,500	1,500	1,500	1,500	1,500	11
Taxes						
Real Estate Tax	400	600	800	1,000	1,713	12
NYS Franchise Tax	100	100	100	100	100	12
Federal Income Tax	628	628	628	628	628	12
State Income Tax	-	-	-	-	-	
Sales Tax	-	-	-	-	-	
Reserve	6,715	13,400	20,146	26,861	33,572	13
Other	500	700	1,000	1,500	1,600	14
TOTAL EXPENSES	**36,684**	**70,610**	**101,998**	**135,254**	**168,906**	

The Villas at Churchville HOA, Inc.
2014 Operating Budget
January 1, 2014 - December 31, 2014

1. **MAINTENANCE CHARGES** - Projected at $145 per month per home.

2. **UTILITIES** - Electric usage for entrance sign and two pond pumps based on the following calculation: LED entrance light - $0.013 kwh per hour x 12 hours/day x 365 days = 56.94 kwh x $.09 per kwh = $5.13; Pond pumps-2.3 kwh per hour x 15 hours/day x 150 days/year = 5,175 kwh x .09 per kwh x 2 pumps = $931.50

3. **WATER CHARGES/SEWER RENT** - Water usage and sewer charges will be individually metered and billed to each homeowner by the service provider.

4. **REPAIRS/MAINTENANCE/SUPPLIES** - This category includes expenses to maintain the entrance sign, buildings and pumps for ponds for a total of $4,000. Also included are flowers and shrubs and maintenance for a total of $7,587.

5. **SERVICE CONTRACT** - The estimated cost for trimming shrubs, maintenance of bed areas, lawn moving is based on an estimate from Upstate Lawn, Inc., 5273 W. Ridge Road, Spencerport, NY 14559. The cost is $28,620 including tax. On Step Tree & Lawn Care, 4343 Buffalo Road, North Chili, NY 14514, estimates the cost of chemicals for lawn care and shrub treatments to be $15,686 including tax per year.

6. **SNOW REMOVAL** - Season contract with TC Enterprises for plowing driveways at 3" accumulation including tax is $17,750.

7. **REFUSE REMOVAL** - Provided by Town of Riga.

8. **INSURANCE** - Coverage for one year which includes a blanket building limit of $20,000,000 for 50 buildings with a total of 100 Units. Property deductible of $2,500, Non-Owned/Hired auto Liability, Broadened General Liability endorsement, Employee Dishonesty coverage for $240,000 over the $10,000 included in the Crime Expanded Coverage endorsement, Directors & Officers Liability and Umbrella. Coverage will be 100% Co-Insurance, Replacement Cost, Agreed Value, Special Form Perils. Based on an estimate form First Niagara, 777 Canal View Blvd., Suite 100, Rochester, NY 14623 each individual homeowner will be responsible for purchasing their own policy to cover risks such as fire and casualty losses to the contents of the home and liability coverage for occurrences within the home.

9. **MANAGEMENT** - Kenrick Corporation, 3495 Winton Place, Building D Suite 4, Rochester, NY 14623 will manage Property for $17,00 per unit per month.

10. **LEGAL** - Represents legal fees based on an estimate from Ronald S. Shubert Esq., for the collection of assessments, covenant enforcement and general legal advice.

11. **ACCOUNTING FEES** - Represents an audit fee of $1,500 based on an estimate form Bonn, Dioguardi & Ray LLP, 70 Linden Oaks Office Park, Rochester, NY 14625, for the preparation of an audit and issuance of certified financial statements.

12. **TAXES** - Estimated real estates taxes on the Association property at a "Nominal Value," of $1,713, provided by the Town of Riga Assessor, NYS Franchise tax of $100, and Federal Income Tax of $628. The total assessment of all phases' common areas is approximately $46,000 with a tax rate of $371.24 per thousand based on current tax rate for the Town of Riga, NY.

13. **RESERVES** - Contribution $33,572 ($27.98/home/month)

Item	Cost	Life Cycle	Contribution
Painting Trim	$30,000	5 years	$6,000
Roofing (320,000 sf) @ $1.75 per sf	$560,000	50 years	$11,200
Asphalt (88,000 sf) Sealing @ $0.07/sf	$6,160	4 years	$1,540
Resurface @ $1.50/sf	$132,000	25 years	$5,280
Concrete Sidewalk (2,500 sf) Replace @ $6.50 sf	$16,250	30 years	$542
Vinyl Siding (170,000 sf) Replace @ $2.65 sf	$450,500	50 years	$9,010
TOTAL			**$33,572**

14. **OTHER** - Expenses projected include coupons and envelopes to be used in making the monthly payments, copies, postage, standard forms and bank charges for a total of $1,600.00.

If the actual date of commencement of Association operations is delayed more than six (6) months from the budget year projected, the Plan will be amended to include a revised budget. If the revised projections exceed the original projections by 25 percent or more, the Sponsor will offer all Purchasers the right to rescind, not less than 15 days after the date of presentation. Sponsor will return any deposit or down payment within 30 days, to Purchasers who wish to rescind.

PROCEDURE TO PURCHASE

A prospective purchaser ("Purchaser") shall execute and deliver the Purchase and Sale Contract on the form set forth in this Offering Plan on page 41. Once executed by Purchaser and Builder, the agreement becomes a binding obligation on both parties subject only to those contingencies set forth in the contract.

Purchasers shall have not less than three (3) days prior to execution of a Purchase Agreement to review this Offering Plan and all filed amendments to date or, if a Purchaser has not had the Offering Plan for such three (3) day period, such Purchaser will be afforded until 4 p.m. on the seventh day following Purchaser's execution and delivery of a Purchase Agreement to the Sponsor or to the Selling Agent, to rescind the Purchase Agreement and to have the entire deposit promptly refunded. Any notice to rescind must be in writing and personally delivered to the Sponsor or the Selling Agent or if sent by mail to the Sponsor or the Selling Agent, post-marked within such seven (7) day period.

The Sponsor will comply with the escrow and trust fund requirements of General Business Law §§ 352-e(2-b) and 352-h and the Attorney General's regulations relating to those sections. If there is a change to the escrow agreement, Sponsor will submit an amendment to the Department of Law.

Any provision of any contract or agreement, whether oral or in writing, by which a purchaser or subscriber purports to waive or indemnify any obligation of the Escrow Agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Offering Plan or in a purchase agreement. Purchasers shall not be obligated to pay any legal or other expense of the Builder in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

The Escrow Agent

The law firm of Kaman, Berlove, Marafioti, Jacobstein & Goldman, LLP, with an address at 135 Corporate Woods, Suite 300, Rochester, New York 14623, telephone number 585-325-7440, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Ross J. Cammarata, Esq. and Anthony Dentino, Esq. All designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Builder, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

The Escrow Account

The Escrow Agent has established the escrow account at M&T Bank, located at 1400 Miracle Mile Drive, Rochester, New York 14623, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled The Villas at Churchville Escrow Account ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per deposit. Any deposit in excess of $250,000 will not be insured.

All Deposits received by Purchaser shall be in the form of a check, and shall be made payable to or endorsed by the Purchaser to the order of Kaman, Berlove, Marafioti, Jacobstein & Goldman, LLP, as Escrow Agent.

Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of a written agreement between Purchaser and Sponsor.

The Escrow Account will be an Interest on Lawyer's Account (IOLA) pursuant to Judiciary Law § 497 and no interest will be earned by Purchaser or Sponsor.

Escrow Agreement

The Escrow Agreement is attached hereto as Exhibit J in Part II of the Plan. The Escrow Agreement must be executed by the Sponsor, Purchaser, and Escrow Agent.

Notification to Purchaser

Within five (5) business days after the Purchase Agreement has been tendered to Escrow Agent along with the Deposits, the Escrow Agent shall sign the Purchase Agreement and place the Deposit into the Escrow Account. With ten (10) business days of placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser, Sponsor and Builder, conforming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of a written agreement between Purchaser and Builder.

The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within 15 business days after tender of the Deposit, he or she may cancel the Purchase Agreement within 90 days after tender of the Purchase Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

Release of Funds

All Deposits, except for advances made for upgrades, extras, or custom work received in connection with the Purchase Agreement, are and shall continue to be the Purchaser's money, and may not be comingled with any other money or pledged or hypothecated by Builder or Sponsor, as per GBL § 362-h.

Under no circumstances shall Builder or Sponsor seek or accept release of the Deposit of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of a post-closing amendment by the New York State Department of Law.

Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL §§ 352-3(2-b) and 352-h.

The Escrow Agent shall release the Deposit if so directed:

(a) pursuant to terms and conditions set forth in the Purchase Agreement upon closing of title to the Unit; or

(b) in a subsequent writing signed by both Builder or Sponsor and Purchaser; or

(c) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser, Builder and Sponsor prior written notice of not fewer than 30 days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the 30 day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said 30 day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the clerk of the county where the unit is located and shall give written notice to both parties of such deposit.

The Builder and Sponsor shall not object to the release of the Deposit to:

(a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; or

(b) all Purchasers after an Amendment abandoning the Plan is accepted for filing by the Department of Law.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

Waiver Void

Any provision of any Purchase Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Purchase Agreement, Plan, or any amendment thereto.

Compliance With Section 71 a(3) of the Lien Law

Pursuant to Section 71-a(3) of the New York Lien Law, a builder constructing a home for a purchaser is responsible, if the purchaser requests, to place in escrow or to bond the purchaser's initial deposit until completion of the home. Notwithstanding this election right of the Purchaser of a Lot (Unit), because both the Sponsor, Builder and the Builder's closing attorney agree to comply with the escrow and trust provisions of Sections 352-e(2-b) and 352-h of the New York General Business Law, the Purchaser will be deemed to have made such election and the initial deposit (and all other deposits) will be handled as set forth above.

Risk of Loss

If a Unit is damaged or destroyed by fire or other casualty, the risk of such a loss remains with the Sponsor unless and until legal title to the Lot (Unit) has been conveyed to the Purchaser.

Financing Contingency

If a Purchaser's obligations are contingent on obtaining a financing commitment and the financing commitment lapses or expires prior to closing and Purchaser has made a good faith effort to extend the commitment, Sponsor will grant to such Purchaser a right of rescission and a reasonable period of time to exercise that right.

With regard to those contracts subject to mortgage financing, the deposit shall not exceed ten (10%) percent of the purchase price. For contracts not subject to financing, the Purchaser will be required to make additional periodic deposits.

Upon the Purchaser's failure to take title or the Purchaser's failure to make prompt and prior application for his/her mortgage, this Agreement shall become null and void and the deposits, with interest, if any, up to a maximum of ten (10%) percent of the purchase price, excluding extras, shall belong to the Seller, in addition to which the Purchaser shall pay Seller the full cost of all extras in the list attached hereto which were commenced prior to the date of closing, together with reasonable attorney's fees and court costs, incurred to enforce Seller's remedies, all of which shall be liquidated damages. Sponsor must make written demand for payment after default at least 30 days before forfeiture of deposit may be declared.

In addition, Sponsor or Builder may retain as additional damages any funds paid by Purchaser for special work ordered in an amount equal to any funds disbursed by Seller for such special work.

The Purchase Contract contains various dates by which the parties are to complete certain tasks or certain events are to occur. Because time is of the essence in the Purchase Contract, failure to perform in a timely manner would result in default under the contract by the party failing to perform. Such a default could result in termination of the contract including loss of Purchaser's deposit.

The Purchase Contract and Plan do not contain and may not be modified to contain any provision waiving Purchaser's rights or abrogating Sponsor's or Builder's obligations under Article 23-A of the General Business Law.

The Purchase Contract provides that it is personal to the parties and may not be assigned by Builder or Purchaser without the consent of the other party.

The Sponsor or Builder must either accept the Purchase Contract and return a fully executed counterpart to the Purchaser or reject the contract and refund the full deposit previously tendered within five (5) business days after a Purchaser delivers an executed Purchase Contract, together with the required deposit to the Builder. Failure by the Sponsor or Builder to respond to an executed Purchase Contract within such time period will be considered rejection of the offer and any deposits tendered shall be returned immediately.

Provisions of Offering Plan Control

The provisions of this Offering Plan are incorporated into each Purchase Agreement by reference. Any conflict between the terms, provisions and conditions of this Offering Plan and those of the Purchase Agreement will be resolved in favor of the Offering Plan.

Purchase Agreement Not Assignable Without Builder's Consent

The Purchaser may not assign the Purchase Agreement without the prior written consent of the Builder. Any purported assignment of the Purchase Agreement by the Purchaser without the Builder's consent shall be deemed null and void.

FINANCING FOR PURCHASERS

The Sponsor is not designating and has not procured any specific lender to finance the purchase of individual Lots (Units) by Purchasers. Purchasers may obtain any necessary financing from any source available to them. The Purchase Agreement may provide the Purchaser's obligation to purchase is contingent on the Purchaser obtaining such financing.

TERMS OF SALE

Transfer of Common Areas to Association

The Sponsor will transfer the Common Areas to the Association on or before the transfer of title to the first Lot (Unit) in each phase of the development. The Sponsor anticipates that the first closing in Phase I will occur on or about March 1, 2014. Such transfer will be by bargain and sale deed with covenant against grantor's acts and lien covenant. The Sponsor will convey insurable title only to the Common Areas. A copy of the form of deed from the Sponsor to the Association is included as Exhibit B in Part II of this Offering Plan.

To the extent there is any damage to the land and improvements to be deeded to the Association from casualty or other cause prior to the time of such transfer, the Sponsor will, to the extent reasonably possible, repair such damages or restore the property.

No transfer of Common Areas and no closing of a Lot (Unit) will take place until such time as a temporary or permanent certificate of occupancy has been issued for a Unit.

Common Areas will be conveyed to the Association free and clear of all liens, encumbrances and other title exceptions except:

1. Utility easements granted to public utilities in the future by the Sponsor for the purpose of distributing utility services within the Property.

Prior to the transfer of such Common Areas to the Association, the Sponsor will: (i) pay all real property taxes due on such Common Areas; (ii) release such Common Areas from the lien of any mortgage affecting such Common Areas (as of the date of this Offering Plan, there are no mortgages affecting the Property); (iii) pay all New York State Business Corporation ("franchise") taxes for any predecessor corporation in title to the lands comprising the Development or, in lieu thereof, arrange for the title insurance policy to be issued to the Association to insure against the collection of such taxes out of the Common Areas conveyed to the Association.

No other encumbrances, e.g. mortgages, leases, etc. will affect such Common Areas at the time of conveyance to the Association. The Sponsor will arrange for the issuance of a title insurance policy insuring the Association's title to such Common Areas. (See "Provide Title Insurance on Association Property" at page 20 of this Offering Plan.)

Transfer of Lots (Units) to Purchasers

The Declaration will be recorded in the Recording Office prior to the first conveyance of a Lot (Unit). Conveyance of Lots (Units) to Purchasers will be by warranty deed. The Sponsor will convey insurable title only to the Lots (Units). The cost of any title insurance desired or required by the Purchasers shall be paid by the Purchasers. As provided in the Purchase Agreement, the obligation for the payment of New York State transfer tax, usually the responsibility of the seller, is transferred to the Purchaser.

RIGHTS AND OBLIGATIONS OF THE SPONSOR

1. Defend and Indemnify for Acts or Omissions.

The Sponsor will defend any suits or proceedings arising out of Sponsor's acts or omissions and will indemnify the Board of Directors of the Association and the Lot (Unit) Owners for any liabilities or costs arising out of such acts or omissions.

2. Sponsor's Obligations Survive Delivery of Deed to Common Areas.

The representations made by the Sponsor in this Offering Plan and the obligations of the Sponsor under applicable provisions of the General Business Law, including

obligations to be performed subsequent to the delivery of any deed of Common Areas to the Association shall survive delivery of such deed.

3. Number of Units to be Built and Common Areas to be Completed and Conveyed to Association.

The Sponsor is only obligated to complete the construction of 20 Lots (Phase I) and the improvements to Association Property. Since the Sponsor is only obligated to complete the first phase of 20 Lots and will continue the development in future phases if market conditions warrant it, it is possible that the development will consist of only 20 Lots.

The Units and Association property will be constructed in accordance with all applicable zoning and building laws of the Village of Churchville and State of New York.

The first home will be ready for occupancy approximately March 1, 2014, with all homes in Phase I completed by August 1, 2015. Phase 2 is scheduled for construction to begin approximately September 1, 2015 with completion planned for August 1, 2017. Phase 3 is scheduled for construction to begin approximately September 1, 2017 with completion planned for August 1, 2019. Phase 4 is scheduled for construction to begin approximately November 1, 2019 with completion planned for September 1, 2021. Phase 5 is scheduled for construction to begin approximately November 1, 2021 with completion planned for November 1, 2023.

4. No Financing for Construction of Common Areas.

The Sponsor has obtained financing for the construction of improvements to the Common Areas.

5. Right to Substitute Equipment or Materials.

With respect to the construction and completion of the Common Areas, the Sponsor will complete construction in accordance with the plans and specifications identified in the Offering Plan, but the Sponsor has the right to make changes or to substitute equipment and materials of comparable or better value, quality or design.

6. Pay for Improvements to Common Areas.

The Sponsor will pay for the authorized and proper work involved in the construction of the improvements on the Common Areas which the Sponsor is obligated to complete under this Offering Plan and will cause all mechanics' liens with respect to such construction to be promptly discharged or bonded.

7. Record Declaration.

Prior to the transfer of title to the first Lot (Unit), the Sponsor will record the Declaration. Any Common Areas to be conveyed to the Association will be released from any mortgage lien prior to or simultaneous with their conveyance to the Association and will be conveyed to the Association prior to the transfer of title to any Lot (Unit).

The Sponsor will complete the construction of the roads serving the lots that are vital to the health and safety of the owners prior to closing title on the first lot. Some final Association landscaping may not be completed at the time of transfer of title to the lots. If the municipality permits occupancy and the Sponsor escrows funds for completion, closing may occur if uncompleted items are not vital to the health and safety of the owners.

8. Deliver Set of Plans to Association.

The Sponsor will deliver a set of as built plans and specifications to the Board of Directors of the Association for any improvements which service the Lots (Units) including roads, water lines and sewer lines. The Sponsor will represent that such plans and specifications are in substantial compliance with the disclosure for such Common Areas as set forth in this Offering Plan. The Sponsor will amend the Offering Plan after construction of the roadways and amenities, prior the conveyance of the property to the Homeowners' Association.

9. Assignment of Warrantics.

Prior to the transfer of the Homeowners' Association property, the Sponsor will assign any manufacturers' warranties with respect to equipment and appliances for equipment installed on Association Property, or to be owned or maintained by the Association, to the Board.

10. No Security Furnished by Sponsor.

No bond or other security has been furnished to secure the Sponsor's obligations under this Offering Plan including the Sponsor's obligation to complete the construction of the Common Areas.

11. Procurement of Insurance.

So long as the Sponsor is in control of the Board of Directors of the Association, the Sponsor appointed or elected Directors will arrange for the Association to obtain and maintain public liability insurance and fire and casualty insurance covering the Units.

12. Provide Financially Responsible Successor Entities.

In the event of the Sponsor's dissolution or liquidation or in the event of the transfer of three (3) or more Lots (Units) to a Purchaser who is not purchasing such Lots (Units) for occupancy by such Purchaser or by members of such Purchaser's immediate family, the principals of the Sponsor will provide financially responsible entities or individuals who, at the time of engaging in sales activity with respect to the Lots (Units) transferred, will assume the status and all of the obligations of the Sponsor under this Offering Plan and under all applicable laws and regulations. In the event of the Sponsor's dissolution or liquidation, the principals of the original Sponsor will guarantee the performance of such obligations by the new Sponsor.

13. Amend this Offering Plan to Disclose Status of Association Budget.

So long as the Sponsor has unsold Lots (Units), the Sponsor will amend this Offering Plan whenever there is a material change in the operating budget of the Association or when one year has passed since the budget was last updated.

14. Sponsor's Easements.

Pursuant to the Declaration (see Section 4.05 of the Declaration in Part II of this Offering Plan), so long as the Sponsor holds title to any portion of the Property, the Sponsor has an easement over the Property for: (i) the purpose of making corrections to construction whether or not required by a Purchaser's warranty; (ii) the operation of a sales center and the installation and maintenance of signs, and (iii) ingress and egress of prospective Purchasers and lessees of Lots (Units) including parking. The Sponsor also has the right to grant to itself or others such other easements and rights of way as may be reasonably needed for the orderly development of the Property.

15. Provide Title Insurance on Association Property.

The Sponsor will, at the Sponsor's expense, furnish the Association with a fee title insurance policy issued by a company authorized to do business in the State of New York covering the Common Areas conveyed to the Association. The amount of such coverage will be as stated on the cover of this Offering Plan.

16. Subordinate or Discharge Mortgages and Other Liens.

The Sponsor will arrange for the discharge, release or subordination of any mortgages or other liens which affect the Common Areas, prior to or simultaneously with, the conveyance of such Common Areas to the Association.

17. Sponsor's Source of Funding Assessment Obligations to Association.

The Sponsor represents that it has sufficient resources to meet its obligation for the payment of Assessments to the Association for unsold Lots as provided in the Declaration (see Section 5.06 of the Declaration in Part II of this Offering Plan and item "2" under "Special Rights of Sponsor and Mortgagees" on page 27 of this Offering Plan). The funds to meet the Sponsor's obligations for Assessments will be obtained from the proceeds of Lot (Unit) sales and from contributions of the partners of the Sponsor.

CONTROL BY THE SPONSOR

The Sponsor may maintain control of the Board of Directors until all lots have been conveyed. This control is retained through the power to designate a majority or all of the Directors of the Association. At such time as all lots and phases have been transferred or at such earlier date as Sponsor relinquishes control of the Association to the Lot Owners, the Lot Owners shall have no vote in the election of the Directors and all other matters as set out in the By-Laws. The Sponsor may not exercise his control of the Board to reduce the level of services described

in the Offering Plan, prevent expenditures required to comply with applicable laws and regulations, fail to remedy any notice of violation or fail to remedy any work order by an insurer.

A meeting will be held to elect new board members within 30 days of the expiration of the Sponsor's control period.

While the Sponsor is in control of the Board of Directors, no mortgage liens will be placed on the Association property without the consent of 51% of the Lot Owners, excluding the Sponsor or Sponsor nominees.

As long as Sponsor has unsold lots that are offered for sale pursuant to this Plan, the Sponsor shall amend the Plan whenever there is a change in the budget or when one (1) year has passed once the last budget was updated. The amendment shall include the prior year's certified financial statements.

THE ASSOCIATION

Purposes of Association

The Association was incorporated under the Not-For-Profit Corporation Law of the State of New York. The purposes of the Association include the following: (i) preservation of property values and amenities in the community, (ii) maintenance of the portions of the property it is obligated to maintain, (iii) enforcement of the restrictive covenants set forth in the Declaration and the rules and regulations adopted by the Association, (iv) obtaining and maintaining fire and casualty insurance for the Units and public liability insurance covering the officers and directors of the Association and the Lot (Unit) Owners for events occurring on Association Property and (v) the collection of Assessments to cover the cost of all of the above. The Declaration and Association By-Laws included in Part II of this Offering Plan provide the framework and procedures by which the Association will operate.

The Association will consist of a minimum of 20 Units (Phase I) and a maximum of 100 Units if all phases are built.

Summary of the Declaration

Recording, Duration, Amendment, Termination and Enforcement of the Declaration. The Declaration will be recorded in the Monroe County Clerk's Office prior to the closing of title to any Lot: The Declaration will encumber the Property perpetually but is subject to termination by the affirmative vote of Owners of 80% or more of the Lots (Units). The Declaration provides that it may be modified by the Sponsor or by the Association to correct omissions or errors, provided any such amendment shall not substantially or adversely modify rights of any Lot Owner without such Lot Owner's consent.

The provisions of the Declaration may be amended, by the affirmative vote of Owners of 67% or more of the Lots except that, (i) if the Sponsor owns any lands described on Schedules A and B to the Declaration, the consent of the Sponsor will be required if the proposed amendment adversely affects a substantial interest or right of the Sponsor, which consent must

not be unreasonably withheld, and (ii) no amendment which substantially affects the interest of any lending institution shall be effective if lending institutions which together are first mortgagees on 51% or more of the Lots, advise the Association that they are opposed to such amendment, which opposition must not be unreasonable.

The Declaration, and its covenants and restrictions, will continue with full force and effect perpetually unless terminated by a vote of not less than 80% of the total number of Lot Owners.

The provisions of the Declaration may be enforced by the Sponsor, the Association or any Lot Owner, their legal representatives, heirs, successors and assigns, by actions at law or suits in equity. In addition, the Association may impose penalties and fines after affording an alleged violator a reasonable opportunity to appear and be heard.

Membership in the Association. The Members of the Association shall be the Lot Owners including the Sponsor so long as the Sponsor owns any Lot. Membership is automatic with the obtaining of title to a Lot. The Association will have as Members the Owners of the 100 Lots in the Development on which the Sponsor plans to construct Units.

Right to Extend or Expand Declaration to Other Lands. Other lands may be subjected to the provisions of the Declaration with the consent of the Owners, other than the Sponsor, of 80% or more of the Lots.

Easements. The Property shall be subject to the following easements and rights to grant easements:

(1) Each Lot Owner shall have (a) an easement of enjoyment as to all Association Property, i.e. as to all lands owned by the Association, (b) an easement for ingress and egress over the roadway shown on the subdivision map for the Development filed in the Recording Office covering the Property and (c) a right and easement for the use, maintenance, repair and replacement of any pipes, wires, cables, conduits, drainage areas or other utility lines servicing such Owner's Lot but located on Association Property or on another Lot.

(2) The Association shall have (a) the right to grant easements or rights of way to any public or private utility corporation, cable television company, governmental agency or political subdivision; (b) an easement over the Lots for the use, installation, maintenance, repair and replacement of any pipes, wires, cables, conduits, drainage areas and other utility lines located on one Lot and servicing Association Property or other Lots; (c) an easement over the Lots for the installation, maintenance, repair and replacement of utility banks and telephone pedestals on the exterior walls of Buildings and; (d) an easement over the Lots for the installation, maintenance, repair or replacement of any improvements on the Lots, including landscaping, driveways and Building exteriors, and for snow removal, which the Association has the obligation to maintain, and on

Association Property, (e) an easement to tie into and use water from any Unit for the watering of grass and plantings on any lands the Association is obligated to maintain, subject to the reimbursement by the Association to the Lot Owner for the cost of the water consumed if billed directly to the Unit.

(3) The Sponsor shall have (a) the right to grant and reserve easements and rights of way over the Property for the installation, maintenance, repair, connection with, use, replacement and inspection of utility lines, wires, coaxial cables, pipes and conduits to service any portion of the Property; (b) an easement to use Association Property for ingress and egress to any portion of the Property; (c) the right to operate a sales center, to install and maintain signs and to have prospective purchasers and others visit such sales center and park on the roads or in parking spaces on the Property; (d) the right to grant to itself and others such other easements and rights of way as may be reasonably needed for the orderly development of the Property; and (e) an easement to undertake such work as is necessary to make corrections to construction whether or not required by a Purchaser's warranty.

Architectural Controls. The Declaration gives the Board of Directors of the Association control over any exterior changes, modifications or alterations of improvements on a Lot made subsequent to the issuance of a Certificate of Occupancy for the Unit on the Lot.

Subordination of Mortgages to Declaration. Any mortgages encumbering any portion of the Property subjected to the Declaration will be subordinated to the Declaration with respect to that portion of the mortgaged lands which are subject to the Declaration.

INSURANCE

Insurance Obtained by Board of Directors. The Board of Directors shall obtain and maintain, and with such deductible amounts as the Board of Directors shall deem appropriate: (1) fire and casualty insurance (including flood insurance if required for the mortgaging of individual Units), (2) liability insurance for occurrences on Association Property, (3) officers' and directors' liability insurance covering the wrongful acts of officers and directors of the Association, (4) fidelity bond covering those who handle Association funds, and (5) workers' compensation insurance covering Association employees and those who perform work for the Association. 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 coverages shall be as follows:

(1) Fire and Casualty Insurance Under the "Single Entity" Concept, i.e. covering the Units as initially built including, as applicable, the wall to wall carpeting, lighting fixtures, bathroom fixtures, kitchen appliances, wall coverings, all machinery servicing the Units and common facilities, and excluding the land, foundations, personal property of Owners and

occupants, but including if such coverage is available, any improvements or alterations (including upgrading of appliances, kitchen cabinets, carpeting, lighting fixtures, built-ins and wall coverings) made by present or prior Owners or occupants.

The policy shall have the following provisions, endorsements and coverages: (i) extended coverage, vandalism and malicious mischief, (ii) inflation guard, (iii) coverage for loss of common charges from Unit Owners forced to vacate because of fire or other insured against casualty, (iv) waiver of the right of subrogation with respect to individual Owners, their family members, the officers of the Association and members of the Board of Directors, (v) a provision that the insurance purchased by the Board of Directors shall be deemed primary coverage and any policies obtained by individual Lot (Unit) Owners or mortgagees shall be deemed excess coverage and any policies obtained by the Board of Directors shall in no event be brought into "contribution" with insurance purchased by individual Owners or mortgagees; (vi) a provision that the policy cannot be cancelled, invalidated or suspended because of the act or neglect of someone over whom the insured has no control; (vii) a provision that the policy may not be cancelled (including cancellation for non-payment of premium), substantially modified, invalidated or suspended, without at least 30 days' prior written notice to all of the insureds (only 10 days' notice required for non-payment of premium), including all mortgagees of Lots (Units) reported to the insurance carrier or its agent; and (viii) a provision that adjustment of loss shall be made by the Board of Directors.

The proceeds of all policies of physical damage insurance shall, as provided in the Declaration, be payable to the Association or to an insurance trustee (bank, trust company, law firm or attorney) selected by the Board of Directors to be applied for the purpose of repairing, restoring or rebuilding unless otherwise determined by the Owners as hereinafter set forth. The obligation to restore or reconstruct after damage due to fire or other casualty supersedes the customary right of a mortgagee to have the proceeds of insurance coverage applied to the mortgage indebtedness.

The amount of fire insurance to be maintained until the first meeting of the Board of Directors following the first annual meeting of the Owners shall be in at least the sum of $200,000 for each completed Unit.

Each Lot Owner and such Owner's known mortgagee shall be acknowledged as an insured on the policy and shall receive, at the time of purchase and at the time a new policy is obtained or an existing policy renewed, a certificate evidencing proof of insurance coverage. Duplicate originals of the policy and of all renewals of the policy shall be furnished to all known institutional mortgagees of Units, requesting same, for a reasonable charge.

Flood Insurance. If any of the Units are in buildings located entirely or partially within any flood hazard area as identified by the Federal Secretary of Housing and Urban Development, the Board of Directors will obtain, if available, a "blanket" policy of flood insurance for the maximum amount available or the current replacement cost of the building, whichever is less.

(2) Liability Insurance Covering the Board of Directors, the Officers, the Managing Agent, if any, and All Owners (but not the liability of Owners arising from occurrences within such Owner's Unit or on such Owner's Lot.) The policy shall include the following endorsements (i) comprehensive general liability, including bodily injury, property damage and personal injury, (ii) medical payments, (iii) cross liability under which the right of a named insured under the policy shall not be prejudiced with respect to such insured's action against another named insured, (iv) "severability of interest" precluding the insurer from denying coverage to a Lot Owner because of negligent acts of the Association or any other Lot Owner, (v) contractual liability, (vi) host liquor liability with respect to events sponsored by the Association, and (vii) deletion of the normal products exclusion with respect to events sponsored by the Association. Until the first meeting of the Board of Directors after the first annual meeting of Lot Owners, this public liability insurance shall be in a combined single limit of $1,000,000.00 covering all claims for bodily injury and property damage.

(3) Directors' and Officers' Liability Insurance. The directors' and officers' liability insurance shall cover the "wrongful" acts of a director or officer of the Association. The policy shall be on a "claims made" basis and shall include all prior officers and members of the Board of Directors, and any deductible provision shall apply only to each claim. The policy shall provide for "participation" by the Association or by the officers or directors of the Association only to the minimum extent permitted by law or applicable government regulations.

Until the first meeting of the Board of Directors after the first annual meeting of Lot Owners, the directors' and officers' liability coverage shall be in the amount of $1,000,000.00.

(4) Fidelity Bond. The fidelity bond shall cover all directors, officers and employees of the Association and the Association's managing agent, if any, who handle Association funds. The bond shall name the Association as obligee and be in an amount not less than the estimated maximum of funds, including reserves, in the custody of the Association or managing agent at any given time, but in no event less than a sum equal to three (3) months' aggregate Maintenance Assessments on all Lots, plus the amount of reserves and other funds on hand. It shall contain waivers of any defense based on the exclusion of persons who serve without

compensation from any definition of "employee" or similar expression, and shall provide that the bond may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 30 days' prior written notice to the Association (10 days for non-payment of premium) and to all institutional first mortgagees of any Unit(s) whose names appear on the records of the Association. Until the first meeting of the Board of Directors elected by the Owners, the coverage shall be $50,000.00 for dishonest acts and for forgery. Notwithstanding the above, the Board of Directors shall, at the request of any Lot Owner, Lot mortgagee, or prospective Lot Owner or Lot mortgagee, increase the amount of such bond to meet the reasonable requirements of any existing or proposed holder or insurer of any mortgage made or to be made on any Lot.

(5) Workers' Compensation Insurance. Such insurance shall cover any employees of the Association, as well as any other person performing work on behalf of the Association.

Notice For Required Cancellation. The coverages obtained shall not be cancelled, substantially modified, invalidated or suspended without at least 30 days' prior written notice to all of the insureds (only 10 days' notice required in the event of cancellation for non-payment of premium) including mortgagees of Lots reported to the carrier or its insurance agent.

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 herein 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 overages are so available only at demonstrably unreasonable cost.

Insurance Obtained by Owners. The Sponsor suggests that purchasers of Lots obtain the following coverages which the Board of Directors does not provide or is not obligated to provide:

(1) Fire and Casualty Coverage for (i) the personal property of the Lot Owner; and (ii) to the extent unable to be obtained by the Association, any upgrading, i.e., any replacement to the original construction of the Unit or equipment in the Unit which is of better qualify, larger or more costly than a replacement to the item as installed in the Unit at the time it was initially offered for sale. Such upgraded items may include kitchen and bathroom flooring, carpeting, bathroom tile and fixtures, lighting fixtures installed or improvements made to the Unit by the Lot Owner which are not replacements of items in the Unit at the time the Unit was initially offered for sale.

(2) Liability coverage for occurrences on their Lot, or within their Unit. Each policy obtained by the Owner of an individual Lot (Unit) shall contain a waiver of the right of subrogation and shall provide that the liability of

carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such insurance carried by any Lot (Unit) Owner.

The customary form of policy for the above coverages for lot (Unit) Owners is HO-6 or equivalent. Purchasers may obtain such coverage by making arrangements with their own insurance agent or with the insurance agent for the Association (whose name is available from the Sponsor upon request). Purchasers are advised that form HO-6 policies often have a $1,000.00 limit of liability for "additions, alterations, fixtures, improvements, or installments." This limitation may be increased by payment of an additional premium.

Purchases may also wish to obtain coverage for living expenses in the event their Unit cannot be occupied because of a fire or other casualty. All Owners may wish to cover their liability for any "deductible" or other shortfall in the Association's coverage in the event the loss suffered is the result of the Owner's gross negligence or wantonly malicious act.

Reconstruction After Fire or Other Casualty. The proceeds of fire and casualty insurance obtained by the Association shall be applied to the repair and restoration of the Units or other insured property damaged, provided, however, that if three-fourths (¾) or more of the Units in a Building are destroyed or substantially damaged and the Owners of 75% or more of the Lots, both within the Building and within the Property, decide within 90 days after such damage or destruction not to proceed with repair or restoration, the net proceeds of insurance shall be divided among the Owners in proportion to the damage, as determined by the insurer, to their insured property in relation to the total damage to all the insured property.

In the event that insurance proceeds are, for any reason, insufficient to pay all of the costs of restoring or repairing the property to the same condition as existed prior to the fire or other casualty, the Board of Directors shall levy a Special Assessment to make up the deficiency against the Owners of the damaged property which Special Assessment shall be levied in proportion to the damage, as determined by the insurer, to their insured property in relation to the total damage to all the insured property. (See Section 9.02 of the Declaration in Part II of this Plan).

Special Rights of Sponsor and Mortgagees. The Sponsor and the holders of mortgages (mortgagees) on individual Lots (Units) have certain rights given to them under the Declaration, including the following:

(1) Pursuant to Section 3.10 of the Declaration, so long as the Sponsor holds title to any Lot, and provided the maximum number of Lots provided for under this Offering Plan have not been improved with Units and transferred to individual purchasers, the Board of Directors may not, without the Sponsor's written consent, which consent must not be unreasonably withheld, (i) except for any necessary repairs or any repairs required by law, make any addition, alteration, or improvement to the Association Property; (ii) assess any amount for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of an amount equal to the proportion of the then existing budget of estimated expenses for the Association which the amount of reserves in the initial budget of estimated expenses bears to the

total amount of such initial budget of estimated expenses; (iii) hire any employee in addition to the employees, if any, provided for in the initial budget of the Association, except as may be necessary to maintain the quantity or quality of services or maintenance; (iv) enter into any service or maintenance contract for work not provided for in the initial budget of the Association, except for services or maintenance to facilities not in existence or not owned by the Association at the time of the first conveyance of a Lot; (v) borrow money on behalf of the Association; or (vi) reduce the quantity or quality of services or maintenance of the Property.

The Sponsor will also have the easements and rights set forth in the "Easements" section on page 21 above.

(2) Pursuant to Section 5.06 of the Declaration, the Sponsor's obligation for the payment of Maintenance Assessments to the Association for Lots owned by the Sponsor is the lesser of (i) the difference between the actual Association expenses (including budgeted amounts for reserves applicable to completed improvements) as projected in the Budget, Schedule A in this Offering Plan and the Association charges levied on Lot Owners independent of the Sponsor or (ii) full Maintenance Assessments and Special Assessments on all unsold Lots. The collection of Assessments will commence upon closing of the first Unit in Phase I.

(3) Pursuant to Section 5.07 of the Declaration, no change in the basis of determining Maintenance Assessments can be made (i) if the Sponsor holds title to any portion of the lands described in Schedule A to the Declaration and does not give written consent to the change, which consent must not be unreasonably withheld, or (ii) if lending institution first mortgagees on 51% or more of the Lots are opposed to such change, which opposition must not be unreasonable.

(4) Pursuant to Section 6.01 of the Declaration, so long as the Sponsor owns any lands in Schedules A and B of the Declaration, any vote by the Members of the Association to increase or decrease the Association's maintenance responsibilities will require the consent of the Sponsor as well as the approval of the Owners of two-thirds (2/3) of the Lots not owned by the Sponsor.

(5) Pursuant to Section 11.07 of the Declaration, the Sponsor, during the time it owns any of the lands described in Schedules A and B to the Declaration, may make amendments to the Declaration to correct omissions or errors provided such amendments will not adversely modify substantial rights of any Lot Owner without such Lot Owner's written consent.

(6) Pursuant to Section 11.07 of the Declaration, the Sponsor and lending institution first mortgagees have special rights with respect to approval of amendments to the Declaration. See "Recording, Duration, Amendment, Termination and Enforcement of the Declaration" on page 21 above.

Creation, Management, Operation and Membership of the Association

Incorporation. The Association was incorporated on March 26, 2013, under the Not-For-Profit Corporation Law of the State of New York as a Type "A" corporation. The Certificate of Incorporation is included in Part II of this Offering Plan as Exhibit G.

Voting Rights of Members. Each Owner of a Lot shall have one vote. Unless otherwise provided in the Declaration or in the Association's By Laws, or required by the Association's Certificate of Incorporation or by law, the act of two-thirds (2/3) of the Owners of Lots present at a meeting at which there is a quorum, shall be the act of the Lot Owners.

Voting may be in person or by absentee ballot except that for a meeting at which Directors are to be elected, voting may be by proxy and, only if the Board of Directors so provides, by absentee ballot.

The Board of Directors of the Association may establish voting procedures consistent with the provisions of the Declaration, the Association's Certificate of Incorporation and By-Laws and applicable laws.

Certain matters require a public hearing for the Members of the Association before action can be taken by the Association's Board of Directors. These include any proposed acquisition or disposition of Association Property, the construction of additions or modifications to Association Property, the demolition of improvements on Association Property, the material change in use of any Association Property and the imposition of Special Assessments.

Directors and Officers. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors shall initially consist of three (3) persons designated by the Sponsor. The first meeting of the Board of Directors shall be held within 90 days after the first Lot (Unit) closing. Within 30 days after title has been transferred to eight (8) Lots, a meeting of the Association shall be held and one of such Directors shall resign and shall be replaced by a person who must be a Lot Owner-Member independent of the Sponsor and who shall be elected to the Board by those Lot Owner-Members independent of the Sponsor. In no event shall the first meeting of the Association be held later than six (6) months from the date of the transfer of title to the first Lot. Such elected member shall serve until the first annual meeting of the Association (See By Laws Section 4.01). A full Board of Directors shall be elected by the Lot Owner-Members at the first annual meeting of the Association held pursuant to Section 4.01 of the By Laws. Commencing with the election at the annual meeting after 60 Lots owned independently of the Sponsor are subject to all provisions of the Declaration, the Board shall be increased to five (5) persons. If there has not been a transfer of title to 60 Lots at the time of an annual meeting, the Board of Directors shall continue to consist of three (3) persons.) All elected Directors shall be (i) Lot Owner-Members, (ii) spouses of Lot Owner-Members, (iii) members of employees of a partnership Lot Owner-Member, (iv) officers, directors, share-holders, employees or agents of a corporate Lot Owner-Member or (v) designees of the Sponsor.

Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall consist of a chairman, who may or may not be a Director, and two (2) or more other Unit Owners. Nominations may also be made from the floor at the annual meeting of the Association.

The members of the Nominating Committee shall be appointed by the Board of Directors at least 30 days prior to each annual meeting of the Members and shall serve only to make the nominations for Directors to be elected at that meeting.

The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its sole discretion, determine, but not less than the number of vacancies that are to be filled.

Subject to the limitations set forth in the following paragraph, at any regular or special meeting of the Members, any member of the Board of Directors elected by the Lot Owner-Members may be removed (i) without cause, by the affirmative vote of the Owners of not less than two-thirds (2/3) of all Lots, other than the Lots owned by the Sponsor, and (ii) with cause, by the affirmative vote of the Owners of not less than a majority of all Lots owned by Members, other than Lots owned by the Sponsor, and a successor may then and there or thereafter be elected to fill the vacancy thus created.

Any member of the Board of Directors whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Members of the Board of Directors elected or appointed by the Sponsor may be removed without cause only by the Sponsor, and then and there or thereafter replaced by the Sponsor. Members of the Board of Directors elected or appointed by the Sponsor may be removed with cause by the Lot Owner-Members, but their successors shall be appointed by the Sponsor.

Any officer may be removed by the Board of Directors, with or without cause, whenever, in the judgment of the Board, the best interests of the Association will be served thereby.

Initial Directors and Officers. The initial directors and officers of the Association, their business address and their relationship to the Sponsor, the Sponsor's principals and the Sponsor's attorney are as follows:

President: Joseph Sortino, 6 Rainbrooke Drive, Pittsford, NY 14534. Mr. Sortino is a member of the Sponsor.

Vice-President: Kevin Goodwine, 1582 Lake Road, Webster, NY 14580. Mr. Goodwine is a member of the Sponsor.

Secretary/Treasurer: Laureen Sortino, 6 Rainbrooke Drive, Pittsford, NY 14534. Mr. Sortino is the spouse of Joseph Sortino.

Assessments. The Sponsor and each Lot Owner, by becoming a Lot Owner, shall be deemed to covenant and agree to pay to the Association: (1) annual Maintenance Assessments or charges for the repair, maintenance, and operation of Association Property or property which the Association is obligated to maintain, and (2) Special Assessments for capital improvements and repairs to Association Property, (or property which the Association is obligated to maintain) and for unbudgeted or extraordinary expenses of the Association. For the special rights of the Sponsor as to the obligation for the payment of Maintenance Assessments, see "Special Rights of Sponsor and Mortgagees" on page 27 of this Offering Plan.

Unless the Board of Directors of the Association determines otherwise, Maintenance Assessments shall be payable in equal monthly installments. Assessments shall commence on the day on which the first Lot is conveyed or on such date thereafter as determined by the Sponsor. There are no special provisions as to how Maintenance Assessments can be increased or decreased. Special Assessments for the construction (rather than the reconstruction or replacement) of any capital improvement or for an amount in excess of 20% of the then current amount of the annual Maintenance Assessment require the affirmative vote of two-thirds (2/3) of such Lot Owners as are present in person or by proxy at a meeting duly called for such purpose. Each Lot shall be obligated to pay an equal portion of the Maintenance Assessment. So long as the Sponsor holds title to any portion of the Property (whether or not subject to the Declaration), any change in the basis of Assessments which adversely affects a substantial right or interest of the Sponsor with respect to unsold Lots shall require the specific consent of the Sponsor in writing, which consent shall not be unreasonably withheld. No change in the basis of the payment of Assessments shall be made if lending institutions which together are first mortgagees on 51% or more of the Lots advise the Association in writing, prior to the initial date set for voting on the proposed change, that they are opposed to such change, which opposition must not be unreasonable. (See Article V of the Declaration in Part II of this Plan.)

The Board of Directors of the Association may, with respect to any violation of the Declaration, the Association By-Laws or the rules and regulations of the Association or of any Committee of the Association, impose monetary penalties against a Lot Owner or occupant of a Lot. Such penalties shall be deemed a Special Assessment against the Lot.

All Maintenance and Special Assessments become a lien and charge against the Lot and shall also be a personal obligation of the Owner at the time the Assessment falls due. If an Assessment or installment thereof is not paid within 10 days of the due date, the Association may impose a late charge and, if the Assessment or installment thereof is not paid within 30 days of the due date, the Association may collect interest on the amount due at such legally permissible rate as the Board of Directors of the Association may set from time to time, accelerate remaining installments, if any, bring legal action against the Lot Owner personally obligated to pay the Assessment, and/or foreclose a lien against the Lot. The cost of such proceedings including reasonable attorneys' fees, shall be added to the amount of such Assessments. The waiver of the use or enjoyment of the Association Property or the abandonment of a Lot or Unit shall not be grounds for exemption from the obligation to pay Assessments. In no event may voting rights be suspended for nonpayment of any Assessments. An Owner with unpaid Assessments may still use Association Property.

The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage of record now or hereafter placed upon any Lot subject to such Assessments; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessment.



Phillips Lytle LLP

Joseph Sortino
North Coast Venturers, LLC
6 Rainbrooke Drive
Pittsford, New York 14534

November 15, 2013

Re: Villas at Churchville Homeowners Association, Inc.

Gentlemen:

In response to your request, as "sponsor," for our opinion as to various matters in conjunction with your proposed sale of individual Lots in the development together with automatic membership in Villas at Churchville Homeowners Association, Inc. please be advised as follows:

1. Enforceability of Declaration Provisions:

We believe the provisions of the Declaration of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens (the "Declaration") to be enforceable under current law. The enforceability of some provisions of the Declaration will depend on factors other than the actual text of the document such as the establishment, reasonableness, dissemination and timeliness and uniformity of enforcement of rules, regulations and architectural standards by the homeowners' association.

2. Tax Deductions Available to Unit Owners:

(a) Association charges - Unit Owners will not be entitled to deduct any portion of Association charges for federal or New York State income tax purposes.



(b) Real estate taxes and interest on mortgage indebtedness - Under the provisions of Sections 163 and 164 of the Internal Revenue Code of 1986 as amended and Section 615 of the New York State Tax Law, each Lot Owner will be entitled to deduct from his or her gross income for federal and New York State income tax purposes the real estate taxes assessed against his or her unit and lot, and paid, and the amount paid on account of interest on any purchase money mortgage indebtedness covering such unit used as a primary or secondary home. No opinion is expressed as to the effect of either Federal or New York State income tax laws regarding tax preference or minimum tax on the foregoing deductions or on the unit owner's income tax liability. It is suggested that individual unit owners consult their own tax counsel or advisor for advice regarding tax preference items or minimum tax.

3. Taxation of the Association:

(a) Federal and New York State tax on income. Section 528 of the Internal Revenue Code contains provisions exempting certain associations (including homeowners' associations) from federal income tax on funds retained in the association's account at the end of the association's fiscal year if:

(1) 60% or more of the gross income in the fiscal year consisted of membership dues, fees or assessments from unit owners; and
(2) 90% or more of the expenses were for the acquisition, construction, management or maintenance of the property; and
(3) except for (2) above, no part of the net earnings of the association inures to the benefit of the unit owners; and
(4) no part of the net earnings not used for the purposes set out in (2) above or rebated to the unit owners inures to the benefit of any private individual or member; and
(5) the association elects to take the exemption provided.



Based on our review of the estimates of projected income and expenses which you have submitted to us and which we understand you will include in your Offering Plan for the sale of these units, we are of the opinion that the Association will be eligible for tax exempt status should it elect to take such exemption. We suggest, however, that specific reference be made to the actual text of Section 528 prior to making any decisions which could have an impact on the taxability or the extent of taxability of the Association. We also bring to your attention that interest income earned on Association funds and any income not received from membership dues, fees or assessments will be taxable to the Association whether or not tax exempt status under Section 528 is obtained and that the Association must file a tax return even though it may qualify for tax exempt status. We further advise you that we are making no opinion as to the taxability or effect of any income to the Association from the sale or lease of units acquired through the foreclosure of a lien for non-payment of common assessments.

Section 208(9) of the New York Tax Law creates a presumption that New York taxable income of a corporation for purposes of Article 9-A of the New York Tax Law shall be the same as its federal taxable income. To the extent that Section 528 of the Internal Revenue Code applies to the Association's income, there will be no taxable income under Article 9-A of the New York Tax Law and no tax liability.

(b) Franchise Tax.

Although no New York Franchise Tax will be payable on the income of the Association (other than certain exceptions as noted above) the New York State Department of Taxation & Finance currently takes the position, which position has been opposed by many homeowners' associations, that homeowners' associations are liable for the payment of the minimum New York Franchise Tax for the privilege of exercising their corporate franchises. Accordingly, unless the New York State Tax Commission reverses its position or legislation is passed exempting homeowners' associations from the payment of franchise taxes, the Association should include the amount of the minimum annual New York Franchise Tax (currently $100) in its budget of expenditures.

(c) Sales Tax.

Subject to the possible exceptions described below, we believe the Association will not be liable for sales tax except for such maintenance, servicing or repair of real property which it undertakes using its own employees rather than independent contractors. To the extent the Association uses independent contractors to perform obligations of the Association, i.e., the maintenance, service or repair of Association property, the Association is merely acting as a conduit for the payment of such funds to others. When the services are performed by an independent contractor, the Association would then be responsible to pay the sales tax on the cost of such services and for any other services and/or supplies which are taxable under Article 22 of the New York State Tax Law.

4. Zoning Ordinances and Statutes:

To our knowledge, Villas at Churchville development is not in violation of any zoning or other ordinance or statute of the Village of Churchville, County of Monroe or State of New York.

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

Very truly yours,

Phillips Lytle LLP

LOCAL GOVERNMENT APPROVALS

On December 12, 2012, the Village of Churchville Planning Board granted Preliminary Site Approval for the Project (100 lots) and Final Phase One Approval to allow the development of this project. Phase One Approval was for the initial twenty lots and adjacent common area. A copy of the Subdivision Plan for Phase One has been filed in the Monroe County Clerk's Office and a copy will be provided to the Association. Subdivision maps for subsequent Phases will be filed prior to conveyance of any lots in those Phases.

WORKING CAPITAL FUND

No provision has been made for working capital for the Association. In the event the funds available to the Association from maintenance assessments are insufficient to fund current expenses, the Association will have to impose a special assessment or borrow the funds from the Sponsor, if the Sponsor is willing and able to make such loan or from another source, if one can be found. Neither the New York State Department of Law nor any other government agency has passed upon the lack of provision for Working Capital.

RESERVE FUND

The Board of Directors may establish a Reserve Fund. As shown on the proposed budget, the Homeowner's annual contribution to the Reserve Fund would be $335.75 per Lot per year. There will be no initial contribution from the Sponsor. If additional funds are needed, the Association's Board of Directors is empowered by the governing documents to levy special assessments. The Reserve Fund may only be used for capital expenditures. Neither the Department of Law nor any other government agency has passed on the adequacy of the General Reserve Fund.

AGREEMENTS BINDING THE ASSOCIATION

The Sponsor has not entered into any contracts which will be binding on the Association. Depending on the size of the Association, a managing agent might be employed in the future. That managing agent would be Kenrick Corporation (See page 37).

IDENTITY OF PARTIES

Sponsor

The Sponsor, North Coast Ventures, LLC, is a New York Limited Liability Company ("LLC") formed on September 6, 2012. The principals of the Sponsor are Joseph Sortino, Laureen Sortino and Kevin Goodwine. The principal office of the LLC is 6 Rainbrooke Drive, Pittsford, New York 14534. The Sponsor has been involved in prior offerings, namely Cambridge Court, CP07 0165 Holt Road, Webster, New York.

Joseph Sortino and Laureen Sortino reside at 6 Rainbrooke Lane, Pittsford, New York 14534. Mr. Sortino is a builder and principal of Sortino Properties and Mrs. Sortino is employed by the business.

Kevin Goodwine resides at 1582 Lake Road, Webster, New York 14580 and is President of American Custom Exteriors, Inc., a roofing contractor.

Attorneys

The Sponsor has retained the following attorneys in conjunction with this offering:

Phillips Lytle LLP (Ronald S. Shubert, Esq.) One Canalside, 125 Main Street, Buffalo, New York 14203 (Telephone: (716) 847 5491). This firm prepared this Offering Plan.

Kaman, Berlove, Marafioti, Jacobstein & Goldman, LLP (Ross J. Cammarata, Esq.) 135 Corporate Woods, Suite 300, Rochester, New York 14623, will represent the Sponsor in individual Lot (Unit) closings.

Managing Agent

Kenrick Corporation will manage the Association. There address is 3495 Winton Rd., Building D, Suite 4, Rochester, New York 14623. The Sponsor is employed by an affiliate of Kenrick Corporation. Kenrick Corporation manages numerous Condominium and Homeowners' Associations in the Rochester area.

Builder

The Builder is North Ridge Crossing, LLC, a New York Limited Liability Company, and is a major builder of townhouse subdivision developments in upstate New York.

Engineer

The Sponsor retained Walt Baker, owner of D.S.B. Engineers, 2394 Ridgeway Avenue, Rochester, New York 14626 to advise it with respect to all engineering, municipal approval and architectural matters and to review, comment on and render the engineer's certification regarding the common areas. Mr. Baker has been an engineer for over 30 years and is experienced in all residential subdivisions throughout Monroe County.

Selling Agent

The Selling Agent is the Sponsor North Coast Ventures, LLC, a New York Limited Liability Company. Sponsor has been a real estate agent for over 30 years.

REPORTS TO MEMBERS

It is the obligation of the Association to give all Members of the Association annually:

(i) within six (6) months after the end of the fiscal year, a full and correct statement of the financial affairs of the Association prepared by a public accountant or certified public accountant, including either (i) an audited balance sheet and an audited financial statement of operation for the preceding year, or (ii) a balance sheet and a review of operations, whichever the Board of Directors of the Association deems appropriate, taking into account the cost of same, the complexity and volume of the Association's financial affairs and such other factors the Board of Directors deems relevant. Mortgagees of Lots owned by Members shall receive copies of the financial statements for the Association on request. Notwithstanding the above, (i) an audit, at the expense of the Association shall be required if authorized in writing by Members who own at least two-thirds (2/3) of all Lots owned by Members independent of the Sponsor, (ii) any Lot Owner or mortgage holder shall be entitled to obtain an audited statement at such Lot Owner's or mortgagee's own expense and (iii) so long as the Sponsor is in control of the Board of Directors of the Association the statement of the financial affairs of the Association shall be certified (audited);

(ii) not less than 10 days or more than 30 days before the date of the annual meeting, notice of the annual meeting; and

(iii) not less than seven (7) days prior to the date set by the Board of Directors for adoption of the annual budget of the Association, a copy of such budget. If the Sponsor is in control of the Board of Directors at the time such budget is presented for adoption, the budget shall be certified by a person experienced in the management of homeowners' association, cooperative, condominium or rental properties as being "reasonable and adequate under existing circumstances" and the projected income as being "sufficient to meet the anticipated operating expenses" for the period covered by the budget.

DOCUMENTS ON FILE

In accordance with Part 22 of the New York State Attorney General's regulations, copies of this Offering Plan and all exhibits or documents referred to herein shall be available for inspection without charge and for copying at a reasonable charge by Purchasers and by any person or entity who participated in the offering of such securities, at the office of the Sponsor, 6 Rainbrooke Drive, Pittsford, New York 14634, and shall remain available for inspection without charge and for copying at a reasonable charge for a period of six (6) years from the date of the first closing of a Lot (Unit). The Sponsor will deliver to the Board of Directors of the Association a copy of all documents relating to the Association and its Members filed or

recorded with the Recording Office at or prior to the transfer of title to the first Lot (Unit). Such documents shall include the subdivision map, the Declaration, the deeds to any Common Areas and any release of the Common Areas from any mortgages or other encumbrances.

GENERAL

No Pending Litigation

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor, the Selling Agent, if any, the managing agent, if any, the Association or any other person or persons which may materially affect this offering, the Property, the Sponsor's capacity to perform its obligations under this Offering Plan, the Association or the operation of the Association.

Prior Offering

This Property has not been the subject of any prior public offering and no preliminary binding agreements have been entered into, written or oral, and no money has been collected from prospective purchasers with regard to the Property or this offering. The Property has not been the subject of any market test pursuant to Cooperative Policy Statement No. 1 of the New York State Department of Law. All Units offered for sale are vacant.

No Discrimination

Neither the Sponsor nor any of its agents will discriminate against any person because of race, creed, color, sex, age, disability, marital status, national origin, ancestry or any other grounds prohibited by law in the sale of Lots (Units) in the Development.

Rescission Required if Plan is Amended to Materially Adversely Affect Purchasers

If an amendment to the Offering Plan materially adversely affects the interest of any Purchaser, all Purchasers so affected shall be afforded not less than 15 days to rescind their purchase and have their deposit returned.

Investors for Resale

A Purchaser of three (3) or more Lots (Units) who has not purchased for occupancy by such Purchaser or by members of such Purchaser's immediate family is required, at the time of engaging in sales activity, to register with the New York State Department of Law as a "Broker-Dealer", pursuant to General Business Law Section 352-e and to provide prospective Purchasers with a copy of this Offering Plan and all amendments.

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Exhibit A

PART II

PURCHASE AND SALE CONTRACT

THE VILLAS AT CHURCHVILLE

THIS AGREEMENT made the __ day of _____, 201_, by and between North Ridge Crossing, LLC, a limited liability company with its principal office located at 6 Rainbrooke Drive, Pittsford, New York 14534 ("Seller") and _____, ("Purchaser"), residing at _____.

WITNESSETH:

IN CONSIDERATION OF the mutual promises made herein, Seller agrees to sell and Purchaser agrees to purchase the premises described for the price and upon the terms and conditions set forth below.

1. PROPERTY DESCRIPTION

Address: _____, Churchville, New York

Being Lot No. ___ of the VILLAS AT CHURCHVILLE Subdivision, which lot is of the dimensions shown on the map of the tract filed in the Monroe County Clerk's Office on the __ day of _____, 201_ in Liber ___ of Maps, at page __, together with a membership in The Villas at Churchville Homeowners Association, Inc. (hereinafter referred to as the "Association") to be improved by a dwelling thereon in accordance with the basic plans and specifications for the home known as _____ on file with the Seller at its office, which plans and specifications are made a part of this Agreement as though fully set forth herein.

The premises are sold together with all the rights of Seller in and to any and all streets, roads, highways, alleys, driveways, easements and rights-of-way appurtenant thereto.

2. PRICE

Purchaser shall pay to the Seller for the premises the sum of:	$	_____
Upon signing this Agreement	$	_____
Upon Purchaser's receipt of a mortgage commitment:	$	_____
Upon completion of the foundation:	$	_____
Upon completion of drywall:	$	_____
Upon delivery of the Deed:	$	_____
TOTAL	$	_____

3. ADDITIONS TO THE PRICE AS STATED IN PARAGRAPH 2

A. All charges for modifications, extras or other items in addition to those listed on "Schedule A" attached hereto and made a part hereof. Any such modifications or additions to the plans or specifications, or extras shall be mutually agreed to in writing between the Purchaser and the Seller and shall be paid for in cash upon the signing of such agreement, or at the Seller's option, at closing.

B. Adjustments at Closing: All real estate taxes, sewer and water charges, if any, shall be adjusted at the time of transfer of title. Purchaser shall pay the real property tax and for the recording of the Deed, Mortgage and Mortgage Tax. Upon transfer of title, Purchaser shall pay $250.00 for a water meter and shall reimburse Seller $350.00 for the instrument survey.

4. DEPOSITS:

A. The law firm of Kaman, Berlove, Marafioti, Jacobson & Goldman, LLP, with an address at 135 Corporate Woods, Suite 300, Rochester, New York 14623, telephone number 585-325-7440, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Ross J. Cammarata, Esq. and Anthony Dentino, Esq. All designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

B. Escrow Agent and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of the Purchase Agreement or otherwise concerning the maintenance of release of the Deposit from escrow.

C. The Escrow Agent has established the escrow account at M&T Bank, located at 1400 Miracle Mile Drive, Rochester, New York 14623, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Villas at Churchville Escrow Account ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per deposit. Any deposit in excess of $250,000 will not be insured.

D. All Deposits received by Purchaser shall be in the form of a check, and shall be made payable to or endorsed by the Purchaser to the order of Kaman, Berlove, Marafioti, Jacobson & Goldman, LLP, as Escrow Agent.

E. The account will be an Interest on Lawyers Account ("IOLA") pursuant to Judiciary Law § 497. Interest earned will not be property of the Purchaser, Sponsor or escrow agent, but rather will be paid to the New York State IOLA Fund.

F. Within five (5) business days after the Purchase Agreement has been tendered to Escrow Agent along with the Deposits, the Escrow Agent shall sign the Purchase Agreement and place the Deposit into the Escrow Account. With ten (10) business days of

placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, conforming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of a written agreement between Purchaser and Sponsor.

G. The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within 15 business days after tender of the Deposit, he or she may cancel the Purchase Agreement within 90 days after tender of the Purchase Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

H. All Deposits, except for advances made for upgrades, extras, or custom work received in connection with the Purchase Agreement, are and shall continue to be the Purchaser's money, and may not be comingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 362-h.

I. Under no circumstances shall Sponsor seek or accept release of the Deposit of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of an post-closing amendment by the New York State Department of Law. Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL §§ 352-3(2-b) and 352-h.

J. The Escrow Agent shall release the Deposit if so directed:

(a) pursuant to terms and conditions set forth in the Purchase Agreement upon closing of title to the Unit; or

(b) in a subsequent writing signed by both Sponsor and Purchaser; or

(c) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the Deposit, then the Escrow Agent must give both the Purchaser and Builder prior written notice of not fewer than 30 days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the 30 day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said 30 day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to

deposit the Deposit contained in the Escrow Account with the clerk of the county where the unit is located and shall give written notice to both parties of such deposit.

The Builder shall not object to the release of the Deposit to:

(a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; or

(b) all Purchasers after an Amendment abandoning the Plan is accepted for filing by the Department of Law.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

K. Any provision of any Purchase Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Purchase Agreement, Plan, or any amendment thereto.

L. Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

M. A fiduciary relationship shall exist between Escrow Agent, and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h).

N. Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Purchase Agreement and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

O. Builder agrees that the Builder and its agents, including any selling agents, shall deliver the Deposit received by them prior to closing of the unit to a designated attorney who is a member of or employed by Escrow Agent, within two (2) business days of tender of the Deposit by Purchaser.

P. Builder agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law's regulation.

Q. Builder shall obtain or cause the selling agent under the Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from Purchaser and deliver such form to Escrow Agent together with the Deposit and this Purchase Agreement.

R. Prior to release of the Deposit, Escrow Agent's fees and disbursements shall neither be paid by Builder from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

S. Builder agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with this Purchase Agreement or the performance or non-performance of Escrow Agent's duties under this Purchase Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Purchase Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

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

4. CONTINGENCIES (mark appropriate contingencies)

(a) This contract is subject to Purchaser obtaining a _____ mortgage loan in the amount of _____ ($_____) dollars for a term of ___ years. Purchaser will immediately apply for this loan and shall have until _____, 201_ to obtain a written mortgage commitment. If Purchaser cannot obtain a written mortgage commitment within this time, either the Purchaser or Seller may cancel this Agreement in writing without any further liability to the other and any deposit shall be returned to the Purchaser.

(b) This Agreement is further contingent upon the Purchaser entering into a firm sale agreement with all contingencies removed, for the property located at _____ _____within 90 days from the execution of this Agreement. If such agreement is not entered into, all contingencies have not been removed, and the Seller has not been notified in writing within the 90 day period, then, at Seller's option, this Agreement may be terminated, and either party may void this contract without further liability to either party.

Purchaser will, in good faith and with due diligence, actively seek to sell the currently owned property referred to in (b) above by immediately entering into a multiple listing agreement with a reputable licensed real estate broker for the sale of the property. Purchaser shall cause the broker to advertise the property in an effort to obtain a purchaser in a manner consistent with the prevailing practices of said brokers in Monroe County, New York.

(c) If the Seller receives an offer from a third party to purchase the Lot that is the subject of this Agreement acceptable to the Seller, the Seller shall notify the Purchaser of such offer and upon receipt of such notice, Purchaser shall remove the contingency set out in paragraph (b) above within 72 hours or this Agreement shall become null and void, whereupon

Purchaser shall have no further claim to or interest in said Lot and all monies advanced by Purchaser shall be returned.

5. COMPLETION TIME

Construction is to be completed and title transferred on or about the __ day of _____, 201_, or 150 days after Purchaser notifies Seller in writing of their removal of all contingencies in this Agreement, whichever is later.

These dates are not to be construed as a representation by Seller that possession will be available at said time, and are subject to delays due to riots, strikes, labor disputes, war or acts of God, any government rulings, regulations or restrictions as to labor or materials, availability of materials, or any other cause or delay over which the Seller has no control.

The parties agree that the residence shall be complete when a Certificate of Occupancy is issued and final approval of the lending institution making a mortgage loan, if any, has been obtained, except for items that cannot be completed because of weather. Upon completion, Purchaser agrees to accept transfer of title and make all payments provided for herein within 10 days of notification of completion. Transfer of title shall be completed at the Monroe County Clerk's Office or at such other place as determined by the parties hereto. Notwithstanding the above, Purchaser shall have 10 days' notice prior to closing.

All sums due and unpaid on the Agreement are to be paid at closing, and if any items remain incomplete, an escrow will be established; such items are limited to lawn seeding, driveway, blacktopping, exterior painting and gutter work, if required by the mortgage lender. As to any other unfinished items, the Purchaser will accept at closing an agreement signed by the Seller to complete such items in a workmanlike manner within a reasonable period of time.

Possession is to be upon transfer of title.

6. TITLE DOCUMENTS

Seller will furnish a Warranty Deed with Lien Covenant, conveying good and marketable title to the premises, subject to easements, covenants and restrictions of record, particularly subject to the Declaration of Covenants, Conditions and Restrictions recorded in Monroe County Clerk's Office. Purchaser will execute said deed for the purpose of assuming the obligations of the Homeowners' Association regular and special assessments, and tax assessments for land owned. Seller shall also deliver to Purchaser or their attorney at least 10 days prior to closing, guaranteed federal tax and title searches and an instrument survey map made by a land surveyor duly licensed by the State of New York, showing the premises above described, the location of all buildings, improvements and other structures affecting the same. Purchaser shall pay for the survey at closing.

7. MARKETABILITY OF TITLE

The Deed and other documents delivered by Seller shall be sufficient to convey good marketable title in fee simple (the term "fee simple" is a legal term which describes the most

complete interest that can be obtained in real property) to the property free and clear of all liens and encumbrances.

If Purchaser shall raise a valid written objection to Seller's title (title to the property is unmarketable), Seller may cancel this contract by giving prompt written notice of cancellation to Purchaser. Seller shall have a right to cancel this Agreement by giving written notice of the cancellation to the Purchaser and returning the deposits to Purchaser. However, if Seller is able to correct the problem objected to prior to the closing date within thirty (30) days, then the Agreement shall remain in full force and effect.

8. RECORDING COSTS, MORTGAGE TAX, TRANSFER TAX AND CLOSING ADJUSTMENTS

Purchaser will pay for the filing of the Real Property Transfer Tax and Real Property Gains Tax Affidavit, the State of New York Equalization and Assessment Form, mortgage assumption charges, if any, recording of the Deed and Mortgage and the Mortgage Tax. Water charges, Pure Waters charges, sewer charges and current taxes computed on a fiscal year basis, excluding any delinquent items, interest or penalties and assessments of the Homeowners' Association will be prorated and adjusted between the Seller and the Purchaser as of the date of closing. In addition to the foregoing, Purchaser shall be responsible to the Village for the cost of any water meter and sewer connections.

9. MODEL UNITS

Seller has the right to rent and to maintain model properties in the development. Purchaser understands that the model may contain furnishings, carpeting, special features and fixtures that are not included in and that are and maybe more expensive than those included in the property that the Purchaser is about to buy.

10. SELLER'S CONSTRUCTION DECISIONS

A. Seller reserves the right to:

(1) make changes or substitutions of materials or construction for items as set forth in the plans and specifications, provided any such changes are of comparable value and quality;
(2) determine the grading, elevation and design of all plots and dwelling to fit into the general pattern of the project; and
(3) determine elevation and location of foundations, driveways, and streets to conform to topographical conditions.

B. Seller has the option to change grades, foundations, footings and setback of the dwelling if underground conditions are such that the original placement make it inadvisable to construct in the location originally agreed upon. Underground conditions can be the result of rock, water, soil type and other conditions that in the judgment of the Seller would necessitate a change of elevation or set back. If underground conditions are severe and unusual costs would be incurred, Seller shall have the right to cancel this contract by written notice to Purchaser.

C. All exterior materials and color selections shall be within the sole discretion of the Seller.

D. Unless otherwise agreed upon between Seller and Purchaser, Seller will attempt to preserve trees on the property. Seller, however, gives no assurance that some trees will not be damaged or removed during construction, grading of the property or installation of utilities, drainage swales or pipes. Seller shall not be responsible for trees that die after closing or for removal of such trees from the property.

11. DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS

A. Seller either has recorded or will record a Declaration Of Covenants, Conditions, Easements and Restrictions ("the Declaration") in the Monroe County Clerk's Office prior to the first conveyance of title to a lot in this project. The Declaration provides that every homeowner in the project subject to the Declaration shall become a member of the Homeowners' Association with all rights and duties of membership. The primary purpose of the Association is to provide maintenance for the area around the perimeter of the subdivision.

B. There are restrictions as to renting, mortgaging or conveying the property and the property must be used solely for town home single family residence, as permitted by the zoning ordinance of the Village of Churchville, which permits no commercial or industrial activities in a residential area. The use and occupancy of each home or Lot, whether by owner, tenant or otherwise, shall be subject to and such persons shall comply with the Declaration.

12. SELLER'S AND MANUFACTURERS' WARRANTIES

THE HOUSING MERCHANT IMPLIED WARRANTY, AS DEFINED IN § 777-a OF THE NEW YORK GENERAL BUSINESS LAW, WILL APPLY TO THIS AGREEMENT, AND THE OFFERING IN PART I OF THE OFFERING PLAN. THE SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THIS AGREEMENT OR THE HOME, AND ALL SUCH WARRANTIES ARE EXCLUDED.

The Seller makes no warranties as to items covered by manufacturers' warranties, if any, which are to be delivered to Purchaser. Purchaser understands that if there are defects in any items having a manufacturer's warranty, Purchaser can make no claim against Seller for such defects. Such claim must be made directly to the manufacturer.

13. ZONING

Seller agrees to deliver to Purchaser, at the time of closing, a Certificate of Occupancy from the Village of Churchville.

14. INSPECTION

Prior to the closing, the Purchaser shall have the right to inspect the premises upon reasonable notice to the Seller.

15. RISK OF LOSS

Risk of loss or damage to the property until transfer of title shall be assumed by the Seller. If any substantial damage to the property occurs prior to the transfer, either Purchaser or Seller shall have the option of canceling this Agreement without any further liability to the other and Purchaser shall have his/her deposit returned to him/her.

16. HOMEOWNERS' ASSOCIATION

Purchaser has not relied upon any warranties or representations as to size, dimensions or other physical characteristics of the premises or residence or premises of the Homeowners' Association or as to financial data or estimated income tax deductions or maintenance or tax or other assessments except as specifically represented in the Offering Statement, Declaration and By-Laws of the Homeowners' Association. Purchaser acknowledges that by the acceptance of the Deed, he/she will become a member of the Homeowners' Association and will become liable for maintenance, property tax and special assessments, payable monthly, in accordance with the recorded Declaration Of Covenants, Conditions, Easements and Restrictions.

17. OFFERING PLAN

Purchaser acknowledges receipt of the Offering Plan three (3) business days prior to signing this Agreement. This Agreement may be cancelled by Purchaser within 72 hours from the execution of this Agreement by Purchaser delivered to Seller a written notice of Purchaser's intention to cancel this Agreement. Should such written notice be delivered within said 72 hour period, any deposit shall be refunded to Purchaser, and this Agreement shall be cancelled without any liability on the part of either party to the other. This instrument contains the entire agreement of the parties, and no oral representations or statements shall be considered a part hereof, or binding upon either party, nor shall any provisions of this Agreement be terminated or modified except as provided herein or by another writing signed by both parties.

18. PURCHASER'S FAILURE TO TAKE TITLE

Upon the Purchaser's failure to take title or the Purchaser's failure to make prompt and prior application for his/her mortgage, this Agreement shall become null and void and the deposits, with interest, if any, up to a maximum of ten (10%) percent of the purchase price, excluding extras, shall belong to the Seller, in addition to which the Purchaser shall pay Seller the full cost of all extras in the list attached hereto which were commenced prior to the date of closing, together with reasonable attorney's fees and court costs, incurred to enforce Seller's remedies, all of which shall be liquidated damages. Sponsor must make written demand for payment after default at least 30 days before forfeiture of deposit may be declared.

19. POSSESSION

Purchaser shall possession and occupancy of the premises from and after the date of delivery of the Deed.

20. ASSIGNMENT

If more than one person signs this contract as Purchaser, each person and any party who takes over that person's legal position will be fully responsible for keeping the promises made by the Purchaser in this Agreement. If more than one person signs this Contract as Seller, each person and any party who takes over that person's legal position will be responsible for keeping the promises made by the Seller in this Agreement. Purchaser understands and agrees that Purchaser has no right to assign or transfer this Agreement to anyone else without first obtaining the written consent of the Seller.

21. INCONSISTENCIES

In the event there are inconsistencies between this Purchase Agreement and the Offering Plan, they shall be resolved in favor of the Offering Plan.

22. LIFE OF OFFER

This offer is good until _____ am/pm on the __ day of _____, 201_, at which time it shall become null and void.

23. PURCHASER'S ATTORNEY'S APPROVAL

This Purchase Agreement is contingent upon the Purchaser securing his/her attorney's approval within one (1) week of acceptance by the Seller. Failure of Purchaser's attorney to either approve or disapprove within one (1) week shall be deemed an approval.

IN WITNESS WHEREOF, the Purchaser has caused this instrument to be duly executed the day and year first above written.

Date: _____ PURCHASER: _____

WITNESS: _____ PURCHASER: _____

ACCEPTANCE OF OFFER BY SELLER

Seller certifies that it owns the property and has the power to sell the property. Seller accepts this offer and agrees to sell on the terms and conditions set forth herein.

Date: _____ NORTH RIDGE CROSSING, LLC

WITNESS: _____ By: _____
Joseph Sortino, Member

THE VILLAS AT CHURCHVILLE SUBDIVISION

LOT NO. __

PURCHASER

Name _____

Address _____

_____

Telephone _____

Alternate _____

PURCHASER'S ATTORNEY

Name _____

Address _____

_____

Telephone _____

Fax _____

SELLER

North Ridge Crossing, LLC
6 Rainbrooke Drive
Pittsford, New York 14534
Telephone: (585) 225-7700
Fax: (585) 225-0399

SELLER'S ATTORNEY

Kaman, Berlove, Marifioti, Jacobstein & Goldman, LLP
Anthony Dentino and Ross J. Cammarata
135 Corporate Woods, Suite 300
Rochester, New York 14623
Telephone: (585) 325-7440
Fax: (585) 454-3559 or 325-1193

SELLING BROKER

Agent: _____

Telephone: _____

Agent ID #: _____

Telephone: _____

Fax: _____

LISTING BROKER

Agent: _____

Telephone: _____

Agent ID #: _____

Telephone: _____

Fax: _____

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Exhibit B

BARGAIN AND SALE DEED

THIS INDENTURE, made the _____ day of _____, two thousand and ____.

BETWEEN NORTH COAST VENTURES, LLC, a New York limited liability company having its principal place of business at 6 Rainbrooke Drive, Pittsford, New York 14534, County of Monroe and State of New York, party of the first part, and VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC., a New York not-for-profit corporation having its principal place of business at 6 Rainbrooke Drive, Pittsford, New York 14534, County of Monroe and State of New York, party of the second part,

WITNESSETH, that the party of the first part, in consideration of One Dollar paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Village of Churchville, County of Monroe, and State of New York, being part of Lot No. __, Township __, Range __ of the Holland Land Company's survey and being bounded and described on map of Villas at Churchville Subdivision filed in the Monroe County Clerk's Office under Map Cover _____, **EXCEPTING** and reserving therefrom Subdivision Lot Nos. _____ inclusive, as depicted thereon.

TOGETHER with the benefits and subject to the burdens of (i) Declaration of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens - Villas at Churchville intended to be recorded in the Monroe County Clerk's Office simultaneously herewith and (ii) all easements, rights of way and restrictions of record.

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof; **TOGETHER** with the appurtenances and all the estate and rights of the party of the first part in and to said premises; **TO HAVE AND TO HOLD** the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

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

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose. The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

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

IN PRESENCE OF: **NORTH COAST VENTURES, LLC**

By: _____

STATE OF NEW YORK)
) SS.:
COUNTY OF MONROE)

On this _____ day of _____, 20__, before me personally came _____, to me personally known, who, being by me duly sworn, did depose and say that he is a general partner of NORTH COAST VENTURES, LLC, the limited liability company named in the within instrument; that he had the authority to sign the same on behalf of said limited liability company; and that he executed the same as the act and deed of said limited liability company.

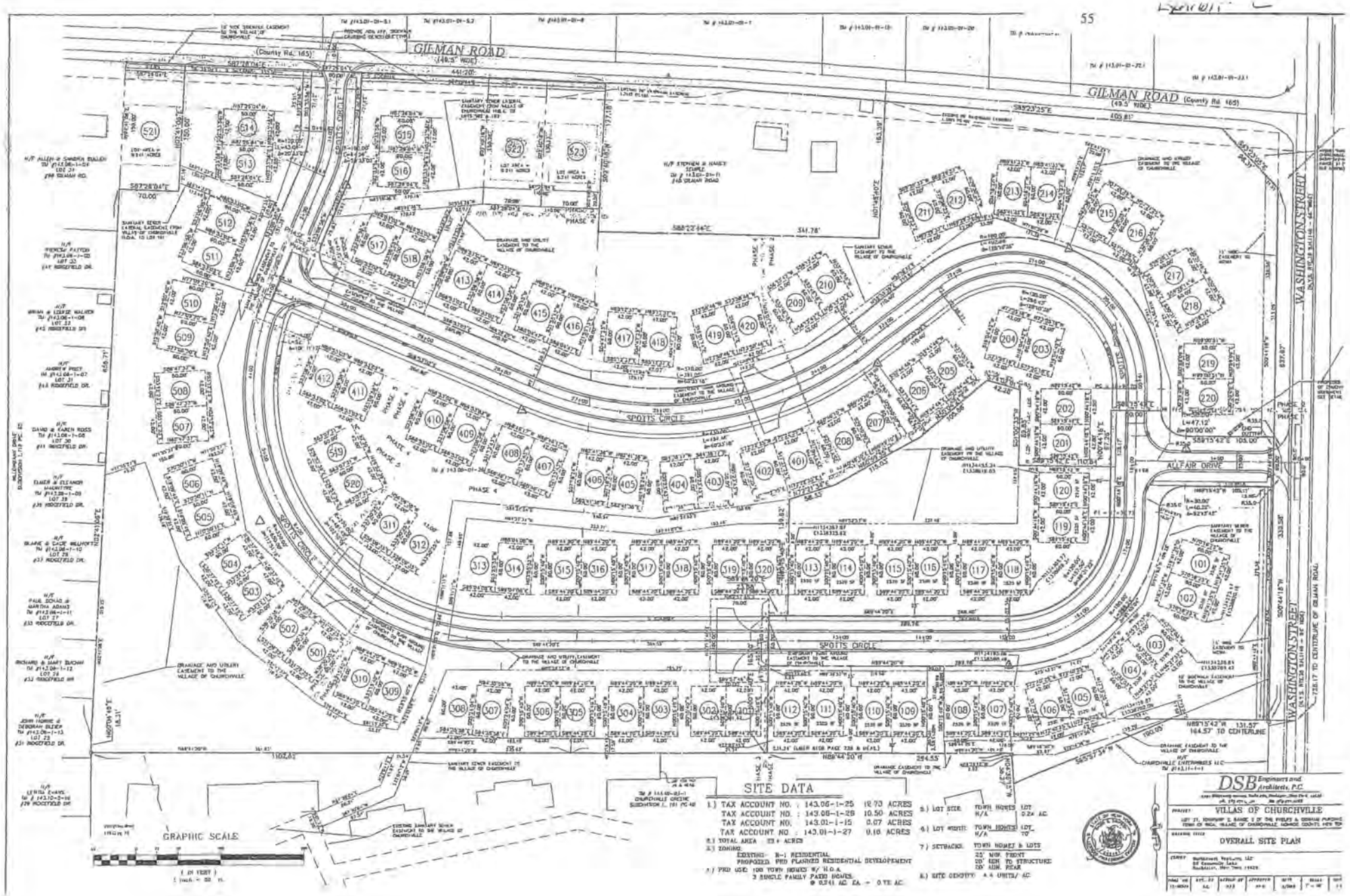
_____

Return to:

NORTH COAST VENTURES, LLC

TO

VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.


GILMAN ROAD (49.5' WIDE)
(County Rd. 165)
GILMAN ROAD (County Rd. 165)
WASHINGTON STREET
SPOTTS CIRCLE
AULFAIR DRIVE
GRAPHIC SCALE
SITE DATA
1.) TAX ACCOUNT NO. : 143.06-1-25 12.73 ACRES
TAX ACCOUNT NO. : 143.06-1-26 10.50 ACRES
TAX ACCOUNT NO. 143.01-1-15 0.07 ACRES
TAX ACCOUNT NO : 143.01-1-27 0.16 ACRES
2.) TOTAL AREA : 23 + ACRES
3.) ZONING:
EXISTING- R-1 RESIDENTIAL
PROPOSED- PRD PLANNED RESIDENTIAL DEVELOPEMENT
4.) PRD USE: 100 TOWN HOMES W/ H.O.A.
3 SINGLE FAMILY PAIED HOMES.
@ 0.241 AC EA. = 0.72 AC.
5.) LOT SIZE: TOWN HOMES LOT 0.24 AC
6.) LOT WIDTH: TOWN HOMES LOT 70'
7.) SETBACKS: TOWN HOMES & LOTS
25' MIN FRONT
20' MIN TO STRUCTURE
20' MIN. REAR
8.) SITE DENSITY: 4.4 UNITS/ AC
DSB Engineers and Architects, P.C.
PROJECT: VILLAS OF CHURCHVILLE
DRAWING TITLE: OVERALL SITE PLAN

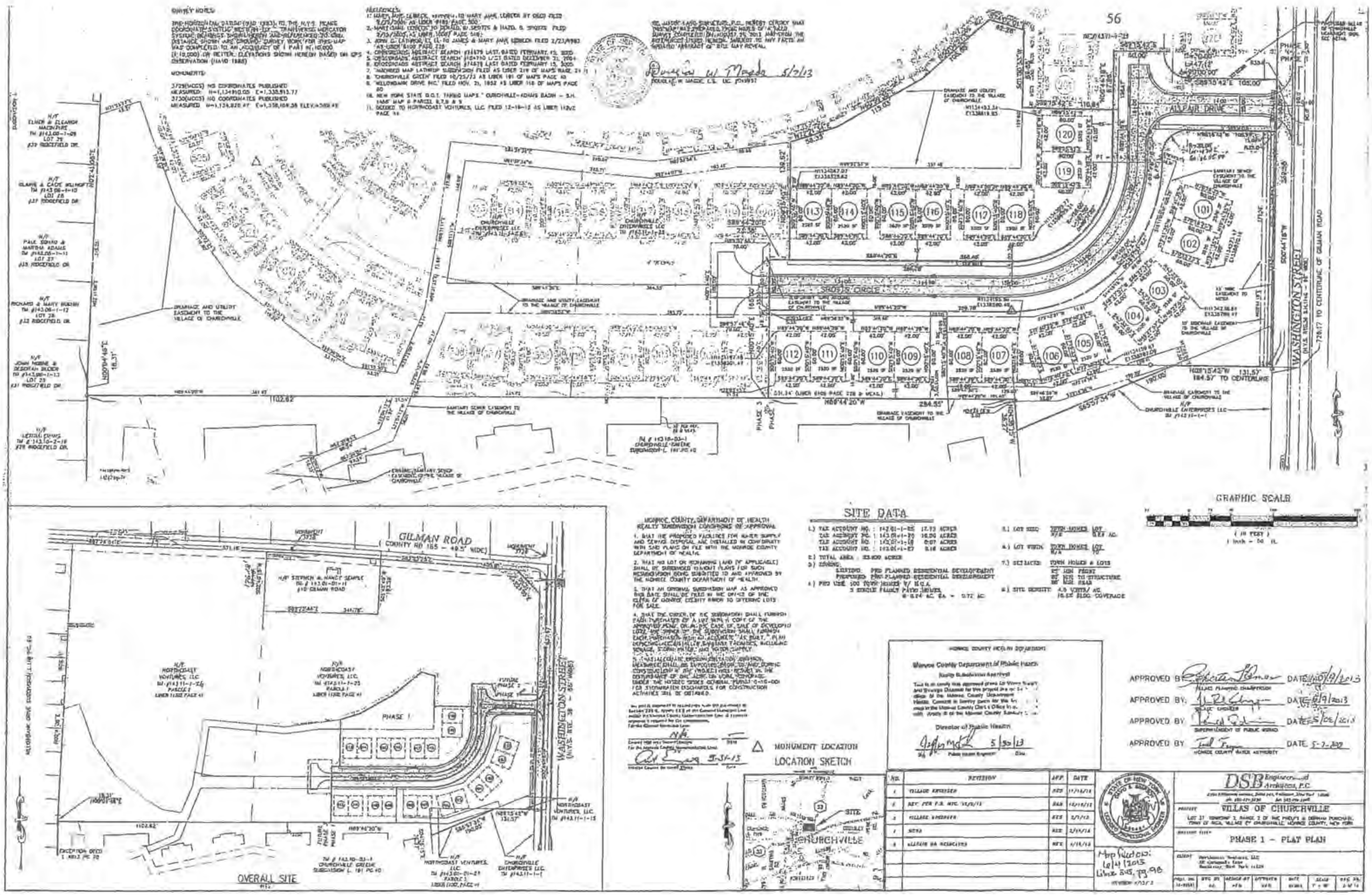
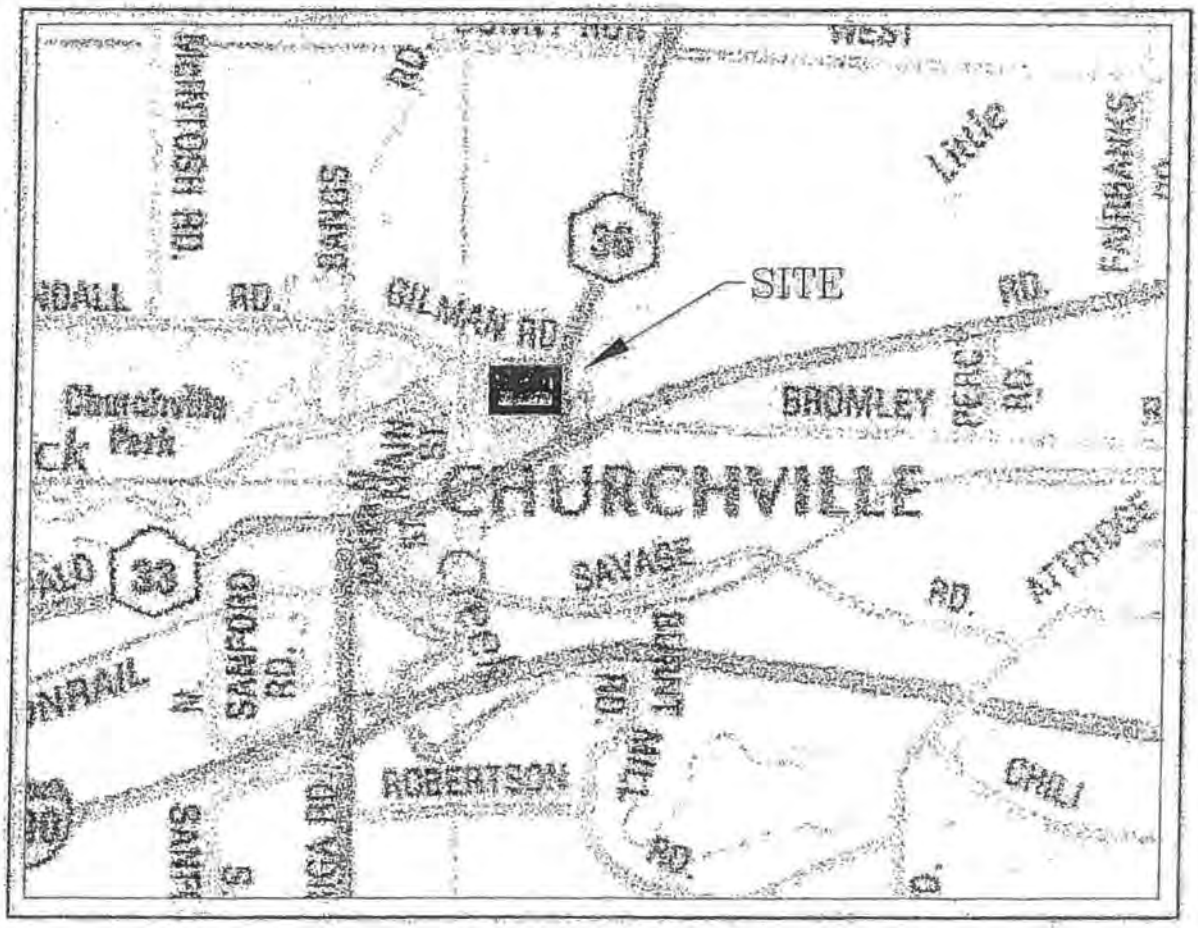

56
WASHINGTON STREET
GILMAN ROAD
SITE DATA
GRAPHIC SCALE
MONUMENT LOCATION
LOCATION SKETCH
CHURCHVILLE
OVERALL SITE
PHASE 1
APPROVED BY
DATE
DSB Engineers and Architects, P.C.
VILLAS OF CHURCHVILLE
PHASE 1 - PLAT PLAN
Monroe County Department of Public Health
Director of Public Health
MONROE COUNTY DEPARTMENT OF HEALTH REALTY SUBDIVISION CONDITIONS OF APPROVAL

Exhibit L

VILLAS OF CHURCHVILLE



LOCATION MAP

N.T.S.

TOWN OF RIGA
VILLAGE OF CHURCHVILLE
COUNTY OF MONROE
STATE OF NEW YORK

IN
IS A

EW

EXHIBIT E

THE VILLAS AT CHURCHVILLE
HOUSING MERCHANT
LIMITED WARRANTY

Warranty No. _____

NAME OF PURCHASER(S): _____

ADDRESS OF PURCHASER(S) _____
_____

ADDRESS OF HOME WARRANTED: _____
_____

NAME OF SELLER: North Ridge Crossing, LLC

ADDRESS OF SELLER: 6 Rainbrooke Drive
Pittsford, New York 14634

WARRANTY DATE: _____

SELLER'S LIMIT OF

TOTAL LIABILITY: 80% of Contract Price

THIS LIMITED WARRANTY EXCLUDES ALL CONSEQUENTIAL AND INCIDENTAL DAMAGES, EXCEPT AS REQUIRED BY NEW YORK STATE LAW.

THIS LIMITED WARRANTY INCORPORATES THE PROVISION OF SECTION 777-a OF THE NEW YORK STATE GENERAL BUSINESS LAW, "HOUSING MERCHANTS IMPLIED WARRANTY", **HOWEVER THIS WARRANTY LIMITS AND MODIFIES THE HOUSING MERCHANT'S IMPLIED WARRANTY. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE OF THIS LIMITED WARRANTY.**

1. To Whom Given. This Limited Warranty is extended to Purchaser named on page 1, while the purchaser owns the Home. It does not extend to subsequent owners of the Home or other persons.

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

3. Final Inspection of the Home. Before Purchaser moves into the Home or accepts the deed, Seller will set up an appointment for final inspection of the Home with Purchaser. The purpose of' this final inspection is to discover any defects or flaws of a visible or obvious nature--such as marks. chips, dents, cracks, or scratches--that may have occurred during the final stages of finishing the home, or any unfinished work caused by back-orders beyond Seller's control. Seller may also point out other defects known to have occurred during the construction process and that remain uncorrected at the time of the inspection.

All defects or flaws found on final inspection of the Home will be itemized on a Final Inspection Sheet, which will include a schedule for each item that will be corrected. The Final Inspection Sheet will be signed by Purchaser and Seller before occupancy of the Home or transfer of the deed.

When Purchaser moves into the Home or accepts the deed, Seller's responsibility is limited to:

(a) completion of items shown on the Final Inspection Sheet, as provided in the Final Inspection Sheet, and

(b) performance of warranty obligations under the provisions of this Limited Warranty, as listed below. The purpose of the Limited Warranty is to identify Seller's responsibilities for construction defects of a latent or hidden kind that would not have been found or disclosed on final inspection of the Home.

4. Limited Warranty. This Limited Warranty excludes all other warranties on the construction and sale of the Home and its components, both express and implied. There are no warranties which extend beyond the face hereof.

5. Warranty Coverages and Periods. The Warranty Period for all coverages begins on the Warranty Date shown on page 1. It ends at the expiration of the coverages shown below:

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

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

(b) defective materials provided by Seller, an agent of Seller or subcontractor of Seller; or

(c) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged solely by Seller.

Workmanship, materials, and design will be considered to be defective if they fall to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code or if they fail to meet the Accepted Standards which are attached to this Limited Warranty.

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

Installation will be considered to be defective if Seller's workmanship upon the installation fails to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code and the Accepted Standards which are attached to this Limited Warranty.

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

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

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

All systems are exclusive of appliances, fixtures and items of equipment.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six years from the Warranty Date, the Home will be free from latent defects that are Major Structural Defects, as defined below, and that constitute:

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

(b) defective materials provided by Seller, an agent of Seller or subcontractor of Seller, or

(c) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged solely by Seller.

Workmanship, materials, and design will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code or if they fail to meet the Accepted Standards which are attached to this Limited Warranty.

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

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

6. Exclusions from All Coverages. The following are excluded from the Basic Coverage, Major System Coverage, and Major Structural Defect Coverage:

(a) Loss or damage caused by workmanship performed by any person other than (i) Seller, (ii) an agent of Seller, or (iii) a subcontractor of Seller.

(b) Loss or damage caused by defective materials supplied by any person other than (i) Seller, (ii) an agent of Seller, or (iii) a subcontractor of Seller.

(c) Loss or damage caused by defective design provided by any person other than a design professional retained exclusively by Seller.

(d) Patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to acceptance of the deed or occupancy of the Home ought to have revealed.

(e) Defects in outbuildings including but not limited to detached garages and detached carports (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the Home); site located swimming pools and other recreational facilities; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping

('including sodding, seeding, shrubs, trees and plantings); off-site improvements or any other improvements not a part of the Home itself.

(f) After the first year Basic Coverage, concrete floors of basements and concrete floor of attached garages that are built separately from foundation walls or other structural elements of the Home.

(g) Damage to real property which is not part of the Home covered by this Limited Warranty and which is not included in the purchase price of the Home.

(h) Any damage to the extent that it is caused or made worse by:

(i) negligence, improper maintenance, or improper operation by anyone other than Seller, its employees, agents, or subcontractors; or

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

(iii) failure of the Purchaser to give notice to Seller of any defects or damage within a reasonable time; or

(iv) changes in the grading of the ground by anyone other than Seller, its employees, agents or subcontractors; or

(v) changes, alterations or additions made to the Home by anyone after the Warranty Date shown on page 1; or

(vi) dampness or condensation due to failure of the Purchaser or occupant to maintain adequate ventilation.

(i) Any condition which does not result in actual physical damage to the Home.

(j) Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driving water, and not reasonably foreseeable changes in the underground water table.

(k) Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect.

(l) Any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance.

(m) Any damage which the Home Owner has not taken timely action to minimize.

(n) Normal wear and tear and normal deterioration.

(o) Insect damage.

(p) Bodily injury or damage to personal property.

(q) Failure of Seller to complete construction of the Home.

(r) Loss or damage when which arises while the Home is being used primarily for nonresidential purposes.

(s) Loss or damage due to abnormal loading on floors by the Home Owner which exceeds design loads as mandated by the Building Code.

(t) Costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair.

(u) Consequential damages and incidental damages (except where required by state law).

(v) Any claim not filed in a manner set forth below in paragraph 8, "Step-by-Step Claims Procedures."

7. Warranty. If a defect occurs in an item covered by this Limited Warranty, Seller will repair,replace or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s) within a reasonable time after Seller's inspection or testing discloses the problem. The choice among repair, replacement or payment is solely that of Seller.

In no event will Seller's total liability for deficiencies under this Limited Warranty exceed Seller's Limit of Total Liability, shown on page 1.

Repair, replacement or payment of reasonable cost for any Major Structural Defect is further limited to (1) the repair of damage to the load-bearing portions of the Home themselves which is necessary to restore their load-bearing function; and (2) the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable.

When Seller finishes repairing or replacing the defect or pays the reasonable cost of doing so, a full release of all legal obligations with respect to the defect must be signed and delivered to Seller.

8. Step-by-Step Claims Procedures.

(a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by Seller, identified on page 1, no later than the first business day after warranty coverage on that item expires or if a longer period is required by law, such longer period. If this Notice of Warranty Claim Form is not proper ly completed and received by Seller by that deadline, Seller will have no duty to respond to any complaint or demand, and any or all claims may be rejected. NOTICE OF WARRANTY CLAIM IS NECESSARY TO PROTECT RIGHTS TO WARRANTY PERFORMANCE UNDER THIS LIMITED WARRANTY.

(b) No steps taken by Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Limited Warranty. The Seller's response to any complaint or request, other than a timely a properly completed Notice of Warranty Claim, will not impair, prejudice or otherwise affect any right of Seller, including but not limited to Seller's right to receive a timely and properly completed Notice of Warranty Claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of' the Purchaser, Seller and Seller's agents will have the right to inspect and test the portion of the Home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide reasonable access to Seller and Seller's agents during normal business hours to complete inspection, testing and repair or replacement.

(d) The Seller will complete inspection and testing within a reasonable time under the circumstances, not to exceed 30 days after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, Seller will determine whether to accept or reject the claim. If Seller rejects the claim, Seller will give written notice of that decision to the claimant at the address shown on the Notice of Claim Form. If Seller accepts the claim, Seller will take corrective action within a reasonable time under the circumstances and, upon completion, will give written notice of completion to the claimant at the address shown on the Notice of Claim Form. The Seller will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessarily are subject to weather conditions, Acts of God, availability of materials. and other events beyond Seller's control.

9. Legal Actions.

(a) No claim or cause of action under this Limited Warranty may be commenced or asserted in any suit, action, or other legal proceeding against Seller in any Court or forum unless notice of the claim or cause of action has been received by Seller in a timely and properly completed Notice of Warranty Claim Form as provided in paragraph 8 above.

(b) No suit, action and proceeding against Seller under this Limited Warranty may be commenced in any Court or forum after the later of: (i) the date of expiration of the applicable

warranty coverage under paragraph 5 of this Limited Warranty, or (ii) sixty calendar days after the Warrantor has given written notice of rejection of claim or completion of corrective action as provided in clause 8(d) above or, if a longer period is required by law, such longer period.

10. Arbitration.

(a) Any claim or cause of action under this Limited Warranty which may be commenced or asserted in any suit, action, or other legal proceeding against the Seller in any Court may be settled by arbitration in accordance with the rules of the American Arbitration Association, by mutual consent of Seller and Purchaser and judgment upon the award rendered by the Arbitrators may be entered in any Court having jurisdiction thereof.

(b) No attempt shall be made to arbitrate any controversy or claim, arising under this warranty unless notice of claim or cause of action has been received by the Seller in a timely and properly completed Notice of Warranty Claim Form as provided in paragraph 8 above.

(c) No arbitration proceeding shall be commenced against the Seller under this Limited Warranty after the later of: (i) the date of expiration of the applicable warranty coverage under paragraph 5 of this Limited Warranty, or (ii) sixty calendar days after the Warrantor has given written notice of rejection of claim or completion of corrective action as provided in clause 8(d) above or, if a longer period is required by law, such longer period.

(d) An arbitration entered into under this Limited Warranty shall not be final and binding upon Seller and Purchaser unless Seller and Purchaser agree in writing that such arbitrators decision will be binding and final.

11. General Provisions.

(a) This Limited Warranty may not be changed or amended in any way.

(b) This Limited Warranty is to be binding upon the Seller and the Purchaser, their heirs, executives, administrators, successors and assigns.

(c) Should any provision of the Limited Warranty be deemed unenforceable by a court of competent jurisdiction, the determination will not affect the enforceability of the remaining provisions.

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

(e) This Limited Warranty is to be governed in accordance with the laws of New York State.

NOTICE OF WARRANTY CLAIM FORM

Dear Home Owner:

To ask Seller to correct a defect in your Home that you think is covered by Seller's Limited Warranty, you must complete this form and deliver it to Seller. This is necessary to protect your rights to warranty performance under the Limited Warranty. Even if you believe that Seller is aware of the problem, fill out this form and deliver it to Seller.

The information you will need to fill out the form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't know." Please do not leave any item blank.

Your Name: _____

Mailing Address: _____

_____

Phone: _____

Limited Warranty No.: _____

Warranty Date: _____

Describe the defect(s) which you think are covered by the Limited Warranty . Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem:

_____ _____

Signature Date

_____ _____

Signature Date

1. Site Work

ARTICLE	WARRANTY PERIOD

1-1 **1 yr.**

Observation: The ground has settled around the foundation, over utility trenches, or in other areas.

Performance Guideline: Settling of ground around foundation walls, over utility trenches, or in other filled areas shall not interfere with water drainage away from the home.

Corrective Measure: If the contractor has provided final grading, upon request by the owner, the contractor will fill settled areas affecting proper drainage in excess of six inches, one time only during the warranty period. The owner will be responsible for removal and replacement of shrubs and other landscaping affected by the placement of such fill.

1-2 **None**

Observation: The site does not drain properly.

Performance Guideline: The necessary grade and swales shall have been established by the contractor to ensure proper drainage away from the home. Standing or ponding water shall not remain for extended periods in the immediate area of the house after a rain (generally no more 24 hours), except in swales that drain other areas or in areas where sump pumps discharge. In these areas a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated by the owner. No grading determination shall be made while frost or snow is on ground or while the ground is saturated.

Corrective Measure: The contractor is responsible only for initially establishing the proper grades and swales. The owner is responsible for maintaining such grades and swales once they have been properly established by the contractor.

1-3 **None**

Observation: The site has soil erosion.

Performances Guideline: Contractor is not responsible for soil erosion due to acts of God, or other conditions beyond the contractors control.

Corrective Action: No action required.

2. Foundation

ARTICLE	WARRANTY PERIOD

2-1 **General** **1 yr.**

Observation: The foundation is out of square.

Performance Guideline: As measured at the top of the foundation wall, the diagonal of a triangle with sides of 12 feet and 16 feet shall be no more than 1 inch in 20 feet, unless the owner and contractor agree to intentionally build an addition to an existing structure out of square in order to match or compensate for inaccuracies in the existing structure.

Corrective Measure: The contractor will make necessary modifications to any foundation not complying with the performance guidelines for squareness to provide a satisfactory appearance. The contractor may square the first floor deck by cantilevering over the foundation where out of square.

Discussion/Helpful Hints: Squareness is primarily an aesthetic consideration. Regularly repeated geometric patterns in floor and ceiling coverings show a gradually increasing or decreasing pattern along an out-of-square wall. The guideline tolerance of plus or minus 1/2 inch in the diagonal allows a maximum increasing or decreasing portion of about 3/8 inch in a 12-foot wall of a 12 x 16-foot room. However, a contractor and client may agree to build an addition out of square in order to keep a new exterior wall on line with an existing wall of an out-square house.

2-2 1 yr.

Observation: The foundation is out of level.

Performance Guideline: As measured at the top of the foundation wall, no point shall be more an 3/8 inch higher or lower than any point within 20 feet, unless the owner and contractor agree to intentionally build an addition to an existing structure out of level in order to match or compensate for inaccuracies in the existing structure.

Corrective Measure: The contractor will make necessary modifications to any foundation not complying with the performance guidelines for levelness to comply with the performance guideline. This can be affected by leveling the sills with shims, mortar, or appropriate fillers.

Discussion/Helpful Hints: Levelness is both an aesthetic and functional consideration. Out of level floors can cause "stair stepping" of 4 x 8-foot sheathing, siding, paneling and cabinets, and square walls must be "racked" into parallelograms when plumbing is installed.
Liquids can run off counter tops, and, in extreme cases, people will perceive that they are walking up or downhill. The contractor and the owner may agree to build an addition out of level in order to keep the floor of an addition on the same plane, and the roof ridge on the same line, as those of an existing, out-of-level structure.

2-3 None

Observation: Efflorescence is present on surface of basement floors.

Performance Guideline: This is a normal condition.

Corrective Measure: None.

2-4 **Slab and Basement Floor** None

Observation: Concrete slabs within the structure have separated or moved at expansion and contraction joints.

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

Corrective Measure: None.

2-5 1 yr.

Observation: Concrete floors or slabs are uneven.

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

Corrective Measure: The contractor will correct or repair the floor to meet the performance guideline.

2-6 1 yr.

Observation: The basement floor is cracked.

Performance Guideline: Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired.

Corrective Measure: The contractor will repair cracks that do not meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface using a latex-fortified cement mixture or other materials designed to fill cracks and bond concrete. Color and texture variation will vary with repair.

2-7 1 yr.

Observation: Pitting, scaling or spalling of concrete work covered by this Limited Warranty.

Performance Guideline: Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use.

Corrective Measure: Contractor will take whatever corrective action necessary to repair defective concrete surfaces. Contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control. Contractor will not be responsible for color variation between existing and new patching material.

2-8 **Slab-on-Grade Floor** 1 yr.

Observation: Cracks have developed in concrete slab-on-grade floors with finished flooring.

Performance Guideline: Cracks that rupture the finished flooring material shall be repaired.

Corrective Measure: The contractor will repair cracks, as necessary, and repair the finish flooring to match existing as close as possible.

Discussion/Helpful Hints: Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface using a latex-fortified cement mixture or other materials designed to fill cracks and bond concrete. Color and texture variation will vary with repair.

2-9 1 yr.

Observation: Concrete in slab-on-grade floor is cracked (horizontal or vertical separation).

Performance Guideline: Cracks in slab-on-grade floors shall not exceed 3/16 inch in width or 1/8 in vertical displacement.

Corrective Measure: The contractor will repair cracks to meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface using a latex-fortified cement mixture or other materials designed to fill cracks and bond concrete. Color and texture variations will vary with repair.

Basement Wall

2-10 **Concrete Block** 1 yr.

Observation: Concrete block basement wall is cracked.

Performance Guideline: Cracks in concrete block basement walls shall not exceed 1/8 inch in width.

Corrective Measure: The contractor will repair cracks to meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface using a latex-fortified cement mixture or other materials designed to fill cracks and bond concrete. Shrinkage cracks are not unusual and are inherent in the drying process. They should be expected in basement walls due to the nature of masonry block and concrete. Cracks may be vertical, diagonal, horizontal, including stepped masonry joints. The only cracks considered under warranty claims are cracks which permit water penetration or horizontal cracks that cause a bow in the wall.

2-11 1 yr.

Observation: Concrete block basement wall is out of plumb.

Performance Guideline: Block concrete walls shall not be out of plumb greater than 3/4 inch in 8 feet when measured from the base to the top of the wall.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline. If the wall is to remain unfinished per contract, and the wall meets building codes as evidenced by passed inspections, then no corrective action is required.

2-12 **1 yr.**

Observation: Concrete block basement wall is bowed.

Performance Guideline: Block concrete walls shall not bow in excess of 1 inch in 8 feet when measured from a plumb line.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline. If the wall is to remain unfinished per wall meets building codes as evidenced by passed inspections, then no corrective action is required.

2-13 **Poured Concrete (Walls)** **1 yr.**

Observation: Exposed concrete wall has hole in it.

Performance Guideline: Holes larger than 3/8 inch in diameter or 3/8 inch in depth are unacceptable.

Corrective Measure: The contractor will repair holes that do not meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by thoroughly filling the hole. The repaired area will not match the color of the surrounding concrete.

2-14 **1 yr.**

Observation: Poured concrete basement wall is out of plumb.

Performance Guideline: Concrete walls shall be out of plumb greater than of 1 1/2 inches in 8 feet when measured from the base to top of the wall.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline. If the wall is to remain unfinished per contract, and the wall meets building codes as evidenced by passed inspections, then no corrective action is required.

2-15 **1 yr.**

Observation: Poured concrete basement wall is bowed.

Performance Guideline: Concrete walls shall not bow in excess of 1 inch in 8 feet when measured from a plumb line.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline. If the wall is to remain unfinished per contract, and the wall meets building codes as evidenced by passed inspections, then no corrective action is required.

2-16 **1 yr.**

Observation: The basement wall is cracked (horizontal or vertical separation).

Performance Guideline: Cracks in basement walls shall not allow exterior water to leak into the basement.

Corrective Measure: The contractor will repair cracks that do not meet the performance guideline when leaks are present.

Discussion/Helpful Hints: Shrinkage cracks are not unusual and are inherent in the drying process. They should be expected in basement walls due to the nature of masonry block and concrete. Cracks may be vertical, diagonal, horizontal. The only

cracks considered under warranty claims are cracks which permit water penetration or horizontal cracks that cause a bow in the wall.

Basement Floor and Walls

2-17 Moisture and Leaks **None**

Observation: Dampness is evident on basement walls or floor.

Performance Guideline: Dampness caused by wicking through the basement walls or floor and condensation of water vapor on cool walls are not the responsibility of the contractor

Corrective Measure: None. Dampness prevention is the responsibility of the owner.

Discussion/Helpful Hints: The owner's failure to maintain positive drainage away from the house can contribute to dampness. Condensation also contributes to dampness. Homeowners are suggested to use a dehumidifier when necessary.

2-18 **1 yr.**

Observation: The basement leaks.

Performance Guideline: Leaks resulting in actual trickling of water shall be repaired. Leaks caused by landscaping improperly installed by the owner, or by the failure of the owner to maintain proper grades, are not the contractor's responsibility. Walls and floors of new construction may become damp as concrete, mortar, and other materials dry, and dampness alone is not considered a deficiency.

Corrective Measure: The contractor will take such action as necessary to correct basement leaks, except where the cause is determined to result from the owner's actions or negligence.

2-19 Crawl Space

Observation: Flowing or trickling water appears on interior crawl space horizontal surface.

Performance Guideline: Crawl spaces should be graded and drained properly to prevent water from accumulating deeper than 3/4 inch and larger than 36 inches in diameter in the crawl space area.

Corrective Measure: The contractor will take the necessary corrective measures to create positive flow within the crawl space to discharge to the exterior of the structure.

2-20 **None**

Observation: Condensation is evident on the walls, earth, or floor insulation in the crawl space or basement.

Performance Guideline: Condensation in the crawl space shall not result from lack of adequate ventilation as required by code. Condensation resulting from other causes is not the responsibility of the contractor.

Corrective Measure: The contractor will ensure that ventilation meets the appropriate code requirements. Further reduction of condensation is an owner maintenance responsibility.

Discussion/Helpful Hints: Temporary conditions may cause condensation that cannot be eliminated by ventilation and a vapor barrier because:

- Night air gradually cools the interior surfaces of the crawl space. In the morning, moisture picked up by sun-warmed air is carried into the crawl space and condenses on cool surfaces.
- At night, outside air may rapidly cool foundation walls and provide a cool surface on which moisture may condense.
- If the house is left unheated in the winter, the floors and walls may provide cold surfaces on which moisture in the warmer crawl space air may condense.
- Excessive moisture inside a heated house may hit the dew point within or on the colder bottom surface of vapor-permeable floor insulation. The condensation can be reduced by placing a vapor barrier between the insulation and the floor

sheathing. If condensation must be entirely eliminated, the owner can do so by sealing and dehumidifying or heating the crawl space, or by heating the dehumidifying the house.

2-21 **Columns and Beams** 1 yr.

Observation: Concrete columns are bowed or out of plumb.

Performance Guideline: Concrete columns shall not bow in excess of 1 inch in 8 feet. They should not be out of plumb in excess of 1/4 inch in 12 inches when measured from the base to the tope of the column, not to exceed 1 1/2 inches in 8 feet.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.

2-22 1 yr.

Observation: Steel columns are out of plumb.

Performance Guideline: Steel columns shall not be out of plumb in excess of 1/8 inch in 12 inches when measured from the base to the top of the column.

Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.

2-23 **Concrete Stoops, Steps and Sidewalks** 1 yr.

Observation: Concrete stoops, attached porches and garage steps have settled, heaved, or separated from the house structure.

Performance Guideline: Stoops and steps shall not settle, heave, or separate in excess of 1 inch from the house structure. Attached porches and garages shall not settle, heave or separate in excess of 1/2" from the house structure.

Corrective Measure: The contractor will take whatever corrective action is required to meet the performance guideline.

2-24 1 yr.

Observation: Water remains on stoops or steps after rain has stopped.

Performance Guideline: Water shall drain off outdoor stoops and steps. Minor amounts of water can be expected to remain on stoops and steps for up to 24 hours after rain.

Corrective Measure: The contractor will take corrective action to assure proper drainage of stoops and steps.

2-25 Garage 1 yr.

Observation: The garage floor slab is cracked.

Performance Guideline: Cracks in concrete garage floor greater than 3/16 inch in width or 1/8 width in vertical displacement are excessive.

Corrective Measure: The contractor shall repair to meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by thoroughly cleaning, filling and troweling the surface using latex-fortified cement mixture or other materials designed to fill cracks and bond concrete.

2-26 1 yr.

Observation: Garage concrete floor has settled, heaved, or separated.

Performance Guideline: The garage floor shall not settle, heave, or separate in excess of 3/4 inch from the structure.

Corrective Measure: The contractor will take whatever corrective action is required to meet the performance guideline.

3. Wood Floor Framing

ARTICLE		WARRANTY PERIOD
3-1	Beams	1 yr.

Observation: Springiness, bounce, shaking, or visible sag is observed in floor or roof.

Performance Guideline: All beams, joists, rafters, headers, and other structural members shall be sized, and fasteners spaced, according to the National Forest Products Association span tables, or local building codes.

Corrective Measure: The contractor will reinforce or modify, as necessary, any floor, wall, ceiling, or roof not meeting the performance guideline.

Discussion/Helpful Hints: Deflection may indicate insufficient stiffness in the lumber, or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Joist and rafters are required to meet standards for both stiffness and strength. The span tables allow, under full design loadings, a maximum deflection equal to 1/360 of the span for floor and ceiling joists (3/8 inch in 12 feet), 1/240 for rafters up to 3/12 in pitch (1/2 inch in 12 feet), and 1/180 for rafters over 3/12 in pitch (3/4 inch in 12 feet). Individual clients may not be satisfied with the deflection limits built into the tables. When a customer's preference is made known before construction, a higher standard may be agreed upon by the contractor and the owner.

3-2 1 yr.

Observation: Wood beam or post is split.

Performance Guideline: Beams and posts, especially those 3 1/2 inches or greater in thickness (which normally are not kiln dried) will sometimes split as they dry subsequent to construction. Such splitting is usually not a structural concern if posts and beams have been sized according to National Forest Products Association span tables. Unfilled splits exceeding 1/4 inch in width and all splits exceeding 3/8 inch in width are unacceptable.

Corrective Measure: The contractor will repair or replace any beam or post with a defect that does not meet the guideline. Filling splits is acceptable for widths up to 3/8 inch.

Discussion/Helpful Hints: Some characteristics of drying wood are beyond the control of the contractor and cannot be prevented. Compensation is made in span tables for the probable reduction in strength resulting from splitting caused by drying. Therefore, splitting is primarily an aesthetic concern rather than a structural problem. "Checks and splits which occur during the drying of lumber have the effect of reducing the area in the plane of shear resistance. Consequently, laboratory data developed for shear parallel to grain are reduced substantially for design purposes in order to accommodate the probability of the occurrence of checks and splits after drying." See **Wood Structural Design Data** 3.

3-3 1 yr.

Observation: Wood beam or post is twisted or bowed.

Performance Guideline: Beams and posts, especially those 3 1/2 inches or greater in thickness (which normally are not kiln dried) will sometimes twist or bow as they dry subsequent to construction. Twisting or bowing are usually not a structural concern if posts and beams have been sized according to National Forest Association span tables.4 Bows and twists exceeding 3/4 inch in an 8 foot section are unacceptable.

Corrective Measure: The contractor will repair or replace any beam or post with a defect that does not meet the guideline.

3-4 1 yr.

Observation: Wood beam or post is cupped.

Performance Guideline: Beams and posts, especially those 3 1/2 inches or greater in thickness (which normally are not kiln dried) will sometimes cup as they dry subsequent to construction. Cupping is usually not a structural concern if posts and beams have been sized according to National Products Association span tables.5 Cups exceeding 1/4 inch in 5 1/2 inches are unacceptable.

Corrective Measure: The contractor will repair or replace any beam or post with a defect that does not meet the guideline.

3-5 Plywood and Joists **1 yr.**

Observation: Floors squeak or the subfloor appears loose.

Performance Guideline: Squeaks caused by a loose subfloor are unacceptable, but totally squeak-proof floors cannot be guaranteed.

Corrective Measure: The contractor will refasten any loose subfloor or take other corrective action to eliminate squeaking to the extent possible within reasonable repair capability without removing floor and ceiling finishes.

Discussion Helpful Hints: Floor squeaks may occur when a subfloor that has come loose from the joists is deflected by the weight of a person or household possessions and rubs against the nails that hold it in place. The subfloor or joists may be bowed, and the nails also may be expelled from the wood during drying. Movement may occur between the joist and bridging or other floor members when one joist is deflected while the other members remain stationary. Gluing the subfloor is an acceptable method of code compliance in certain jurisdictions. Renailing floor joists with ring-shank nails will also substantially reduce severe floor squeaks. Because the performance guideline requires the contractor to make a reasonable attempt to eliminate squeaks without requiring removal of floor and ceiling finishes, nailing loose subflooring with casing nails into the carpet surface and countersinking the head is an acceptable practice.

3-6 **1 yr.**

Observation: Wood floors are uneven.

Performance Guideline: Floors shall not have more than a 1/4 inch ridge or depression within any 32-inch measurement. Allowable floor and ceiling joist deflections are governed by the local approved building codes.

Corrective Measure: The contractor will correct or repair to meet the performance guideline.

3-7 **1 yr.**

Observation: Wood floor is out of square.

Performance Guideline: The diagonal of a triangle with sides of 12 feet and 16 feet along the edge of the floor shall be no more than 1/2 inch more nor less than 20 feet. For remodeling projects, the owner and the contractor may agree to build a wood floor out of square in order to match or otherwise compensate for preexisting conditions.

Corrective Measure: The contractor will make the necessary modifications to any floor not complying with the performance guideline for squareness.

Discussion/Helpful Hints: Squareness is primarily an aesthetic consideration. Regularly repeated geometric patterns in floor and ceiling coverings show a gradually increasing or decreasing pattern along an out-of-square wall. The guideline tolerance of plus or minus 1/2 inch in the diagonal allows a maximum increasing or decreasing portion of about 3/8 inch in a 12-foot of a 12 x 16-foot room. However, a contractor and client may agree to build an addition out of square in order to keep a new exterior wall on line with an existing wall of an out-of-square house. The corrective measure emphasizes the primarily aesthetic nature of squareness and makes the criteria for correction "a satisfactory appearance." This criteria allows the contractor to make either a structural change, if the defect is discovered in time, or some cosmetic change to hide the defect, if the construction is in the finishing stages when the defect is discovered.

3-8 **1 yr.**

Observation: Wood floor is out of level.

Performance Guideline: No point on the surface of a wood floor shall be more than 1/2 inch higher or lower than any other point on the surface within 20 feet, or proportional multiples of the preceding dimensions. For remodeling projects, the owner and the contractor may agree to build wood floor out of level in order to match or otherwise compensate for preexisting conditions.

Corrective Measure: The contractor will make the necessary modifications to any floor not complying with the performance guideline for levelness. Allowances should be allowed for shrinkage, cantilevers, and concentrated loads.

Discussions/Helpful Hints: Levelness is both aesthetic and functional consideration. Out of level floors can cause "stair stepping" of 4 x 8-foot sheathing, siding, paneling and cabinets, and square walls must be "racked" into parallelograms when plumbing is installed. Liquids can run off counter tops, and, in extreme cases, people will perceive that they are walking up or downhill. The contractor and the owner may agree to build an addition out of level in order to keep the floor of an addition on the same plane, and the roof ridge on the same line, as those of an existing, out-of-level structure.

3-9 **1 yr.**

Observation: Excessive deflection observed in floor or roof constructed of wood I-joist.

Performance Guideline: All beams, joists, rafters, headers, and other structural members constructed of wood I-joists shall be sized, and fasteners spaced, according to manufacturers specifications for length and spacing.

Corrective Measure: The contractor will reinforce or modify, as necessary, any floor, wall, ceiling, or roof not meeting the performance guideline.

Discussion/Helpful Hints: Deflection may indicate an aesthetic consideration independent of the strength and safety requirements of the lumber. When a customer's preference is made known before construction, a higher standard may be agreed upon in writing by the contractor and the owner.

3-10 **Remodeling Projects Only** **1 yr.**

Observation: Wood flooring is unlevel at transition from existing floor to room addition floor.

Performance Guideline: Flooring at transition area shall not slope more than 1/8 inch over 6 inches unless a threshold is added. Overall step down, unless previously agreed upon with the contractor shall not exceed 1 1/8 inches. Seasonal changes are not a defect.

Corrective Measure: The contractor will add threshold or transition material, or pull up the flooring and reduce the high spot, or if possible, shim under new framing to bring floor within guideline.

Discussion/Helpful Hints: All floor joists shrink both seasonally and when aging. After installation 2 x 12s can shrink up to 1/2 inch. If the flooring subfloor or underlayment has not purposely overlapped onto the existing, floor such a gap is not a defect but a natural result of the aging process of wood. The drier the house, the more the shrinkage. Floors will slope along the floor joist span which according to some codes can sag up to 1/2 inch over fifteen foot spans when under load and more in older homes due to sag plus loading. This will cause a hump at the juncture of the old to new. Also if flooring comes in perpendicular to each other, the first floor joist running parallel to the old outside wall can fall that 1/2 inch out to the first parallel joist or 14 1/2 inches. If the addition also has parallel joists, the hump can appear as a 1 inch gap at the end of a yardstick when held centered at the old house line.

4. Walls

ARTICLE		WARRANTY PERIOD

4-1 **Structural** 1 yr.

Observation: Wood framed walls are out of plumb.

Performance Guideline: Wood framed walls shall not be more than 3/8 inch out of plumb for any 96-inch vertical measurement.

Corrective Measure: The contractor will repair to meet the performance guideline.

4-2 1 yr.

Observation: The walls are bowed.

Performance Guideline: All interior and exterior walls have slight variances in their finished surface. Walls shall not bow more than 1/2 inch out of line within any 32 inch horizontal measurement, or 1/2 inch within any 8 foot vertical measurement.

Corrective Measure: The contractor will repair to meet the performance guideline.

4-3 1 yr.

Observation: Exterior walls leak because of inadequate caulking.

Performance Guideline: Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to prevent the entry of water.

Corrective Measure: The contractor will repair or caulk joints and cracks in exterior wall surfaces as required to correct deficiencies, one time only during the warranty period. Even when properly installed, caulking will shrink and must be maintained by the owner.

4-4

Observation: Characteristics such as knots, checks, splits and wane (barkedge) are seen in wood studs.

Performance Guideline: Characteristics such as knots, etc., should be limited to the provisions allowed by Western Wood Products Association or other appropriate grading associations.

Corrective Measure: Contractor shall replace any stud not meeting the performance guideline.

Discussion/Helpful Hint: Lumber of this grade is limited in characteristics that affect strength and stiffness not necessarily appearance.

4-5 **Insulation** 1 yr.

Observation: Insulation is insufficient.

Performance Guideline: The contractor shall install insulation according to R-Values designated in the contract documents.

Corrective Measure: The contractor will install insulation to meet the performance guideline.

Discussion/Helpful Hints: Proper installation shall include correct placement behind electrical boxes, backing studs, corner framing, and wiring.

4-6 **Windows** 1 yr.

Observation: Windows are difficult to open or close.

Performance Guideline: Windows should operate as according to manufacturers design.

Corrective Measure: The contractor will correct or repair as required to meet the performance guideline.

4-7 None

Observation: Window glass is broken and/or screens are damaged.

Performance Guideline: None.

Corrective Measure: Broken glass or screens not reported to the contractor prior to acceptance of construction are the owner's responsibility.

4-8 None

Observation: Scratches appear on surfaces of glass and mirrors.

Performance Guideline: Glass or mirror surfaces shall not have scratches visible from 10 feet under normal lighting conditions.

Corrective Measure: The contractor shall replace any scratched glass or mirror surface if noted at or before the acceptance of construction.

4-9 1 yr.

Observation: During rains, water appears on interior corners of glazed window units.

Performance Guidelines: Water leakage from improper installation is unacceptable.

Corrective Measure: The contractor shall repair any deficiencies attributable to improper installation.

Discussion/Helpful Hints: Leakage at the glazing interface is covered under the manufacturer's warranty.

4-10 Exterior Doors 1 yr.

Observation: Exterior door are warped.

Performance Guideline: Exterior doors shall not warp to the extent that they become inoperable, cease to be weather-resistant, or exceed National Wood Window and Door Association Standards of 1/4 inch measured diagonally from corner to corner.

Corrective Measure: The contractor will correct or replace exterior doors that do not meet the performance guideline.

Discussion/Helpful Hints: Exterior doors will warp to some degree because of the difference in the temperature between inside and outside surfaces. Warping may also be caused by improper or incomplete finishing of the door, including sides, top and bottom. The contractor is no responsible for warpage if painting of doors is not within contractor's scope of work.

4-11 None

Observation: Raw wood shows at the edges of inset panels on exterior doors.

Performance Guideline: Wooden panels will shrink and expand because of temperature and/or humidity changes, and may expose unpainted surfaces. This does not constitute a defect.

Corrective Measure: None

4-12 1 yr.

Observation: Door panel is split.

Performance Guideline: Split panels shall not allow light to be visible through the door.

Corrective Measure: The contractor will repair, split panel that does not meet the performance guideline once during the warranty period.

4-13 **1 yr.**

Observation: Exterior door sticks.

Performance Guideline: Exterior doors shall operate smoothly, except that wooden exterior doors may stick during periods of high humidity.

Corrective Measure: The contractor will adjust or replace the door to meet the performance guideline.

Discussion/Helpful Hints: Exterior doors will warp to some degree because of the difference in the temperature between inside and outside surfaces. Warping may also be caused by improper or incomplete finishing of the door, including sides, top and bottom. The contractor is no responsible for warpage if painting of doors is not within contractor's scope of work.

4-14 **1 yr.**

Observation: Exterior Door will not shut completely.

Performance Guideline: Exterior doors shall shut completely.

Corrective Measure: The contractor will adjust or replace the door to meet the performance guideline.

Discussion/Helpful Hints: Exterior doors will warp to some degree because of the difference in the temperature between inside and outside surfaces. Warping may also be caused by improper or incomplete finishing of the door, including sides, to and bottom. The contractor is not responsible for warpage if painting of doors is not within contractor's scope of work.

4-15 **None**

Observation: Exterior door plastic moldings behind storm door become distorted from exposure to sunlight.

Performance Guideline: The plastic moldings behind the storm doors should not become distorted if the air space between the exterior door and the storm door is vented at the top and bottom.

Corrective Measure: None.

Discussion/Helpful Hints: Plastic moldings may become distorted if the prime door is covered by a storm door panel into the warm season, or if it faces the sun. This is not a defect of the door, but a problem caused by the addition of the storm panels. The owner is also cautioned to follow manufacturer's recommendations on painting on the moldings with a dark color, with or without the use of a storm panel. A dark color is generally likely to cause distortion and should be avoided.

4-16 **1 yr.**

Observation: Door swings open or closed by the force of gravity.

Performance Guideline: Exterior doors shall not swing open or closed by the force of gravity alone. For remodeling projects, this guideline does not apply where a new door is installed in an existing wall that is out of plumb.

Corrective Measure: The contractor will adjust the door to prevent it form swinging open or closed by the force of gravity.

4-17 **1 yr.**

Observation: Gaps are visible around exterior door edge, door jamb, and threshold.

Performance Guideline: Gaps shall not vary greater than 3/16 inch.

Corrective Measure: The contractor will repair existing unit to meet performance guideline.

4-18 None

Observation: Exterior door hardware and kickplates and fasteners are tarnished.

Performance Guideline: Finishes on door hardware installed by contractor are covered by manufacturer's warranty.

Corrective Measure: None.

4-19 1 yr.

Observation: Sliding patio door or screen will not stay on track or roll smoothly.

Performance Guideline: Sliding patio doors and screens shall slide properly and roll smoothly on their tracks at the time the job is accepted. The cleaning and maintenance necessary to preserve proper operation are an owner responsibility.

Corrective Measure: The contractor shall repair once during the warranty period.

Discussion/Helpful Hints: Proper operation should be verified by the owner and the contractor at the time the job is accepted.

Exterior Finish

4-20 **Wood and Hardboard Lap Siding** None

Observation: Siding is bowed.

Performance Guideline: Bows exceeding 1/2 inch in 32 inches are unacceptable.

Corrective Measure: The contractor will replace any wood lap siding with bows that does not meet the performance guideline, and finish replacement siding to match the existing siding as closely as practical.

Discussion/Helpful Hints: If the siding is held by nails into studs, expansion caused by increasing relative humidity may cause bulges or waves. Even with proper installation, siding will tend to bow inward and outward in adjacent stud spaces.

4-21 None

Observation: Siding end gaps are visible.

Performance Guideline: End gaps wider than 3/16 inch are unacceptable.

Corrective Measure: The contractor will repair end gaps that do not meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by providing joint covers or by caulking the gap. If the siding painted, the contractor will paint the new caulking to match existing as close as possible.

4-22 1 yr.

Observation: Siding is not installed on a straight line.

Performance Guideline: Any piece of lap siding than 1/2 inch off parallel in 20 feet with contiguous courses is unacceptable. unless the owner and the contractor have previously agreed to disregard the performance guideline to match a preexisting structural condition.

Corrective Measure: The contractor will reinstall siding to meet the performance guideline for straightness, and replace any siding damaged during removal with new siding.

Discussion/Helpful Hints: For remodeling projects, if the contractor and the owner have agreed that the floor of an addition is to be on a different plane from an existing floor (e.g., out of level), the siding on the addition may not be parallel and in line with the existing siding.

4-23 **1 yr.**

Observation: Face nails are excessively countersunk into hardboard surface.

Performance Guideline: Siding nails should not be countersunk to expose visible fiber of hardboard siding.

Corrective Measure: The contractor shall repair as necessary to meet performance guideline.

Discussion/Helpful Hints: If visible fiber of hardboard siding is exposed, paint surface to coat 1/16 to 1/8 inch, caulk and touch-up paint; if countersunk in excess of 1/8 inch, caulk and add an additional nail flush to the surface.

4-24 **Tongue and Groove Wood Siding** **1 yr.**

Observation: Siding is buckled.

Performance Guideline: Siding that projects more than 3/16 inch from the face of adjacent siding is unacceptable.

Corrective Measure: The contractor will repair or replace any siding not meeting the performance guideline.

Discussion/Helpful Hints: Buckling is caused by increasing relative humidity, which causes the siding to expand. It can be prevented by leaving space between the tongues and grooves for siding to expand, and by leaving the siding outside for a few days to allow it to adjust to the ambient humidity prior to installation.

4-25 **None**

Observation: Nails have stained siding.

Performance Guideline: Stains exceeding more than 1/2 inch from the nail and readily visible from a distance of more than 20 feet are unacceptable. This performance guideline does not apply if "natural weathering" or semi-transparent stain is specified for the job.

Corrective Measure: The contractor can choose either to remove stains that do not meet the performance guideline, or to touch-up, paint, or stain the affected area.

Discussion/Helpful Hints: Stains may be from oxidation of nails or leaching of extractives from the wood. Using a galvanized nail (even double hot-dipped) will not necessarily prevent staining. Clear water-repellent sealer applied immediately after installation of siding will retard leaching and rusting.

4-26 **Wood Shake Siding** **1 yr.**

Observation: Cedar shakes or shingles have "bled" through paint or stain applied by contractor.

Performance Guideline: Resins and extractives bleeding through paint or stain, or blackening of shanks or shingles is unacceptable. This performance guideline does not apply if "natural weathering" or semi-transparent stain is specified for the job.

Corrective Measure: One time during the warranty period the contractor will clean and treat shakes to provide a reasonable appearance and reduce further bleeding.

4-27 **Plywood or Other Veneer Siding** 1 yr.

Observation: Siding has delaminated.

Performance Guideline: Siding shall not delaminate.

Corrective Measure: The contractor will replace delaminated siding that is not covered under manufacturer's warranty, unless the delamination was caused by the owner's actions or negligence. The repaired area may not precisely match the original siding.

4-28 1 yr.

Observation: Joints between siding have separated.

Performance Guideline: Joint separations exceeding 3/16 inch are unacceptable.

Corrective Measure: The contractor will caulk or repair siding as necessary to fill the joint. The repaired area may not match the original siding precisely.

4-29 None

Observation: Siding is bowed.

Performance Guideline: Bows exceeding 1/2 inches are unacceptable over 32" run.

Corrective Measure: The contractor will install additional nails in siding to meet acceptable nailing schedules and will replace any siding that does not meet the guideline because of bows.

Discussion/Helpful Hints: Some waviness in siding is to be expected because of bows in studs. However, proper nailing of siding will straighten most bows.

4-30 **Aluminum or Vinyl Lap Siding** 1 yr.

Observation: Siding is bowed or wavy.

Performance Guideline: Some waviness in lap siding is to be expected because of bows in studs. Thermal expansion waves or distortions in aluminum or vinyl lap siding, sometimes call oil canning, are unacceptable if they exceed 1/4 inch in 16 inches.

Corrective Measure: The contractor will correct any thermal expansion waves or distortions to comply with the performance guideline by reinstalling or replacing siding as necessary.

Discussions/Helpful Hints: This problem is caused by the siding being nailed too tightly to the house instead of loosely "hung" in the center of the nail slots, or by not allowing adequate room for the siding to expand at the ends.

4-31 None

Observation: Siding color is faded.

Performance Guideline: Gradual fading or change in color caused by sunlight occurs in nearly all vinyl and aluminum sidings and cannot be prevented by the contractor.

Corrective Measure: None

4-32 1 yr.

Observation: Aluminum or vinyl lap siding trim is loose from house.

Performance Guideline: Trim shall not separate more than 1/4 inch from the house.

Corrective Measure: The contractor will reinstall trim or caulk separations as necessary to comply with the performance guideline.

4-33 1 yr.

Observation: Aluminum or vinyl lap siding courses are not parallel with eaves or wall openings.

Performance Guideline: Any piece of aluminum or vinyl lap siding more than 1/2 inch off parallel in 20 feet with contiguous courses, or contiguous break such as a soffit line, is unacceptable, unless the owner and the contractor have previously agreed to disregard the performance guideline to match a preexisting structural condition.

Corrective Measure: The contractor will reinstall siding to comply with the performance guideline and replace any siding damaged during removal with new siding.

Discussion/Helpful Hints: For remodeling projects, if the contractor and the owner agree that the floor of an addition is to be on a different plane from the existing floor (for example, a pre-existing out of level condition), the siding on the addition may not be parallel and in line with existing siding.

4-34 1 yr.

Observation: Aluminum or vinyl lap siding nails show under windows, doors, or eaves.

Performance Guideline: All facing nails shall be of a color to match the siding or trim they affix. No nail heads in the field of the sidings shall be exposed.

Corrective Measure: The contractor will install trim as necessary to cover the nails.

4-35 1 yr.

Observation: Aluminum or vinyl lap siding trim accessories are loose from caulking at windows or other wall openings.

Performance Guideline: Siding trim accessories shall not separate from caulking at windows or other wall openings during the warranty period.

Corrective Measure: The contractor will repair or recaulk as necessary to eliminate the separation.

4-36 1 yr.

Observation: Aluminum or vinyl lap siding is cut crooked.

Performance Guideline: Visible cuts in siding shall be straight, plumb, and neat. Crooked cuts greater than 1/8 inch from true are not acceptable.

Corrective Measure: The contractor will repair or replace siding with visible crooked cuts.

4-37 **Masonry and Veneer** 1 yr.

Observation: Masonry or veneer walls are cracked.

Performance Guideline: Cracks greater than 1/4 inch in width are not acceptable.

Corrective Measure: The contractor will repair cracks in excess of the performance guideline by tuck pointing, patching or painting. The contractor will not be responsible for color variation between original and new mortar.

Discussion/Helpful Hints: Small hairline cracks resulting from shrinkage are common in mortar joints in masonry construction.

4-38 1 yr.

Observation: Exterior cut bricks are of different thickness below openings.

Performance Guideline: Cut bricks used in the course directly below an opening shall not vary from one another in thickness by more than 1/4 inch.

Corrective Measure: The contractor will rebuild the wall as necessary to meet the performance guideline.

4-39 1 yr.

Observation: Masonry or brick veneer courses are not straight.

Performance Guideline: No point along the bottom of any course shall be more than 1/4 inch higher or lower than any other point within 10 feet along the bottom of the same course, or 1/2 inch in any length, except that the owner and the contractor may agree to match or otherwise compensate for preexisting conditions.

Corrective Measure: The contractor will rebuild the wall as necessary to meet the performance guideline.

4-40 1 yr.

Observation: Mortar stains on exterior walls.

Performance Guideline: Exterior brick and stone shall be free from mortar stains detracting from the appearance of the finished wall when viewed from a distance of 20 feet.

Corrective Measure: The contractor will clean the stains to meet the performance guideline.

4-41 None

Observation: Efflorescence is present on masonry or mortar surfaces.

Performance Guideline: This is a normal condition.

Corrective Measure: None

4-42 **Stucco and Parge** 1 yr.

Observation: Exterior stucco wall surfaces are cracked.

Performance Guideline: Cracks in exterior stucco wall surfaces shall not exceed 1/8 inch in width.

Corrective Measure: The contractor will repair cracks exceeding 1/8 inch in width once during the warranty period.

Discussion/Helpful Hints: "Stucco" includes cementitious coatings and similar synthetically based finishes.

4-43 None

Observation: Colors of exterior stucco walls do not match.

Performance Guideline: The colors of new exterior stucco walls may not perfectly match the colors of old exterior stucco walls.

Corrective Measure: None

Discussion/Helpful Hints: Coloring of stucco is unique to field variables and it is impractical to achieve a color match between stucco coatings applied at different times.

4-44 None

Observation: Textures of finishes of exterior stucco walls do not match.

Performance Guideline: Texture of new exterior stucco walls may not perfectly match the textures of old exterior stucco walls.

Corrective Measure: None

4-45 1 yr.

Observation: Separation of coating from base on exterior stucco wall.

Performance Guideline: The coating shall not separate from the base on an exterior stucco wall during the warranty period.

Corrective Measure: The contractor will repair areas where the coating has separated from the base.

Discussion/Helpful Hints: Coloring stucco is unique to field variables and it is impractical to achieve a color match between stucco coatings applied at different times.

4-46 Exterior Trim 1 yr.

Observation: Gaps show in exterior trim.

Performance Guideline: Joints between exterior trim elements, including siding and masonry, shall not result in joints opened wider than 1/4 inch. In all cases the exterior trim shall perform its function of excluding the elements.

Corrective Measure: The contractor will repair open joints that do not meet the performance guideline. Caulking is acceptable.

4-47 1 yr.

Observation: Exterior trim boards are split.

Performance Guideline: Splits wider than 1/8 inch are acceptable up to 1/8 of the length of the board. Splits wider than 1/8 inch for more than 1/8 of the board are unacceptable.

Corrective Measure: The contractor will repair splits by filling with a permanent filler.

4-48 1 yr.

Observation: Exterior trim boards are bowed or twisted.

Performance Guideline: Bows and twists exceeding 3/8 inch in 8 feet are unacceptable.

Corrective Measure: The contractor will repair defects that do not meet the performance guideline by refastening or replacing deformed boards.

4-49 1 yr.

Observation: Exterior trim boards are cupped.

Performance Guideline: Cups exceeding 3/16 inch in 5 1/2 inches are unacceptable.

Corrective Measure: The contractor will repair defects that do not meet the performance guideline by refastening or replacing deformed boards.

4-50 Paint, Stain, and Varnish 1 yr.

Observation: Exterior painting, staining, or refinishing is required because of repair work.

Performance Guideline: Repairs required under these performance guidelines shall be finished to match the immediate surrounding areas as closely as practical.

Corrective Measure: The contractor will finish repaired areas as indicated.

4-51 **1 yr.**

Observation: Exterior paint or stain has peeled or physically deteriorated.

Performance Guideline: Exterior paints and stains shall not fail during the warranty period.

Corrective Measure: If exterior paint or stain has peeled or physically deteriorated, the contractor will properly prepare and refinish affected areas and match the color as closely as practical. Where deterioration of the finish affects more than 50 percent of the wall area, the contractor will refinish the entire wall.

4-52 **None**

Observation: Exterior paint or stain has faded.

Performance Guideline: Fading of exterior paints and stains is normal and the degree of fading depends on climatic conditions.

Corrective Measure: None

4-53 **1 yr.**

Observation: Mildew or fungus is visible on exterior painted surfaces.

Performance Guidelines: Painted or finished surfaces shall be free of observable mildew and fungus at the time the job is completed. However, mildew or fungus may form on painted surfaces over time because of warmth and moisture.

Corrective Measure: The contractor will remove mildew and fungus before completion of the job. Subsequent mildew or fungus formation is a condition the contractor cannot control. The owner is responsible for future cleaning of the painted item as necessary to prevent or remove mildew and fungus.

4-54 **None**

Observation: Varnish or lacquer finishes have deteriorated.

Performance Guideline: Clear finishes used on exterior surfaces may deteriorate rapidly. This is beyond the control of the contractor.

Corrective Measure: None

5. Roofs

ARTICLE		WARRANTY PERIOD

5-1 **Roof Structure** **1 yr.**

Observation: Roof or ceiling rafters bow.

Performance Guideline: Rafters that bow greater than 1 inch in 8 feet are considered excessive.

Corrective Measure: The contractor shall repair and deficiencies which do not meet the performance guideline.

5-2 **Roof Sheathing** **1 yr.**

Observation: Roof sheathing is wavy or appears bowed.

Performance Guideline: Roof sheathing shall not bow more than 1/2 inch in 2 feet.

Corrective Measure: The contractor will straighten bowed roof sheathing or correct swollen joints as necessary to meet the performance guideline.

Discussion/Helpful Hints: The contractor usually can meet this performance guideline by using thicker plywood sheathing (either 1/2 inch or 15/32 inch span-rated, not 3/8 inch) with more plies (5, not 3) or wafer board and plywood clips (a) to align adjacent sheets between trusses or rafters and (b) to ensure room for expansion of the sheets. In rare instances, the contractor might have to install blocking between the trusses to straighten the sheathing.

5-3 **Roof Vents** **1 yr.**

Observation: The attic vents or louvers leak.

Performance Guideline: Attic vents and louvers shall not leak. However, infiltration of wind-driven rain and snow are not considered leaks and are beyond the control of the contractor.

Corrective Measure: The contractor shall repair or replace the roof vents as necessary to meet the performance guideline.

Roof Installation and Leaks

5-4 **Asphalt Shingles** **1 yr.**

Observation: The roof or flashing leaks.

Performance Guideline: Roofs and flashing shall not leak under normal conditions, except where the cause is determined to result from ice build-up or the owner's actions or negligence.

Corrective Measure: The contractor will repair any verified roof or flashing leaks not caused by ice build-up, leaves, debris, or the owner's actions or negligence.

5-5 **None**

Observation: Ice builds up on the roof.

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

Corrective Measure: None. Prevention of ice build-up on the roof is an owner maintenance item.

5-6 **1 yr.**

Observation: Shingles have blown off.

Performance Guideline: Shingles shall not blow off in winds of less than the manufacturer's standards/specifications.

Corrective Measure: If shingles blow off in winds less than the manufacturer's standards/specifications, see manufacturer's warranty.

5-7 **1 yr.**

Observation: Shingles are not horizontally aligned.

Performance Guideline: Shingles should be installed according to the manufacturer's standards/specifications.

Corrective Measure: The contractor will remove shingles that do not meet the performance guideline, and replace them with new shingles that are properly aligned.

Discussion/Helpful Hints: For remodeling only: the owner and the contractor may agree prior to installation that the horizontal lines of shingles on the roof of an addition need no line up with those of the existing structure if the floors (and hence, the eaves and ridge) are not to be built on the same plane.

5-8 None

Observation: New shingles do not match existing shingles.

Performance Guideline: Because of weathering and manufacturing variations, the color of new shingles will not exactly match the color of existing shingles.

Corrective Measure: The contractor is not responsible for precisely matching the color of existing shingles.

5-9 None

Observation: Asphalt shingle edges or corners are curled or cupped.

Performance Guideline: Asphalt shingle edges and corners need not be perfectly fit. Shingles should be within manufacturer's standards/specifications.

Corrective Measure: None.

5-10 1 yr.

Observation: Asphalt shingles do not overhang edges of roof, or hang too far over edges of roof.

Performance Guideline: Asphalt shingles shall overhang roof edges by not less than 1/4 inch, and not more than 1 inch unless the manufacturer's standards/specifications indicate otherwise.

Corrective Measure: The contractor will reposition or replace shingles as necessary to meet the performance guideline.

5-11 1 yr.

Observation: Shading or shadowing pattern appears on new shingle roof.

Performance Guideline: Shading or shadowing is a defect only if it results from failure to use shingles of the type specified in the contract.

Corrective Measure: The contractor will replace shingles not conforming to contractual requirements.

5-12 1 yr.

Observation: Asphalt shingles have developed surface buckling.

Performance Guideline: Asphalt shingle surfaces need not be perfectly flat. Buckling higher than 1/4 inch is considered excessive.

Corrective Measure: The contractor will fix the affected shingles to meet the performance guideline.

5-13 1 yr.

Observation: Sheathing nails have loosened from framing and raised asphalt shingles.

Performance Guideline: Nails shall not loosen from roof sheathing to raise asphalt shingles from surface.

Corrective Measure: The contractor shall repair all areas as necessary to meet the performance guideline.

5-14 1 yr.

Observation: Roofing nails are exposed at ridge of roof or cut shingles on returns.

Performance Guideline: Nail heads shall be sealed to prevent leakage.

Corrective Measure: The contractor shall seal nail heads

5-15 **1 yr.**
Observation: Holes from walk boards are visible in asphalt shingles.

Performance Guideline: Holes from walk boards shall be flashed and sealed below the asphalt shingle tab to prevent leakage. If patch is visible from ground, the shingle should be replace.

Corrective Measure: The contractor shall repair to meet the performance guideline.

5-16 **None**
Observation: Existing roof shingles telegraphing through new asphalt shingles.

Performance Guideline: Some telegraphing is normal when re-roofing over existing roofing.

Corrective Measure: None

5-17 **Roll Roofing** **1 yr.**
Observation: Water is trapped under roll roofing.

Performance Guideline: Water shall not become trapped under roll roofing.

Corrective Measure: If water becomes trapped under roll roofing during the warranty period, the contractor will repair or replace the roofing as necessary to meet the performance guideline.

5-18 **None**
Observation: Roofing is blistered but does not admit water.

Performance Guideline: Surface blistering of roll roofing is caused by unusual conditions of heat and humidity acting on the asphalt and cannot be controlled by the contractor.

Corrective Measure: None.

5-19 **1 yr.**
Observation: Water is standing on a flat roof.

Performance Guideline: Water shall drain from a flat roof except for minor ponding with 24 hours of a rainfall.

Corrective Measure: The contractor will take corrective action to assure proper drainage of the roof.

5-20 **Chimney** **1 yr.**
Observation: Masonry chimney cap cracked.

Performance Guideline: It is normal for caps to crack due to expansion and contraction, however unacceptable leaks may occur with cracking.

Corrective Measure: If cracking causes leakage, the contractor will repair.

5-21 **1 yr.**
Observation: Brick veneer spalling from chimney surface.

Performance Guideline: Spalling of newly manufactured brick should not occur and is unacceptable. Spalling of used brick is acceptable.

Corrective Measure: Contractor will repair newly manufactured brick when spalling occurs.

5-22 **Chimney Flashing** 1yr.
Observation: Leaks in new chimney flashing.

Performance Guideline: New chimney flashing shall not leak under normal conditions, except where the cause is determined to result from ice build-up or the owner's actions or negligence.

Corrective Measure: The contractor will repair leaks in new chimney flashing not caused by ice build-up or the owner's actions or negligence.

5-23 **Gutters and Downspouts** 1 yr.
Observation: Gutters or downspouts leak.

Performance Guideline: Gutters and downspouts shall not leak.

Corrective Measure: The contractor will repair leaks in gutters and downspouts.

5-24 1 yr.
Observation: Gutters overflow during a heavy rain.

Performance Guideline: Gutters may overflow during a heavy rain.

Corrective Measure: The contractor shall repair if gutters overflow during normal rains.

Discussion/Helpful Hints: The owner is responsible for keeping gutters and downspouts free from debris that could cause overflow.

5-25 1 yr.
Observation: Water remains in the gutters after a rain.

Performance Guideline: When a gutter is unobstructed by debris, the water level shall not exceed 3/4 inch in depth.

Corrective Measure: The contractor will repair the gutter to meet the performance guideline.

Discussion/Helpful Hints: Installing gutters with a minimum 1/32 inch drop in 1 foot will generally prevent water from standing in the gutters. Even so, small amounts of water may remain in some sections of gutter for a short time after a rain. In areas with heavy rainfall and/or ice build-up the contractor may consider increasing pitch/fall or adding additional downspouts.

5-26 **Skylights** 1 yr.
Observation: Skylight leaks.

Performance Guideline: Skylights shall be installed in accordance with manufacturer's specifications. Leaks resulting from improper installations are unacceptable. Condensation on interior surfaces is not a leak and not considered a defect.

Corrective Measure: The contractor will repair any improperly installed skylight to meet the performance guideline.

6. Plumbing

ARTICLE	WARRANTY PERIOD

6-1 **Water Supply System** 2 yrs.

Observation: Pipes leak.

Performance Guideline: No leaks of any kind shall exist in any soil, waste, vent, or water pipe.

Corrective Measure: The contractor will make repairs to eliminate leakage.

6-2 None

Observation: Condensation appears on pipes.

Performance Guideline: Condensation on pipes may result at certain combinations of temperature and indoor humidity.

Corrective Measure: None.

6-3 1 yr.

Observation: A faucet or valve leaks.

Performance Guideline: No valve or faucets shall leak because of defects in material or workmanship.

Corrective Measure: The contractor will repair or replace the leaking faucet or valve.

6-4 1 yr.

Observation: Water in plumbing pipes freezes, and the pipes burst.

Performance Guideline: Drain, waste, vent, and water pipes shall be adequately protected to prevent freezing as required by the applicable plumbing code for normally anticipated cold weather and in accordance with the design temperatures established by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers.

Corrective Measure: The contractor will correct situations not meeting the applicable code. The owner is responsible for draining or otherwise protecting pipes and exterior facets exposed to freezing temperatures.

6-5 2 yrs.

Observation: The water supply system fails to deliver water.

Performance Guideline: All on-site service connections to the municipal water main or private water supply are the responsibility of the contractor.

Corrective Measure: The contractor will repair the water supply system if the failure results from defective installation or materials. Conditions beyond the control of the contractor that disrupt or eliminate the water supply are not covered.

6-6 1 yr.

Observation: Water pipes are noisy.

Performance Guideline: Because of the flow of water and pipe expansion, the water pipe system will emit some noise. However, the pipes should not make the pounding noise called "water hammer."

Corrective Measure: the contractor cannot remove all noises caused by water flow and pipe expansion. However, the contractor will correct the system to eliminate "water hammer."

6-7 **Plumbing Fixtures** 1 yr.

Observation: The bathtub or shower leaks.

Performance Guideline: Bathtubs and showers shall not leak.

Corrective Measure: The contractor will repair bathtub or shower leaks as necessary to meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by sealing areas around tubs and showers. Maintenance of caulk seals is an owner responsibility.

6-8 None

Observation: Plumbing fixtures, appliance, or trim fittings are defective.

Performance Guideline: Plumbing fixtures, appliances, and trim fittings shall comply with their manufacturer's guidelines.

Corrective Measure: None. Defective trim fittings and fixtures are covered under manufacturer's warranty.

6-9 None

Observation: The surface of a porcelain or fiberglass plumbing fixture is cracked or chipped.

Performance Guideline: Cracks and chips in surface of bathtubs and sinks are unacceptable if visible from three feet in normal light.

Corrective Measure: The contractor will not be responsible for repairs unless the damage is reported to the contractor prior to acceptance of the job. If the problem resulted from improper manufacture, than the manufacturer's warranty will precedence over the contractor's responsibilities.

6-10 1 yr.

Observation: Manufactured marble vanity tops cracks at drains.

Performance Guideline: Vanity tops shall not crack when installed with proper sealants at drain connections.

Corrective Measure: The contractor shall repair any deficiencies to meet the performance guideline within warranty period.

6-11 None

Observation: Water Closet not removing waste.

Performance Guideline: None

Corrective Measure: More than one flush may be required.

Discussion/Helpful Hints: Current federal regulations require manufacturers to produce water closets using maximum 1.6 GPF (gallons per flush), this may not be adequate to remove waste.

6-12 Sanitary Sewer or Septic System 2 yrs.

Observation: Sewers, fixtures, or drains are clogged.

Performance Guideline: Sewers, fixtures, and drains shall operate properly.

Corrective Measure: The contractor will not be responsible for sewers, fixtures, and drain that are clogged because of the owner's actions or negligence. If a problem occurs, the owner should consult the contractor for corrective action. If defective installation is the cause, the contractor is responsible for correcting the problem. If the owner's actions or negligence is the cause, the owner is responsible for correcting the problem. With respect to septic systems, owner actions that constitute negligence under this guideline include but are not limited to the following:

- Connection of sump pump, roof drains, or backwash from a water conditioner into the system.
- Placement of nonbiodegradable items into the system.

- Use of a food waste disposer not supplied or approved by the contractor.
- Placement of surfaces not permeable to water over the disposal area of the system.
- Allowing vehicles to drive or park over the disposal area of the system.
- Failure to pump out the septic tank periodically, as required.
- Use which exceeds the system's design standards.

7. Electrical

ARTICLE		WARRANTY PERIOD
7-1	**Fuses and Circuit Breakers**	**1 yr.**

Observation: Fuses blow or circuit breakers trip.

Performance Guideline: Fuses and circuit breakers shall not be triggered by normal usage.

Corrective Measure: The contractor will check wiring circuits for conformity with applicable national, state, or local electrical code requirements. The contractor will correct circuitry not conforming to applicable code specifications.

7-2 **1 yr.**

Observation: Ground fault interrupter (GFI) trips frequently.

Performance Guideline: Ground fault interrupters are safety devices installed as part of the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.

Corrective Measure: The contractor will install ground fault interrupters in accordance with approved electrical codes. Tripping is to be expected and is not covered unless it is caused by defective installation.

7-3 **Outlets and Lights** **1 yr.**

Observation: Electrical outlets, switches, or fixtures malfunction.

Performance Guideline: All electrical outlets, switches, and fixtures shall operate as designed.

Corrective Measure: The contractor will repair or replace malfunctioning electrical outlets, switches, and fixtures, if supplied and installed by the contractor.

7-4 **2 yrs.**

Observation: Wiring fails to carry its designed load.

Performance Guideline: Wiring shall be capable of carrying the designed load for normal residential use.

Corrective Measure: The contractor will check the wiring for conformity to applicable local, state, or approved national electrical code requirements. The contractor will repair wiring not conforming to code specifications.

7-5 **1 yr.**

Observation: Ceiling fan vibrates excessively and is noisy.

Performance Guideline: The contractor shall install fans per the manufacturer's specifications including blade balances.

Corrective Measure: The contractor shall repair any fan installation not in accordance with manufacturer's specification if supplied and installed by the contractor.

7-6 **1yr.**

Observation: Exhaust fans are ducted to attic or crawl space.

Performance Guideline: Fans shall be ducted to roof louver, soffit vent or crawl space.

Corrective Measure: The contractor shall repair to meet performance guideline.

7-7 **None**
Observation: Interior and exterior light fixtures tarnish.

Performance Guideline: Finishes on light fixtures may be covered under manufacturer's warranty.

Corrective Measure: None.

Discussion/Helpful Hints: Metallic finishes on light fixtures can be expected to tarnish or pit.

7-8 **1 yr.**
Observation: Receptacle/switch too far off wall.

Performance Guideline: Receptacle/switch cover place should fit 1/16 inch against the wall.

Corrective Measure: Contractor will repair to meet performance guideline.

8. Interior Climate Control

ARTICLE		WARRANTY PERIOD

8-1 **Air Infiltration and Drafts** **1 yr.**
Observation: Air infiltrates around doors and windows.

Performance Guideline: Some infiltration is usually noticeable around doors and windows especially during high winds.

Corrective Measure: The contractor shall repair to meet the performance guideline as established by the manufacturer.

8-2 **None**
Observation: Drafts come through electrical outlets.

Performance Guideline: Electrical junction boxes on exterior walls may allow cold air to flow through or around an outlet into a room. It may not be possible to eliminate this completely.

Corrective Measure: None.

Discussion/Helpful Hints: The owner may need to install foam insulation pads under switch and outlet plates to help decrease drafts.

8-3 **Ventilation** **1 yr.**
Observation: The attic or crawl space is inadequately ventilated.

Performance Guideline: The attic and crawl space shall be ventilated as required by the applicable building code.

Corrective Measure: The contractor will provide for adequate ventilation. The contractor is not responsible for actions by the owner that interfere with the ventilation system.

8-4 **Humidity Control and Condensation** **1 yr.**
Observation: Condensation or frost appears on windows.

Performance Guideline: Windows will collect condensation on their interior surfaces when extreme temperature differences and high humidity levels occur. Condensation usually results from humid conditions within the home that are created by the owner or during the curing process in a new space.

Corrective Measure: Unless the window condensation or frost is directly attributed to faulty installation, it usually result from condition beyond the control of the contractor. No corrective action is required.

Discussion/Helpful Hints: Occasional condensation is common and is therefore not a defect. It is the homeowner's responsibility to maintain proper humidity.

8-5 **Air-Distribution System** **None**

Observation: The ductwork makes noises.

Performance Guideline: When metal is heated, it expands, and when cooled, it contracts. The resulting "ticking" or "crackling" sounds generally are to be expected and do not constitute a defect.

Corrective Measure: None.

8-6 **1 yr.**

Observation: The ductwork produces excessively loud noises commonly know as oil canning.

Performance Guideline: The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oil can." The booming noise caused by oil canning is not acceptable.

Corrective Measure: The contractor will correct the ductwork to eliminate noise caused by oil canning providing ductwork is accessible without removing surface material.

8-7 **2 yrs.**

Observation: The ductwork separates or detaches.

Performance Guideline: Ductwork shall remain intact and securely fastened.

Corrective Measure: The contractor will reattach and resecure all separated or unattached ductwork.

8-8 **Heating System** **1 yr.**

Observation: The heating system is inadequate.

Performance Guideline: The heating system shall be capable of producing an inside temperature of 70 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor under local outdoor winter design conditions as specified in the *ASHRAE Handbook: Fundamentals*.1 National, state, or local energy codes shall supersede this performance guideline where such codes have been locally adopted.

Corrective Measure: The contractor will correct the heating system to provide the required temperature in accordance with the performance guideline or applicable code specification. However, the owner will be responsible for balancing dampers and registers and for making other necessary minor adjustments.

Discussion/Helpful Hints: For new living spaces created by remodeling jobs, heating guidelines may not apply to areas where living space has been created without resizing the HVAC system.

8-9 **Central Air-Conditioning System** **1 yr.**

Observation: Cooling of rooms is inadequate.

Performance Guideline: If air-conditioning is installed by the contractor, the cooling system shall be capable of maintaining a temperature of 78 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor under local outdoor summer design conditions as specified in the *ASHRAE Handbook: Fundamentals*.2 In the case of outside temperatures exceeding 95 degrees Fahrenheit, the system shall keep the inside temperature 15 degrees Fahrenheit cooler than the outside temperature. National, state, or local codes shall supersede this guideline where such codes have been locally adopted.

Corrective Measure: The contractor will correct the cooling system to provide the required temperature in accordance with the performance guideline or applicable code specifications.

Discussion/Helpful Hints: For new living spaces created by remodeling jobs, cooling guidelines may not apply to areas where living spaces has been created without the resizing the HVAC system.

8-10 **1 yr.**
Observation: Condensation lines clog.

Performance Guideline: None

Corrective Measure: Condensation lines will eventually clog under normal use. The contractor will provide unobstructed condensation lines at the time the job is accepted. The owner is responsible for maintaining them in that condition.

8-11 **1 yr.**
Observation: Refrigerant lines leak.

Performance Guideline: Refrigerant lines shall not leak during normal operation.

Corrective Measure: The contractor will repair leaking refrigerant lines and recharge the air-conditioning unit unless the damage was caused by the owner's actions or negligence.

8-12 **1 yr.**
Observation: There is condensation on the outside of air handlers and ducts.

Performance Guideline: Air handlers and ducts will collect condensation on their interior surfaces when extreme temperature differences and high humidity level occur. Condensation usually results from humid conditions within the home that are created by the owner or during the curing process in a new space.

Corrective Measure: Unless the condensation or frost is directly attributed to faulty installation, it usually results from conditions beyond the control of the contractor. No corrective action is required.

9. Interior

ARTICLE		WARRANTY PERIOD
9-1	Interior Doors	1 yr.

Observation: Interior doors are warped.

Performance Guideline: Interior doors (full openings) shall not warp in excess of 1/4 inch.

Corrective Measure: The contractor will correct or replace and refinish defective doors to match existing doors as nearly as practical during the warranty period.

Discussion/Helpful Hints: In bathroom or utility areas, exhaust fans or an open window must be used to remove moisture to eliminate warpage of door units. If customer is responsible for painting the door, the builder is not responsible if the door is not painted to manufacturer's specifications.

9-2 1 yr.

Observation: By-pass/bifold doors come off tracks during normal operation.

Performance Guideline: By-pass/bifold doors shall slide properly on their tracks at the time the job is accepted. Cleaning and maintenance necessary to preserve proper operation are the owner's responsibility.

Corrective Measure: The contractor will repair any by-pass/bifold door that will not stay on its track during normal operation, one time during the warranty period.

Discussion/Helpful Hints: Proper operation should be verified by the owner and the contractor at the time the job is accepted.

9-3 1 yr.

Observation: Pocket doors rubs in pocket during normal operation.

Performance Guideline: Pocket doors shall not rub in their pockets during normal operation.

Corrective Measure: The contractor will repair the pocket door to meet the performance guideline, one time during the warranty period.

9-4 1 yr.

Observation: Wooden door panel shrinks and splits.

Performance Guideline: Wooden door panels shall not split to the point where light is visible through the door.

Corrective Measure: The contractor will fill splits in the door panel with wood filler and match paint or stain as closely as practical.

9-5 1 yr.

Observation: Door rubs on jambs or contractor-installed floor covering, or latch does not work.

Performance Guideline: Doors shall operate smoothly and door latches shall operate correctly.

Corrective Measure: The contractor will repair the door and the door latch as necessary to meet the performance guideline.

9-6 1 yr.

Observation: Door drags on contractor-installed carpet.

Performance Guideline: Doors shall not drag on carpet.

Corrective Measure: The contractor will repair the door to meet the performance guideline.

Discussion/Helpful Hints: If the contractor installs the door over pre-existing carpeting, the contractor is responsible for meeting the performance guideline.

9-7 1 yr.

Observation: Door edge is not parallel to door jamb.

Performance Guideline: Where the contractor installs the door frame and door, the door edge shall be within 1/8 inch of parallel to the door jamb. Where the contractor installs the door in an existing frame that is out of square, the guideline does not apply.

Corrective Measure: The contractor will adjust the door as necessary to meet the guideline.

9-8 1 yr.

Observation: Door swings open or closed by the force of gravity.

Performance Guideline: Doors shall not swing open or closed by the force of gravity alone. For remodeling projects, this guideline does not apply where a door is installed in an existing wall that is out of plumb.

Corrective Measure: The contractor will adjust the door as necessary to meet the guideline.

9-9 **Interior Stairs (excluding basement)** 1 yr.

Observation: Interior stair tread deflects too much.

Performance Guideline: The maximum vertical deflection of an interior stair tread shall not exceed 1/8 inch at 200 pounds force.

Corrective Measure: The contractor will repair the stair to meet the performance guideline.

9-10 1 yr.

Observation: Gaps exist between interior stair risers, treads, and/or shirts or adjacent walls.

Performance Guideline: Gaps between adjoining parts that are designed to meet flush shall not exceed 1/16 inch in width.

Corrective Measure: The contractor will fix the gap with filler or replace parts as necessary to meet the performance guideline.

9-11 1 yr.

Observation: Squeaking stair riser or tread.

Performance Guideline: Loud squeaks caused by a loose stair riser or tread are unacceptable, but totally squeak-proof stair risers cannot be guaranteed.

Corrective Measure: The contractor will refasten any loose risers or treads or take other corrective action to eliminate squeaking to the extent possible within reasonable repair capability without removing treads or ceiling finishes.

Discussion/Helpful Hints: Squeaks in risers or treads may occur when a riser has come loose from the tread and is deflected by the weight of a person and rubs against the nails that hold it in place. Movement may occur between the riser and the tread or other stairway members when one tread is deflected while the other members remain stationary. The performance guideline requires the contractor to make a reasonable attempt to eliminate squeaks without requiring removal of treads or ceiling finishes.

9-12 1 yr.

Observation: Gaps exist between interior stair railing parts.

Performance Guidelines: Gaps between interior stair railing parts shall not exceed 1/16 inch in width.

Corrective Measure: The contractor will ensure that individual parts of the railing are securely mounted. Any remaining gaps will be filled or parts replaced to meet the performance guideline.

9-13 1 yr.

Observation: Wood interior stair railing, balasters and newells

Performance Guideline: Interior stair railings shall be attached to structural members in accordance with applicable codes.

Corrective Measure: The contractor will repair any stair railings as necessary to comply with applicable codes.

9-14 Trim and Moldings **1 yr.**

Observation: Gaps at non-metered joints of trim and moldings.

Performance Guideline: Openings at joints in trim and moldings, and at joints between moldings and adjacent surfaces, shall not exceed 1/16 inch in width.

Corrective Measure: The contractor will repair defective joints to meet performance guideline.

9-15 **1 yr.**

Observation: Nails are not properly set or, where puttied, nail holes are not properly filled.

Performance Guideline: Setting nails and filling nail holes are considered part of painting and finishing.

Corrective Measure: Where the contractor is responsible for painting, the contractor shall take action necessary to meet the performance guideline.

Discussion/Helpful Hints: Puttying of nail holes in base and trim molding installed in unfinished rooms and areas not exposed to view (such as inside of closets) are not included in this guideline.

9-16

Observation: Trim or molding miter edges do not meet.

Performance Guideline: Gaps between miter edges in trim and molding shall not exceed 1/16 inch.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline. Caulking or puttying with materials compatible to the finish are acceptable.

9-17 **1 yr.**

Observation: Interior trim is split.

Performance Guideline: Splits, cracks, and checking are inherent characteristics of all wood products.

Corrective Measure: The contractor shall be responsible for filling with compatible materials.

9-18 **1 yr.**

Observation: Hammer marks are visible on interior trim.

Performance Guideline: Hammer marks on interior trim shall not be visible from a distance of 6 feet under normal lighting conditions.

Corrective Measure: The contractor will fill hammer marks and refinish or replace affected trim to meet the performance guideline. Refinished or replaced areas may not match surrounding surfaces exactly.

9-19 Cabinets and Counter Tops **1 yr.**

Observation: Cabinets do not meet ceiling or walls.

Performance Guideline: Gaps in excess of 1/16 inch are unacceptable.

Corrective Measure: The contractor will repair the gap with caulk, putty, or scribe molding, or will reposition/reinstall cabinets to meet the performance guideline.

9-20 **1 yr.**

Observation: Cabinets do not line up with each other.

Performance Guideline: Cabinet frames more than 1/16 inch out of line, and cabinet height more than 1/16 inch to adjacent cabinets are unacceptable, unless the owner and the contractor agree to disregard the guideline in order to match or otherwise compensate for preexisting conditions.

Corrective Measure: The contractor will make necessary adjustments to meet the performance guideline.

Discussion/Helpful Hints: When remodeling in rooms with out-of-plumb walls or out-of-level floors and ceiling, "square" cabinets cannot be installed parallel to walls and ceilings and still keep the cabinets on line. For example, if the floor is not level and the installer measures up from it, "snaps" a line on which to place the tops of the wall cabinets, then plumbs the first cabinet, one corner of the cabinet will leave the line, and the bottom corners of successive cabinets will not be in line. Similarly, cabinets will not line up with each other if they are installed on a level line, starting against an out of plumb wall instead of being plumbed. The contractor should explain the aesthetic options and let the owner decide which one is preferred.

9-21 **1 yr.**

Observation: Cabinet is warped.

Performance Guideline: Cabinet warpage shall not exceed 1/4 inch as measured from the face frame to the point of furthermost warpage.

Corrective Measure: The contractor will correct or replace the cabinet as necessary to meet the performance guideline.

9-22 **1 yr.**

Observation: Cabinet doors and drawers are warped.

Performance Guideline: Cabinet warpage shall not exceed 1/4 inch as measured from the face frame to the point of furthermost warpage, with the door or drawer front in closed position.

Corrective Measure: The contractor will correct or replace doors and drawer fronts as necessary to meet the performance guideline.

9-23 **1 yr.**

Observation: Cabinet doors or drawers bind.

Performance Guideline: Cabinet doors and drawers shall open and close with reasonable ease.

Corrective Measure: The contractor will adjust or replace doors and drawers as necessary to meet the performance guideline.

9-24 **1 yr.**

Observation: Cabinet doors will not stay closed.

Performance Guideline: The catches or closing mechanisms for cabinet doors shall be adequate to hold the doors in a closed position.

Corrective Measure: The contractor will adjust or replace the door catches or closing mechanisms as necessary to meet the performance guideline.

9-25 **1 yr.**

Observation: The joints of high pressure laminates on countertops are delaminated.

Performance Guideline: Countertops fabricated with high pressure laminates on countertops are delaminated.

Corrective Measure: The contractor will repair or replace delaminated coverings.

9-26 1 yr.

Observation: The surface of high pressure laminates on countertops is scratched, cracked or chipped.

Performance Guideline: Countertops shall be free of cracks and chips at the time the job is accepted. Cracks or chips occurring after acceptance of the job are the owner's responsibility.

Corrective Measure: The contractor will repair or replace cracked or chipped countertops only if they are reported prior to acceptance of the job.

9-27 1 yr.

Observation: Scratches on solid surface countertops.

Performance Guideline: Solid surface countertops shall be free of scratches at time of acceptance of the project.

Corrective Measure: The contractor shall repair to meet the performance guideline.

9-28 1 yr.

Observation: Countertops are not level.

Performance Guideline: Counter tops shall be no more than 3/8 inch in 10 feet out of parallel with the floor. For remodeling projects where the floor is out of level, the counter top may be installed proportionately out of level.

Corrective Measure: The contractor will make necessary adjustments to meet the performance guideline.

Discussion/Helpful Hints: For remodeling projects, counter tops are almost always on a plane parallel to the floor and ceiling because the cabinets supporting the top are exactly the same height. Shimming and leveling the tops when the floor is out of level may be aesthetically unacceptable to the owner. Prior to construction, the contractor should explain the problem and allow the owner to decide between tops that are out of level or not parallel to the floor.

9-29 None

Observation: Color variation in wood finish.

Performance Guideline: Variation in wood color is a natural condition.

Corrective Measure: None

Interior Wall Finish

9-30 Gypsum Wallboard 1 yr.

Observation: Nail pops, blisters, or other blemishes are visible on finished walls or ceilings.

Performance Guideline: Any such blemishes that are readily visible from a distance of 6 feet under normal lighting conditions are unacceptable.

Corrective Measure: The contractor will repair such blemishes only once during the warranty period. The contractor is not required to repair defects that are covered by wallpaper and, therefore, not visible.

9-31 1 yr.

Observation: Cracked corner bead, excess joint compound, trowel marks or blisters in tape joints on drywall surfaces.

Performance Guideline: Defects resulting in cracked corner bead, trowel marks, excess joint compound or blisters in tape are unacceptable.

Corrective Measure: The contractor shall repair to meet the performance guideline one time within warranty period.

9-32 **Paint, Stain, and Varnish** 1 yr.
Observation: Mildew or fungus is visible on interior painted surfaces.

Performance Guideline: Painted and finished surfaces shall be free of observable mildew and fungus at the time the job is competed. However, mildew or fungus may form on painted surfaces over time because of heat and moisture.

Corrective Measure: The contractor will remove mildew and fungus before completion of the job. Subsequent mildew or fungus formation is a condition the contractor cannot control. The owner is responsible for future cleaning of the painted item as necessary to prevent or remove mildew and fungus.

9-33 1 yr.
Observation: Varnish or lacquer finishes have deteriorated.

Performance Guideline: Clear finishes on interior woodwork shall not deteriorate during the warranty period. However, clear finishes used on exterior surfaces may deteriorate rapidly, and they are not covered by this performance guideline.

Corrective Measure: The contractor will retouch affected areas of clear-finish interior woodwork and match the original finish as closely as practical. Colors may vary.

Discussion/Helpful Hints: Finishes on window sills with south facing exposure may deterrorate due to climatic conditions.

9-34
Observation: Standard interior paint does not "cover" the underlying surface.

Performance Guideline: The surface being painted shall not show through new paint when viewed from a distance of 6 feet under normal lighting conditions.

Corrective Measure: The contractor will recoat as necessary to meet the guideline and match surrounding areas as closely as practical when standard colors as used.

9-35 1 yr.
Observation: Interior surfaces are paint spattered.

Performance Guideline: Paint spatters shall not be readily visible on walls, woodwork, floors, other interior surfaces when viewed from a distance of 6 feet under normal lighting conditions.

Corrective Measure: The contractor will remove paint spatters to meet the guideline.

9-36 1 yr.
Observation: Brush marks show on interior painted surfaces.

Performance Guideline: Brush marks shall not be readily visible on interior painted surfaces when viewed from a distance of 6 feet under normal lighting conditions.

Corrective Measure: The contractor will refinish as necessary to meet the guideline and match surrounding areas as closely as practical.

9-37 1 yr.
Observation: Lap marks show on interior paint or stain.

Performance Guideline: Lap marks shall not be readily visible on interior paint or stain when viewed from a distance of 6 feet under normal lighting conditions.

Corrective Measure: The contractor will refinish as necessary to meet the guideline and match surrounding areas as closely as practical.

9-38 1 yr.
Observation: Interior painting, staining, or refinishing is required because of repair work.

Performance Guideline: A perfect match between original and new paint cannot be expected. Repairs required under these performance guidelines shall be finished to match the immediate surrounding areas as closely as practical.

Corrective Measure: The contractor is only responsible for painting if it was part of the original contract. Where the majority of the wall or ceiling areas is affected, the area will be painted from breakline to breakline. The contractor is not required to paint an entire room. The contractor is only responsible if they painted the home in the original contact.

9-39 **Wallpaper and Vinyl Wall Coverings** 1 yr.
Observation: The wall covering is peeling.

Performance Guideline: The wall covering shall not peel off the walls.

Corrective Measure: The contractor will reattach or replace the loose wall covering.

9-40 None
Observation: Patterns in wall coverings are mismatched at the edges.

Performance Guideline: Patterns in wall coverings shall match unless installed on existing (remodeling job only) out-of-plumb walls or where trim is not square with corners. Defects in the patterns themselves is the manufacturer's responsibility.

Corrective Measure: None

10. Floor Finishes

ARTICLE	WARRANTY PERIOD

10-1 **Carpeting** 1 yr.
Observation: Carpet does not meet at the seams.

Performance Guideline: It is not unusual for carpet seams to show. However, a visible gap at the seams is not acceptable.

Corrective Measure: If the carpet was installed by the contract, the contractor will eliminate visible gaps at carpet seams.

10-2 1 yr.
Observation: Carpeting loosens, or the carpet stretches.

Performance Guideline: When stretched and secured properly, wall-to-wall carpeting installed as the primary floor covering shall not come up, loosen, or separate from the points of attachments.

Corrective Measure: If the carpeting was installed by the contractor, the contractor will restretch or resecure the carpeting as necessary to meet the guideline.

10-3 None
Observation: Spots or minor fading are visible on the carpet.

Performance Guideline: Exposure to natural light may cause spots on and minor fading of the carpet.

Corrective Measure: None

10-4 **1 yr.**

Observation: Dead spots appear in padding areas below carpet surface.

Performance Guideline: Carpeted areas shall have full coverage of pad consistent throughout the flooring area.

Corrective Measure: The contractor will repair any deficiencies to meet performance guidelines.

10-5 Roll Vinyl and Resilient Tile Flooring **1 yr.**

Observation: Nail pops appear on the surface of resilient flooring.

Performance Guideline: Readily visible nail pops on resilient flooring are not acceptable.

Corrective Measure: The contractor will repair the nail pops that are readily visible from 6 feet under normal lighting conditions.

10-6 **1 yr.**

Observation: Depressions or ridges appear in resilient flooring because of subfloor irregularities.

Performance Guideline: Readily apparent depressions or ridges exceeding 1/8 inch shall be repaired. The ridge or depression measurement is taken with the gap at one end of a 6-inch straightedge centered over the depression or ridge with 3 inches of the straightedge held tightly to the floor on one side of the defect.

Corrective Measure: The contractor will take corrective action as necessary to bring the defect within the acceptable tolerance so that the depression or ridge is not readily visible and more than 1/8 inch. The contractor will not be responsible for discontinued patterns or color variations when replacing the floor covering.

10-7 **1 yr.**

Observation: Resilient flooring loses adhesion.

Performance Guideline: Resilient flooring shall not lift, bubble, or detach.

Corrective Measure: At the contractor's option, the contractor will repair or replace the affected resilient flooring as necessary. The contractor is no responsible for discontinued patterns or color variations when replacing the floor covering.

10-8 **1 yr.**

Observation: Seams or shrinkage gaps show at resilient flooring joints.

Performance Guideline: Gaps at joints in resilient flooring shall not exceed 1/16 inch in width. Where dissimilar materials abut, the gap shall not exceed 1/8 inch.

Corrective Measure: At the contractor's option, the contractor will repair or replace the resilient flooring as necessary to meet the performance guideline. The contractor will not be responsible for discontinned patterns or color variations when replacing the floor covering.

Discussion/Helpful Hints: Proper repair can be affected by sealing with seam sealer.

10-9 **1 yr.**

Observation: Bubbles appear on roll vinyl flooring.

Performance Guideline: Bubbles resulting from trapped air that protrude higher than 1/16 inch from the floor are not acceptable.

Corrective Measure: The contractor will repair the floor to meet the guideline.

Discussion/Helpful Hints: The performance guideline does not apply to perimeter attached vinyl floors.

10-10 **1 yr.**
Observation: Patterns on roll vinyl flooring are misaligned.

Performance Guideline: Patterns at seams between adjoining pieces shall be aligned to within 1/8 inch.

Corrective Measure: The contractor will correct the flooring to meet the performance guideline.

10-11 **1 yr.**
Observation: Resilient floor tiles are loose.

Performance Guideline: Resilient floor tiles shall be securely attached to the floor.

Corrective Measure: The contractor will attach loose resilient floor tiles securely to the floor. The old adhesive will be removed if necessary to resecure the tiles.

10-12 **1 yr.**
Observation: Corners or patterns of resilient floor tiles are misaligned.

Performance Guideline: The corners of adjoining resilient floor tiles shall be aligned to within 1/8 inch. Misaligned patterns are not covered unless they result from improper orientation of the floor tiles.

Corrective Measure: The contractor will correct resilient floor tiles with misaligned corners to meet the performance guideline.

10-13
Observation: Yellowing appears on surface of vinyl sheet goods.

Performance Guideline: The contractor shall install vinyl flooring per manufacturer's specifications.

Corrective Measure: Yellowing from a manufacturer's defect is not covered by the contractor.

10-14 **Wood Flooring** **1 yr.**
Observation: Gaps exist between strip hardwood floor boards.

Performance Guideline: Gaps between strip hardwood floor boards shall not exceed 1/8 inch in width.

Corrective Measure: The contractor will repair gaps that do not met the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by filling the gap. Relative humidity of the home can cause noticeable fluctuations in gaps between floor boards. This is a normal phenomenon in spaces that experience significant shifts in humidity. The owner is responsible for maintaining proper humidity levels in the home.

10-15 **1 yr.**
Observation: Strip hardwood floor boards are cupped, flooring buckles from substrate.

Performance Guideline: Hardwood floor will not become loose from substrate. Cups in strip hardwood floor boards shall not exceed 1/16 inch in height in a 3-inch maximum span measured perpendicular to the long axis of the board. Cupping caused by exposure to moisture beyond the control of the contractor is not covered.

Corrective Measure: The contractor will correct or repair to meet the guideline.

10-16 **1 yr.**
Observation: Excessive lippage is located at junction of prefinished wood flooring products.

Performance Guideline: Lippage greater than 1/16 inch is considered excessive.

Corrective Measure: The contractor will repair to meet performance guideline.

10-17 **1 yr.**
Observation: Voids in the floor finish.

Performance Guideline: Voids or "holidays" that are readily visible from a distance of 6 feet under normal lighting conditions are unacceptable.

Corrective Measure: The contractor will repair to meet performance guideline.

10-18 **1 yr.**
Observation: Top coating on hardwood flooring has peeled.

Performance Guideline: Field applied coating shall not peel during normal usage. Prefinished coatings are the manufacturer's responsibility.

Corrective Measure: The contractor shall refinish any field applied finishes that have peeled.

10-19 **1 yr.**
Observation: Crowning of strip flooring has occurred.

Performance Guideline: Crowning in strip flooring shall not exceed 1/16 inch in depth in a 3-inch maximum span when measured perpendicular to the long axis of the board. Crowning caused by moisture beyond the control of the contractor is not covered.

Corrective Measure: The contractor will repair to meet performance guideline.

10-20 **1 yr.**
Observation: Knots and color variation of strip hardwood flooring.

Performance Guideline: The contractor will install the grade of hardwood as specified by the project. All wood should be consistent with grading stamp as specified.

Corrective Measure: The contractor shall replace any improperly graded wood.

10-21 **1 yr.**
Observation: Slivers or splinters appear in strip flooring.

Performance Guideline: Slivers or splinters that occur during the installation of the flooring are unacceptable.

Corrective Measure: The contractor will repair to meet guideline.

Discussion/Helpful Hints: The imperfections that occur during installation can be shaved and the area filled prior to sanding and finishing.

10-22 **1 yr.**

Observation: "Sticker burn" appears on surface of strip flooring.

Performance Guideline: Discoloration from stacking strips in hardwood flooring is unacceptable in certain grades of flooring.

Corrective Measure: The contractor shall repair or replace areas with sticker burn is not permitted in grade of wood specified.

10-23 **Tile, Brick, Marble, and Stone Flooring** **1 yr.**

Observation: Tile, brick, marble, or stone flooring is broken or loose.

Performance Guideline: Tile, brick, marble, and stone flooring shall not crack or loosen.

Corrective Measure: The contractor will replace cracked tiles, bricks, marble, and stone flooring, and resecure loose tiles, bricks, marble, and stone, unless the defects were caused by the owner's actions or negligence. The contractor is not responsible for discontinued patterns or color variations when replacing tile, brick, marble, or stone flooring.

10-24 **1 yr.**

Observation: Cracks appear in grouting of tile joints or at junctures with other material such as a bathtub.

Performance Guideline: Cracks in grouting of ceramic tile joints commonly result from normal shrinkage conditions.

Corrective Measure: The contractor will repair grouting, if necessary, one time only during the warranty period. The contractor will not be responsible for color variations or discontinued colored grout. The owner is responsible for regrouting these joints during the life of the home.

Discussion/Helpful Hints: Use of an elastic substance at junctures between tile and other materials is often more effective than grout.

10-25 **1 yr.**

Observation: There is excessive "lippage" of adjoining marble or ceramic tile

Performance Guideline: "Lippage" greater than 1/8 inch is considered excessive, except where the materials are designed with an irregular height (such as hand-made tile).

Corrective Measure: The contractor will repair to meet performance guideline.

10-26 **1 yr.**

Observation: Grout or mortar joints are not a uniform color.

Performance Guideline: Any color variation that is readily visible from a distance of 6 feet under normal lighting conditions is unacceptable.

Corrective Measure: The contractor will repair to meet the performance guideline.

11. Fireplace

ARTICLE	WARRANTY PERIOD

11-1 **1 yr.**

Observation: Fireplace or chimney does not consistently draw properly.

Performance Guideline: A properly designed and constructed fireplace and chimney shall function correctly. High winds can cause temporary negative or down drafts. Negative drafts can also be caused by obstructions such as tree branches, steep hillsides, adjoining home, and interior furnaces.

Corrective Measure: The contractor shall correct as necessary if the problem is caused by a design or construction flaw.

11-2 **1 yr.**

Observation: The chimney is separated from the structure.

Performance Guideline: Newly built fireplaces will often incur slight amounts of separation. The rate of separation from the main structure shall not exceed 1/2 inch in any 10-foot vertical measurement.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline.

Discussion/Helpful Hints: Proper repair can be affected by caulking unless the cause of the separation is due to a structural failure of the chimney foundation itself. In that case caulking is unacceptable.

11-3 **None**

Observation: Firebox paint is damaged by a fire in the fireplace.

Performance Guideline: Heat and flames may cause discoloration.

Corrective Measure: None

11-4 **None**

Observation: Firebrick or mortar joints are cracked.

Performance Guideline: Heat and flames from normal fires can cause cracking.

Corrective Measure: None

11-5

Observation: Electronic ignition gas fireplace will note ignite. No impulse clicking or ignitor glow.

Performance Guideline: Electronic ignition fireplaces require 120V line voltage to operate.

Corrective Measure: Check breaker box for intact "on" position. Reset breaker if tripped. Refer to owner's manual or call for service.

11-6

Observation: Electronic ignition gas fireplace will not ignite. Ignition system emits audible click or glow plug glows but no ignition of gas.

Performance Guideline: Possible blockage of burner orifice due to spiders or the like or failure of ignition system. Gas shut off.

Corrective Measure:. Check shut off (s) for "on". If no ignition call for service.

11-7
Observation: Piloted ignition gas fireplace will not switch on.

Performance Guideline: Switch system activated by DC power provided by pre-ignited pilot.

Corrective Measure: Check for lit pilot. If unlit, check owner's manual for lighting instructions.

11-8
Observation: Gas fireplace gives off odors.

Performance Guideline: Newly installed gas fireplaces will emit odors of curing paint.

Corrective Measure: Burn fireplace on a continual burn for six (6) hours. Ventilate the room while the fireplace is burning.

11-9
Observation: Glass front of gas fireplace has white haze on inside of glass.

Performance Guideline: Newly installed gas fireplace or gas fireplaces to which new ember material has been added may cause a haze on the glass.

Corrective Measure: Remove glass panel when cold and clean with gas fireplace with recommended cleaner.

12. Landscaping

ARTICLE	WARRANTY PERIOD

12-1 **1 yr.**
Observation: Tree stumps have been left in disturbed area of property.

Performance Guideline: If tree stumps were on the property in the disturbed area prior to the acceptance of the construction, the contractor is responsible.

Corrective Measure: The contractor will remove the stump from the area by onsite burying or removal from the property.

12-2 **None**
Observation: Dead shrubs, plants, trees, or sod planted in disturbed area of property.

Performance Guideline: Any shrub, plant, tree, or sod planted by the contractor that are alive on acceptance of construction and die after that acceptance are the responsibility of the contractor.

Corrective Measure: None

12-3 **1 yr.**
Observation: Grass seed does not germinate within 30 days of the acceptance of the project.

Performance Guideline: Grass seed not germinating with 30 days is unacceptable.

Corrective Measure: The contractor will reseed one time only the affected areas. Homeowner is responsible for watering newly seeded areas. The only reason seed do not germinate: 1.) lack of proper watering, 2.) wash out by heavy rain.

Discussion/Helpful Hints:
- Stay off seeded area until freshly mulched material has dried.
- Stay off seeded area after rain fall or proper watering. (Continue this practice for one (1) month)
- Proper watering - early morning or early evening are the best time frames to water a new lawn.
- 1/3" of water is recommended to each area covered by sprinkler, every day for one (1) month.
- Hydro-seed mixture includes a starter fertilizer that will supply proper nutrients for the first six (6) weeks.
- It will take up to one (1) year for your new lawn to be fully established.
- Grassy and broadleaf soil born weeds are common in all new lawns

12-4 **None**

Observation: Outdoor plants moved during work die after project is completed.

Performance Guideline: Plants that must be physically transported during the work shall be moved, maintained, and replanted by owner. Guarantee of transplanted on site plants rarely if ever happens.

Corrective Measure: None.

Discussion/Helpful Hints: The contractor shall not be responsible for delays in the schedule when plants are moved by the owner.

12-5 **1 yr.**

Observation: Outdoor plants/trees that are installed by the contractor die after project is completed.

Performance Guideline: Plants shall not die during the warranty period. Plants that die from owner negligence are not covered.

Corrective Measure: The contractor will replace dead plants with plants of like kind and size or as close as reasonably available.

12-6 **None**

Observation: Native trees are damaged or die.

Performance Guideline: The health of native trees can be affected by changes in water table, ground level and density of soil around the root system as well as damage to bark from heavy equipment.

Corrective Measure: There is no way to completely ensure the continued growth of native trees after construction of a home on a wooded site. The homeowner can minimize the impact of construction by requesting that the stands of native trees be left completely untouched by site development. Since construction requires the use of heavy equipment, some damage can be expected when building on wooded sites. The contractor will cut back the bark on damaged trees and try to "well or "mound" to leave trees as close to original grade as possible. The contractor cannot be responsible for the life or health of native trees and removal of damaged or dead trees will be a homeowner responsibility.

13. Wood Decks

ARTICLE	WARRANTY PERIOD

13-1

Observation: Wood deck is springy or shaky.

Performance Guideline: All structural members in a wood deck shall be sized, and fasteners spaced, according to appropriate building codes, National Forest Products Association span tables, or a higher guideline agreed upon before construction by the owner and the contractor.

Corrective Measure: The contractor will reinforce or modify, as necessary, any wood deck not meeting the guideline.

Discussion/Helpful Hints: Deflection may indicate insufficient stiffness in the lumber, or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Joists and rafters are required to meet standards for both stiffness and strength. The span table allow, under full design loadings, a maximum deflection equal to 1/360th of the span for floor (3/8 inch in 12 feet). Individuals clients may not be satisfied with the deflection limits built into the tables. When a customer's preference is made known before construction, a higher standard may be agreed upon by the contractor and the owner.

13-2 **1 yr.**

Observation: Spaces between decking are not uniform.

Performance Guideline: The spaces on opposite sides of the individual deck boards shall not differ in average width by more than 3/16 inch at the time the project is accepted unless otherwise specified by owner.

Corrective Measure: The contractor will realign or replace decking boards to meet the guideline.

Discussion/Helpful Hints: The spaces will naturally tend to change over time because of shrinkage and expansion of individual boards. The contractor is only responsible for correct spacing at the time of installation.

13-3 **1 yr.**

Observation: Railings on wood decking and railing contain slivers in exposed areas.

Performance Guideline: Railings on wood decks shall not contain slivers longer than 1/8 inch in exposed areas at the time the job is accepted.

Corrective Measure: The contractor will repair railings as necessary to remove slivers prior to acceptance of the job. Repair of slivers after acceptance of the job is an owner maintenance responsibility.

Discussion/Helpful Hints: Slivers can develop from weathering of unprotected wood. Proper finishing of wood surfaces helps prevent slivers from forming.

13-4 **1 yr.**

Observation: Wood deck is out of level.

Performance Guideline: No point on the deck surface shall be more than 1/2 inch higher or lower than any other deck surface point within 10 feet on a line parallel to the house, or proportional multiples of the preceding dimensions, unless the owner and contractor agree to intentionally build a wood deck out of level in order to match or compensate for inaccuracies in the existing structure.

Corrective Measure: The contractor will repair the deck as necessary to meet the performance guideline.

Discussion/Helpful Hints: A slope of approximately 1/8 inch per foot is desirable in the perpendicular direction to shed water and prevent ice build-up.

13-5 **1 yr.**

Observation: Wood decking boards are split, warped, or cupped.

Performance Guideline: At the time the job is accepted, splits, warps, and cups in wood decking boards shall not exceed the allowances established by the official grading rules issued by the agency responsible for the lumber species used for the deck boards, including but not limited to Southern Pine Inspection Bureau, Western Wood Products Association, West Coast Lumber Inspection Bureau, Redwood Inspection Service, and Northeastern Lumber Manufacturers Association.

Corrective Measure: The contractor will replace decking boards as necessary to meet the performance guideline.

13-6 **1 yr.**

Observation: Stain color variations are on wood deck.

Performance Guideline: Stain color variations are not acceptable if they result from improper stain application or failure to mix the stain properly. Stain color variations resulting from other causes-such as weathering or varying porosity of the wood used to build the deck -are normal and are not covered by this guideline.

Corrective Measure: The contractor will restain to meet the performance guideline.

13-7 **1 yr.**

Observation: Wood decking board has nail head protruding.

Performance Guideline: Nail heads shall not protrude from the floor of the wood deck during the warranty period.

Corrective Measure: The contractor will refasten nails with heads protruding from the floor of the deck so that the heads are flush with the surface.

Discussion/Helpful Hints: Nails should be driven flush when the deck is installed, but they may pop from the deck over time as the wood shrinks and expands.

13-8 **1 yr.**

Observation: Nails on wood deck are "bleeding."

Performance Guideline: Nail strains extending more than 1/2 inch from the nail and readily visible from a distance of more than 3 feet are not acceptable.

Corrective Measure: The contractor will eliminate nail stains to meet the performance guideline.

Discussion/Helpful Hints: This guideline does not apply if "natural weathering" or semi-transparent stains are specified.

13-9 **1 yr.**

Observation: Wood deck railing lacks sufficient rigidity.

Performance Guideline: Wood deck railings shall be attached to structural members in accordance with applicable codes.

Corrective Measure: The contractor will repair wood deck railings as necessary to comply with applicable codes.

14. Miscellaneous

ARTICLE	WARRANTY PERIOD

14-1 **1 yr.**

Observation: Garage doors allow entry of snow or water.

Performance Guideline: Garage doors shall be installed as recommended by the manufacturer. Some snow or water can be expected to enter under unusual conditions.

Corrective Measure: The contractor will adjust or correct garage doors to meet the performance guideline.

14-2 **1 yr.**

Observation: Garage doors fail to operate properly under normal use.

Performance Guideline: Garage doors shall operate properly

Corrective Measure: The contractor will correct or adjust garage doors as required, except where the owner's actions or negligence caused the problem.

15. Structural System

ARTICLE	WARRANTY PERIOD
15-1	6 years

Observation: The home will be free from latent major structural defects.

Performance Guideline: The home will not have latent major structural defects as defined below, and that constitute: a) defective workmanship performed by the contractor, and agent or the contractor or subcontractor of the contractor; b) defective materials provided by Builder, and agent of the contractor or subcontractor of the contractor; or c) defective design, provided by an architect, landscape architect or other design professional engaged solely by the contractor. Workmanship, materials, and design will be considered to the defective if they fail to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code, or if they fail to meet the definition of a major structural defect as stated above. A Major Structural Defect is a defect resulting in actual physical damage to the following load-bearing portions of the home caused by failure of such loadbearing portions which affects their loadbearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams girders, lintels, columns, walls and partitions, floor systems, and roof framing systems. Damage to the following non-load bearing portions of the Home do not constitute a Materials Defect for the Material Defect coverage: roofing and sheathing; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering materials; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home; electrical, plumbing, heating, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim; cabinets and counters; hardware; insulation; walks, driveways; plantings; planting beds; retaining walls.

Corrective Measure: Contractor will at its sole option repair, replace or pay the owner the reasonable cost of repairing or replacing the structural defect to meet this standard.

EXHIBIT F

DECLARATION

OF

PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS - VILLAS AT CHURCHVILLE

(VILLAS AT CHURCHVILLE DECLARATION)

MADE BY: North Coast Ventures, LLC
6 Rainbrooke Drive
Pittsford, New York 14634

DATED: _____

_____

Ronald S. Shubert, Esq.
PHILLIPS LYTLE LLP
One Canalside
125 Main Street
Buffalo, New York 14203

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DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS - VILLAS AT CHURCHVILLE (VILLAS AT CHURCHVILLE DECLARATION)

THIS DECLARATION, made this ___ day of _____, _____, by NORTH COAST VENTURES, LLC, a limited liability company, having an office at 6 Rainbrooke Drive, Pittsford, New York 14634, being referred to hereinafter as "the Sponsor."

WITNESSETH

WHEREAS, the Sponsor is the owner of the real property described in Article II of this Declaration which the Sponsor desires to develop into a residential community known or to be known as "Villas at Churchville" with open spaces and other common facilities for the benefit of said community; and

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

WHEREAS, the Sponsor desires that such real property be subdivided into lots upon which are, or will be constructed residential dwelling units, which lots and units will be individually owned, and the Sponsor desires that the open spaces and other common facilities shall remain available for the benefit of all members of the community; and

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

WHEREAS, the Sponsor has incorporated VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC., under the Not for Profit Corporation Law of the State of New York for the purpose of exercising the aforesaid functions.

NOW THEREFORE, the Sponsor, for itself, its successors and assigns, declares that the real property described in Section 2.01 hereof is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to as "covenants, conditions and restrictions") hereinafter set forth.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following words, phrases or terms when used in this Declaration or in any instrument supplemental to this Declaration shall, unless the context otherwise prohibits, have the following meanings:

A. "Association" shall mean and refer to VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

B. "Association Property" shall mean and refer to all land, improvements and other properties heretofore or hereafter owned by the Association.

C. "Declaration" shall mean and refer to this document of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens - Villas at Churchville (Villas at Churchville Declaration) as it may from time to time be supplemented, extended or amended in the manner provided for herein.

D. "Lot" shall mean and refer to any portion of the Property (with the exception of Association Property as heretofore defined) under the scope of this Declaration and (i) identified as a separate parcel on the tax records of the Village of Churchville or (ii) shown as a separate lot upon any recorded or filed subdivision map.

E. "Lot Owner" shall mean the owner of a "Lot".

F. "Owner" shall mean and refer to the holder of record title, whether one or more persons or entities, of the fee interest in any Lot or Unit, whether or not such holder actually resides in such Unit or on such Lot.

G. "Property" shall mean and refer to all properties as are subject to this Declaration.

H. "Recording Office" shall mean and refer to the office for the recording of land documents in the County in which the Property is located.

I. "Sponsor" shall mean and refer to North Coast Ventures, LLC, a limited liability company, its successors and assigns.

J. "Unit" shall mean and refer to a residential unit.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 2.01. Property. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the Village of Churchville, County of Monroe and State of New York, all of which property shall be hereinafter referred to as the "Property". The real property initially subject to this Declaration is known as "Phase I" and is described in Schedule A attached hereto.

Section 2.02. Additional Property. Other lands ("Additional Property"), in addition to the lands described in Schedule A, may become subject to this Declaration in the following manner:

a. Lands added by Sponsor without consent of Lot Owners.
The Sponsor may, without the consent of Lot Owners, within 12 years of the date of recording of this Declaration, bring within the scope of this Declaration all or any portion of the lands described in Schedule B of this Declaration.

b. Lands added with consent of Lot Owners.
The owner of any lands who desires to add such lands to the scope of this Declaration and to subject them to the jurisdiction of the Association may do so upon an amendment to this Declaration after the written approval of 80% or more of all Lot Owners other than the Sponsor. The owner of such lands may propose such amendment to the Declaration.

Such additional lands ("Additional Property") shall be added to this Declaration by the recording in the Recording Office of a supplemental extending declaration which shall extend the scope of the covenants and restrictions of this Declaration to such additional lands and thereby subject such additional lands and the owners of such lands to assessments for their fair share of the expenses of the Association. The supplemental extending declaration may also contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the provisions of this Declaration, including but not limited to a different assessment basis reflecting the maintenance costs to be incurred by the Association with respect to such Additional Property.

Section 2.03. Mergers. Upon a merger or consolidation of this Association with another association as provided in its Certificate of Incorporation or By Laws, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of this Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Property together with the covenants, conditions and restrictions established upon any other properties. No such merger or consolidation, however, shall effect any revocation, change or

addition to the covenants established by this Declaration within the Property except as hereinafter provided.

ARTICLE III

THE ASSOCIATION
STRUCTURE, MEMBERSHIP, VOTING RIGHTS AND DIRECTORS

Section 3.01. Formation of the Association. Pursuant to the Not for Profit Corporation Law of New York, the Sponsor has formed Villas at Churchville Homeowners Association, Inc. (the "Association"), to own, operate, and maintain the Association Property, enforce the covenants, conditions and restrictions set forth in this Declaration and to have such other specific rights, obligations, duties and functions as are set forth in this Declaration and in the Certificate of Incorporation and By Laws of the Association, as the same may be amended from time to time. Subject to the additional limitations provided in this Declaration and the Certificate of Incorporation, the Association shall have all the powers and be subject to the limitations of a not for profit corporation as contained in the New York State Not for Profit Corporation Law as the same may be amended from time to time.

Section 3.02. Membership. The Association shall have as members Lot Owners and the Sponsor for as long as the Sponsor holds title to a Lot. All Lot Owners shall, upon becoming such, be deemed automatically to have become members and there shall be no other qualification for membership. Membership shall be appurtenant to, and shall not be separated from the ownership of any of the interests described in the definitions of the words "Lot Owner" and "Sponsor" as found in Article I of this Declaration.

Section 3.03. Voting; Mortgagee's Control of Votes. Each Lot Owner, including the Sponsor, shall be entitled to one (1) vote, except as otherwise provided in this Declaration. Notwithstanding anything to the contrary which may be contained in this Declaration, if an institutional first mortgage lender whose name appears on the records of the Association (i) holds a mortgage on a Lot which prohibits the mortgagor from voting contrary to the interest of the mortgagee, and (ii)notifies the Association prior to the date or initial date of canvass on the vote to be taken of its position on the matter being voted upon, a vote of the Lot Owner contrary to the position of such mortgage lender shall not be counted in such canvass.

Section 3.04. Lots Owned or Held by More Than One Person or by a Corporation. When any Lot is owned or held by more than one person as tenants by the entirety, in joint or common ownership or interest, such Owners shall collectively be entitled to only one (1) vote and if such Owners cannot jointly agree as to how that vote should be cast, no vote shall be allowed.

In the case of a corporate Lot Owner, votes may be cast by an appropriate officer of such corporation.

Section 3.05. Holder of Security Interest Not a Member. Any person or entity which holds an interest in a Lot or Unit merely as security for the performance of an obligation shall not be a member.

Section 3.06. Assigning Right to Vote. Subject to the consent of not less than two thirds (2/3) of all Lot Owners other than the Sponsor (except for a transfer to a wholly owned subsidiary of the Sponsor or to an institutional lender holding a first mortgage on unsold Lots (Units) owned by the Sponsor) and the filing of an amendment to the offering plan filed with the New York State Department of Law, pursuant to which the Sponsor has offered interests in the Association, the Sponsor may assign its right to vote in the Association to any person, corporation, association, trust or other entity, and such assignee, and any future assignee of such right to vote, may make successive like assignments. Any other Lot Owner shall be entitled to assign such Owner's 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 may require that the assignment specify the meeting or issue to which the assignment applies.

Section 3.07. Meeting and 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 and the Not for Profit Corporation Law of the State of New York as it may deem advisable for any meeting of its Owner members, in regard to proof of membership in the Association, evidence of right to vote, the appointment and duties of inspectors of votes, registration of Lot Owners for voting purposes, the establishment of representative voting procedures, the establishment of extended canvass periods for voting and such other matters concerning the conduct of meetings and voting as it shall deem appropriate.

Section 3.08. Selection, Powers and Duties of Directors. The nomination, election, powers and duties of the Board of Directors and filling of vacancies shall be governed as set forth in the By Laws of the Association.

Section 3.09. Indemnification of Officers and Directors. Every director and officer of the Association shall be, and is hereby, indemnified by the Association against all expenses and liabilities, including fees of counsel, judgments, decrees, fees, penalties or amounts paid in settlement, reasonably incurred by or imposed upon such director or officer in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which such officer or director may be a party, or in which such officer or director may become involved, by reason of being or having been a director or officer of the Association, whether or not such person is a director or officer at the time such expenses are incurred, except that no such indemnification shall be made if a judgment or other final adjudication adverse to such director or officer establishes that (i) the acts of the director or officer were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or (ii) such director or officer (or a member of such director's or officer's family) personally gained a financial profit or other advantage to which such beneficiary was not legally entitled; provided, that in the event of a settlement or other nonadjudicated disposition, the indemnification herein shall apply only when the Board of Directors of the Association approves such settlement as being in the best interests of the Association. Funds to cover the above expenses, including fees of counsel, may be advanced by the Association, prior to the final disposition of the matter, upon receipt of an undertaking by or on behalf of the recipient to repay such amounts if it shall ultimately be determined that (i) the recipient is not entitled to indemnification or (ii) where indemnification is granted, the expenses so advanced exceed the amount to which such officer or director is entitled.

Section 3.10. Sponsor's Written Consent Necessary for Certain Actions Taken by Board of Directors. Notwithstanding anything to the contrary contained in this Declaration, so long as the Sponsor holds title to any portion of the Property, the Board of Directors of the Association may not, without the Sponsor's written consent, which consent must not be unreasonably withheld, (i) except for necessary repairs or any repairs required by law, make any addition, alteration, or improvement to the Association Property, (ii) assess any amount for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of an amount equal to the proportion of the then existing budget which the amount of reserves in the initial budget of estimated expenses for the Association bears to the total amount of such initial budget of estimated expenses for the Association; or (iii) hire any employee in addition to the employees, if any, provided for in the initial budget of the Association, except as may be necessary to maintain the quantity or quality of services or maintenance; or (iv) enter into any service or maintenance contract for work not provided for in the initial budget of the Association, except for service or maintenance to facilities not in existence or not owned by the Association at the time of the first conveyance of a Lot; or (v) borrow money on behalf of the Association; or (vi) reduce the quantity or quality of services or maintenance of the Property. So long as the Sponsor holds title to any portion of the Property, this Section shall not be amended without the written consent of the Sponsor.

The Sponsor shall not, so long as the Sponsor is in control of the Board of Directors of the Association, use its position of control to (i) reduce the level of services described in the offering plan filed with the New York State Department of Law pursuant to which the Sponsor offered Lots for sale together with interests in the Association, (ii) prevent capital repairs to the Association Property or (iii) prevent expenditures required to comply with applicable laws or regulations.

ARTICLE IV

PROPERTY RIGHTS AND EASEMENTS

Section 4.01. Dedication of Association Property. The Sponsor intends to convey to the Association, subsequent to the recordation of this Declaration, and subject to the provisions of this Declaration, certain tracts of land within the Property for the use and enjoyment of the Owners. Said tracts of land conveyed to the Association shall hereinafter be referred to as "Association Property." The Association must accept any such conveyance made by the Sponsor provided such conveyance is made without consideration.

Section 4.02. Rights and Easements of Lot Owners. Subject to the rights and easements of the Association set forth in Sections 4.03 and 4.04 below, and the rights and easements of the Sponsor set forth in Section 4.05 below, each Lot Owner (and such Lot Owner's guests, licensees, tenants and invitees) shall have the following rights and easements:

a. Enjoyment - to enjoy all Association Property;

b. Ingress and Egress - an easement by vehicle or on foot for ingress and egress in common with other Lot Owners and the Sponsor over all walkways, driveways and roadways located on Association Property; and

c. Utilities and Conduits - to use, maintain, repair and replace any pipes, wires, cables, conduits, sewer lines, water lines, drainage areas, other utility lines and heating, ventilating and air conditioning equipment servicing such Owner's Lot (Unit) but located on Association Property, on another Lot or in another Unit.

All of such rights and easements shall be appurtenant to and shall pass with the interest of a Lot Owner as defined in Article I, Section 1.01 of this Declaration.

Section 4.03. Rights of Association. In accordance with the Certificate of Incorporation and By-Laws of the Association, the Association shall have the following rights:

a. Promulgate Rules and Regulations - to promulgate rules and regulations relating to the use, operation and maintenance of the Association Property for the safety and convenience of the users thereof or to enhance the preservation of such facilities or which, in the discretion of the Association, shall serve to promote the best interests of the Lot Owners;

b. Grant Easements to Utility Companies and Governmental Entities - to grant easements or rights of way, with or without consideration to any public or private utility corporation, cable television company, governmental agency or political subdivision;

c. Transfer, Lease, Sell, Exchange or Encumber Association Property or Acquire or Lease Real Property - to dedicate, sell, transfer, donate, lease, abandon, partition, encumber or otherwise dispose of, all or any part of the Association Property which the Association owns or to acquire or lease other real property for such purposes (except for a conveyance from the Sponsor which must be accepted pursuant to Section 4.01 above) and subject to such conditions as may be agreed to by the Association and the transferee or transferor. Such action (except for (i) any transfer or encumbrance to a public utility or for other public purposes consistent with the intended use of such land by or for the benefit of the Lot Owners, (ii) the dedication and conveyance of a street to a municipality without consideration for use as a public street, and (iii) any conveyance from the Sponsor) shall require a "Hearing" as described in Section 4.07 below and the consent of not less than 67% of all Lot Owners independent of the Sponsor who shall vote by written ballot which shall, not less than 10 days nor more than 50 days in advance of the date or initial date of the canvass thereof, be sent to all Lot Owners and to those lending institution first mortgagees of Lots whose names appear as such on the books or records of the Association. No such conveyance shall be made if lending institution first mortgagees of 51% or more of the Lots subject to first

mortgages held by lending institutions whose names appear as such on the books or records of the Association, advise the Association in writing, prior to the date or initial date set for voting on the proposed conveyance, that they are opposed to such conveyance, which opposition must not be unreasonable;

d. Enter into Agreements with other Associations to Share Facilities - to enter into agreements, reciprocal or otherwise, with other homeowners' associations, condominiums and cooperatives for the use or sharing of facilities. Such agreements shall require the consent of the Lot Owners of 67% of the total votes of all Lots voting upon written ballot which shall be sent to every Lot Owner not less than 10 days nor more than 50 days in advance of the date or initial date of the canvass thereof;

e. Enter into Agreements for Performance of Duties - to enter into agreements for the performance of its various duties and functions including agreements with other homeowners' associations, condominiums and cooperatives for common maintenance, management and other services, materials and supplies;

f. Designate Parking Spaces - to designate specific parking spaces on Association Property, if any, for the use of Lot Owners;

g. Inspect Lots for Possible Violations of Provisions of this Declaration - to enter upon and inspect Lots for the purpose of ascertaining compliance with the provisions of this Declaration or with rules and regulations promulgated pursuant to this Declaration; and

h. Construct, Modify, Alter or Demolish Improvements on Association Property or Change the Use of Association Property - to construct, modify, add to, alter or demolish improvements on Association Property or change the use of Association Property following (i) the affirmative vote of the Board of Directors proposing any of the above, and (ii) a Hearing as described in Section 4.07 below.

Not less than 15 nor more than 45 days after the Hearing, the Board of Directors shall vote on the Proposal, with such modifications thereto as it deems appropriate after due consideration of the written and oral comments received at the Hearing. An affirmative vote of not less than three-fourths (¾) of the entire Board of Directors shall be required for approval; provided, however, that any material change in use shall not be in violation of the zoning laws or any other laws, ordinances, rules or regulations of the Town of Penfield or any other governmental authority.

If a proposed acquisition of land or improvements or the construction, addition, modification, alteration to, or the demolition of Association property, will result in the imposition of a Special Assessment as provided in Section 5.04 of this Declaration, the Board of

Directors shall hold a Hearing thereon in accordance with the Hearing Procedures set forth in Section 4.07 hereof, and the provisions of Section 5.04, prior to finally authorizing such action.

Notwithstanding the provisions of this Section, the decision of the Board with respect to any proposal may not be contrary to the position of Owners of 51% or more of the Lots, expressed in a written petition or petitions signed by such Owners and delivered to the Board prior to its scheduled vote in the proposal.

Section 4.04. Easements of Association. The Association (and its employees, contractors and agents) shall have the following easements over each Lot:

a. Utility Line Maintenance - for the use, installation, maintenance, repair and replacement of any pipes, wire, cables, conduits, sewer lines, water lines, drainage areas and other utility lines located on such Lot and servicing Association Property or other Lots (Units);

b. Utility Banks and Telephone Pedestals - for installation, maintenance, repair and replacement of utility banks and telephone pedestals on the exterior walls of buildings on the Lots;

c. Other Maintenance on Lots - for the installation, maintenance, repair and replacement of walkways, landscaping, driveways, roadways and building exteriors on the Lots, and for snow removal to the extent the Association has the obligation for such installation, maintenance, snow removal, repair and replacement under this Declaration or pursuant to the authorized vote of the Members; and

d. In Conjunction with Maintenance of Association Property - to the extent such entry is reasonably necessary in order to install, maintain, repair or replace any improvement on Association Property, or the exterior or structural components of any building(s) constructed on the Lots which the Association is obligated to maintain and repair; and

e. Water for Watering of Lawns - to tie into and use water from any Unit for the watering of any lawns which the Association is obligated to maintain, subject to reimbursement by the Association to the Owner of the Unit for the cost of water consumed, if individually billed to such Units(s).

To the extent reasonably appropriate any such entry onto a Lot (i) shall be on reasonable notice to the Owner of the Lot to be entered, except that, in an emergency, such entry may be without notice, (ii) may include entry to any improvement on such Lot.

Section 4.05. Rights and Easements of Sponsor. With respect to Association Property and subject to the rights and easements set forth in Sections 4.02, 4.03 and 4.04 above, so long as the Sponsor holds title to any portion of the Property, the Sponsor shall have the right to:

a. Easements for Utility Lines - to grant and reserve easements and rights of way over the Property covered by this Declaration for the installation, maintenance, repair, replacement and inspection of utility lines, wires, coaxial cables, pipes and conduits, including, but not necessarily limited to, water, gas, electric, cable television, telephone and sewer to service the Property, or adjacent property;

b. Connect with Utility Lines to Service Additional Property - to connect with and make use of utility lines, wires, pipes, conduits and related facilities located on the Association Property for the benefit of the Property, or adjacent property;

c. Ingress and Egress - to use the Association Property for ingress and egress to the Property; and

d. Sales Center and Signage - to operate a sales center, install and maintain signs, and have prospective purchasers and others visit such sales center and use certain portions of Association Property, including, but not necessarily limited to, the parking spaces.

In the event any "Additional Property" as described in Section 2.02 above, is added to the scope of this Declaration, such lands shall be responsible for payment to the Association of a fair share of the cost of operation, maintenance, repair and replacement of those facilities servicing such lands.

The easements, rights-of-way and other rights reserved herein shall run with the land and shall be binding upon and for the benefit of the Association, the Sponsor and their successors and assigns. With respect to its exercise of the above rights, the Sponsor agrees to repair any damages resulting from its use within a reasonable time after the completion of development or when such rights are no longer needed, whichever first occurs. So long as the Sponsor holds title to any portion of the Property, this Section shall not be amended without the prior consent of the Sponsor.

Section 4.06. Damage Resulting from Use of Easement. Subject to rights of recovery under law or pursuant to other provisions of this Declaration, any damage to any Lot or other portion of the Property or to any improvements thereon as a result of any act or work performed pursuant to the authority granted in this Article IV, or as a result of the use of any easement granted or reserved herein, shall be promptly repaired, replaced or corrected as necessary by the person or entity performing the act or work and/or by the grantee or holder of the easement being exercised, to the condition in which it existed immediately prior to the damage.

Section 4.07. Hearing Procedures. Where the Board of Directors is required in accordance with the provisions of this Declaration to hold a public hearing prior to taking certain action (hereinafter referred to as a "Hearing"), the procedures set forth in this Section 4.07 (the "Hearing Procedures") shall be followed. The Hearing on the proposed action (the "Proposal") shall be held not less than 20 nor more than 60 days after the Board of Directors has initiated the

Proposal. Notices of the Hearing (the "Notice") shall be mailed to all Lot Owners in accordance with any provisions of this Declaration relating to the giving of notice. The Notice shall describe in detail the Proposal, the Hearing Procedures set forth herein as well as any other procedures applicable thereto as may be imposed by other sections of this Declaration, and shall specify the date, time and place of the Hearings. The Hearing will be held on the Property or in a place reasonably accessible to the Property. All Lot Owners and other interested persons shall be entitled, subject only to reasonable rules and regulations established by the Board of Directors for the conduct of such Hearing, to attend the Hearing, to express their views on the Proposal, to ask questions, or to submit written comments with regard to the Proposal. If, in connection with a proposal, a Hearing is required pursuant to more than one section of the Declaration, the Board of Directors may elect to hold one combined Hearing on such Proposal, provided that all restrictions, limitations or additional procedures, if any, imposed by each of the applicable sections are followed.

Section 4.08. Notice of Condemnation of Association Property and Resolution of Dispute as to Allocation of Award. The Board of Directors shall promptly send written notice of any pending condemnation or eminent domain proceeding affecting Association Property to all Lot Owners and to those lending institution first mortgagees of Lots whose names appear as such on the books or records of the Association.

In the event of any dispute with respect to the allocation of the award, the matter shall be submitted to arbitration in accordance with the arbitration statutes of the State of New York.

ARTICLE V

ASSESSMENTS AND RIGHT OF ASSOCIATION TO BORROW

Section 5.01. Imposition, Personal Obligation, Lien. Each Lot Owner, by becoming an Owner by the acceptance of a deed or otherwise, whether or not such deed or any other instrument pursuant to which title was obtained so provides, shall be deemed to covenant and agree to pay to the Association:

a. annual assessments or charges for the maintenance and operation of Association Property or other property which the Association is obligated to maintain ("Maintenance Assessments");

b. special assessments for capital improvements and repairs to Association Property (or property which the Association is obligated to maintain), and unbudgeted or extraordinary expenses of the Association ("Special Assessments");

together hereinafter being referred to as "Assessments".

The Assessments shall be fixed, established and collected from time to time as hereinafter provided. Each Assessment (or installment payment thereof) together with such late charges, interest thereon and costs of collection as hereinafter provided, shall be a charge and

continuing lien upon the Lot against which the Assessment is made and shall also be the personal obligation of the Owner of such Lot at the time the Assessment falls due.

Unless otherwise agreed upon between the parties to the transfer upon the transfer of a Lot, Association Maintenance Assessments and any Special Assessments which (i) may be payable in installments or (ii) are specifically applicable to a defined period of time, shall be adjusted between the grantor and grantee, with the grantor being entitled to a credit from the grantee for the portion of any payment made by the grantor which is applicable to the remainder of the period in which the transfer occurred or to a subsequent period and grantee being entitled to a credit from the grantor for the portion of any payment assumed by the grantee which is applicable to the expired portion of the period in which the transfer occurred or to any prior period. Special Assessments payable in installments shall, unless otherwise provided by the Board of Directors of the Association in the adoption of the Assessment, be adjusted as if the payment due was for a period following the date due, equal to the interim period between installments.

Section 5.02. Purpose of Maintenance Assessment. The purpose of the Maintenance Assessment shall be to fund (i) the maintenance, preservation, operation and improvement of the Association Property and the promotion of the recreation, safety and welfare of the Lot Owners, including but not limited to, the payment of taxes on Association Property, any utility services to the Property which are commonly metered or billed, all casualty, liability and other insurance obtained pursuant to Article IX of this Declaration; (ii) the maintenance, repair and replacement of all facilities commonly servicing the Lot Owners, whether on or off the Lots; (iii) the maintenance, repair and replacement of the Units as required in the Declaration, Section 6.02; (iv) the cost of labor, equipment, materials, management and supervision for all of the above; and (v) such other needs as may arise. Any material increase or decrease in the maintenance responsibilities of the Association shall require the consent of the Owners of not less than 67% of all Lots other than the Sponsor, as well as the Sponsor, if the Sponsor holds title to 10% or more of the Lots at the time such increase or decrease is voted upon. The amount of any reserves shall be not less than the reasonable requirements of existing or proposed lenders, holders and insurers of first mortgages on the Lots.

Section 5.03. Basis for Maintenance Assessment. Subject to the provisions of Section 5.06 below which describes limits on the obligation of the Sponsor for the payment of Maintenance Assessments, the annual Maintenance Assessment chargeable to each Lot assessed shall be the same for all Lots, so that the annual Maintenance Assessment for each Lot shall be determined each year by dividing the number of Lots liable for the payment of Maintenance Assessments pursuant to Section 5.01 above, into the total amount which the Board of Directors shall deem to be necessary to fully fund the current budget of estimated expenses and reserves (and any operating deficits previously sustained).

Section 5.04. Special Assessments. In addition to the annual Maintenance Assessment, the Association may levy in any assessment year a Special Assessment, payable in that year and/or the following year only, for the purpose of defraying, in whole or in part, the cost of (i) any construction, reconstruction or replacement of, or repair of the Association Property or to any improvements or landscaping on the Lots which the Association has the responsibility to maintain, including the necessary fixtures and personal property related thereto,

and (ii) any unbudgeted, unanticipated or extraordinary expense, claim against or liability of the Association. Before levying such a Special Assessment the Board of Directors shall hold a Hearing on said proposed Special Assessment in accordance with the Hearing Procedure set forth in Section 4.07 of this Declaration. Not less than 10 nor more than 45 days after such Hearing, the Board of Directors shall (i) for any Special Assessment for the construction of any capital improvement, (rather than the reconstruction, replacement or repair) obtain the consent of the Owners of 67% or more of all Lots who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all voting Lot Owners at least 30 days in advance, setting forth the purpose of the meeting, and (ii) for any Special Assessment, obtain the approval of not less than three fourths (¾) of the entire Board of Directors. The Association shall establish one or more due dates for each payment or partial payment of each Special Assessment and shall notify each Owner thereof in writing at least 30 days prior to the first such due date.

Section 5.05. Date of Commencement and Notice of Assessments. The Maintenance Assessments provided for herein shall commence on the day on which the first Lot is conveyed or on such date thereafter as determined by the Sponsor. The first Maintenance Assessments shall be adjusted according to the number of months remaining in the fiscal year as established by the Board of Directors and such Assessments shall thereafter be on a full year basis. The Board of Directors of the Association shall fix the amount of the Maintenance Assessment against each Lot at least 30 days in advance of each annual Assessment period. The Maintenance Assessments shall be due and payable monthly unless the Board of Directors establishes other installments for payment, which installments may or may not be equal. Separate due dates may be established by the Board for partial annual Maintenance Assessments as long as said Maintenance Assessments are established at least 30 days before due. Written notice of the annual Maintenance Assessments shall be sent to every Lot Owner subject thereto. Should the Board of Directors determine at any time that the Maintenance Assessments are insufficient to fully fund the then current year's expenditures, the Board may assess additional amounts on a pro rata basis to all Lot Owners.

Section 5.06. Assessments for Specific Lots. Once Assessments have commenced pursuant to Section 5.05 above, the Owner of each Lot subject to this Declaration shall be liable for the payment of full Maintenance Assessments and Special Assessments, if any, except that with respect to Maintenance Assessments, the Sponsor will only be obligated for the lesser of (i) the difference between the actual Association expenses (including budgeted amounts for reserves) and the Association charges levied on Lot Owners who have closed title to their Lots as projected in the offering plan filed with the New York State Department of Law pursuant to which interests in the Association were initially offered for sale; or (ii) Maintenance Assessments on all unsold Lots. The Sponsor will be responsible for Special Assessments on all unsold Lots.

Section 5.07. Change in Basis of Assessments. The Association may change the basis of determining the Maintenance Assessment by obtaining the written consent of the Owners of 67% or more of all Lots, excluding the Sponsor, voting in person or by proxy, written notice of which change shall be sent to all Lot Owners and lending institution first mortgagees of Lots whose names appear on the records of the Association, at least 40 days in advance of the date or initial date set for voting thereon, except that: (i) so long as the Sponsor holds title to any

portion of the Property, any change in the basis of Assessments which adversely affects a substantial interest or right of the Sponsor with respect to unsold dwelling units or subdivision lots containing unsold dwelling units shall require the specific consent of the Sponsor in writing, which consent shall not be unreasonably withheld, and (ii) no such change shall be made if lending institutions which together are first mortgagees on 51% or more of the Lots advise the Association in writing, prior to the date or initial date set for voting on the proposed change, that they are opposed to such change, which opposition must not be unreasonable. A written certification of any such change shall be executed by the Board of Directors and recorded in the Recording Office as an amendment to this Declaration.

Any change in the basis of Assessments shall be equitable and non-discriminatory within the following classifications: (i) Lots paying full Maintenance Assessments, and (ii) Lots paying less than full Maintenance Assessments pursuant to Section 5.06 above.

Section 5.08. Non Payment of Assessment. If an Assessment, or installment thereof, is not paid on the due date, established pursuant to Section 5.05 hereof, then such Assessment payment shall be deemed delinquent. Any delinquent Assessment payment, together with such interest thereon, accelerated installments, if any, and cost of collection thereof as herein provided, shall thereupon become a continuing lien encumbering the Lot which shall bind such Lot in the hands of the then Lot Owner and such Lot Owner's heirs, devisees, personal representatives, successors and assigns. A notice of lien may be filed by the Association in the Recording Office providing notice that delinquent Assessments are outstanding with respect to the specified Lot(s) and providing notice that such delinquent Assessments and any future delinquent Assessments are a continuing lien until paid, but filing shall not be necessary to perfect or establish the priority of such continuing lien. In addition to the lien rights, the personal obligation of the then Lot Owner to pay such Assessment shall remain such Lot Owner's personal obligation and shall not pass to such Lot Owner's successors in title unless expressly assumed by them.

If the Assessment or any installment thereof is not paid within 10 days after the due date, the Association may impose a late charge or charges in such amount or amounts as the Board of Directors deems reasonable, not to exceed 10% of the amount of such overdue Assessment or installment thereof, provided such late charges are equitably and uniformly applied.

If the Assessment or any installment thereof, is not paid within 30 days after the due date, (i) the Assessment shall bear interest from the due date at such rate as may be fixed by the Board of Directors from time to time, such rate not to exceed the maximum rate of interest then permitted by law, (ii) the Board of Directors may accelerate the remaining installments, if any, of such Assessment upon notice thereof to the Lot Owner and (iii) the Association may bring legal action against the Lot Owner personally obligated to pay the same or foreclose the lien against the Lot of such Lot Owner, and the cost of such proceedings, including actual attorneys' fees, shall be added to the amount of such Assessments, accelerated installments, if any, late charges and interest.

Once an Assessment is deemed delinquent as described above, any payments received from the Lot Owner shall be applied in the following order: attorneys' fees, other costs

of collection, late charges, interest, and then the delinquent Assessment or installments thereof beginning with the amounts past due for the longest period.

Dissatisfaction with the quantity or quality of maintenance services furnished by the Association shall, under no circumstances, entitle any Lot Owner to withhold or fail to pay the Assessments due to the Association for the Lot or Lots owned by such Lot Owner.

Section 5.09. Notice of Default. The Board of Directors, when giving notice to a Lot Owner of a default in paying Assessments, may, at its option, or shall, at the request of a mortgagee, send a copy of such notice to each holder of a mortgage covering such Lot whose name and address appears on the Association's records. The mortgagee shall have the right to cure the Lot Owner's default with respect to the payment of such Assessments.

Section 5.10. Right to Maintain Surplus. The Association shall not be obligated in any calendar year to spend all the sums collected in such year by way of Maintenance Assessments or otherwise, and may carry forward as surplus any balances remaining; nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the Maintenance Assessments in the succeeding year, but may carry forward from year to year such surplus as the Board of Directors in its absolute discretion may determine to be desirable for the greater financial security and the effectuation of the purposes of the Association.

Section 5.11. Assessment Certificates. Upon written demand of the Lot Owner or lessee of a Lot (or any prospective purchaser, lessee, occupant, mortgagee or title insurer of such Lot), the Association shall, within a reasonable period of time, issue and furnish a certificate in writing signed by an officer or designee of the Association setting forth with respect to such Lot as of the date of such certificate, (i) whether the Assessments, if any, have been paid; (ii) the amount of such Assessments, including interest and costs, if any, due and payable as of such date; and (iii) whether any other amounts or charges are owing to the Association, e.g. for the cost of extinguishing a violation of this Declaration. A reasonable charge, as determined by the Board of Directors, may be made for the issuance of such certificates. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser, lessee or title insurer of, or lender, on the Lot on which such certificate has been furnished.

Section 5.12. Subordination of Assessment Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any bona fide first mortgage of record now or hereafter placed upon any Lot subject to such Assessments; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the Owner of such Lot from liability for any Assessments thereafter becoming due, nor relieve such Lot from the lien of any such subsequent Assessment.

Section 5.13. Adjustment of Assessments on Transfer. Unless otherwise agreed upon between the parties to the transfer, upon the transfer of a Lot, Maintenance Assessments and any Special Assessments which (i) may be payable in installments or (ii) are specifically applicable to a defined period of time which has not expired, shall be adjusted between the

grantor and grantee, with the grantor being entitled to reimbursement from the grantee for the portion of any payment made by the grantor which is applicable to the remainder of the period in which the transfer occurred or to a subsequent period, and the grantee being entitled to a credit from the grantor for the portion of any unpaid payment assumed by the grantee which is applicable to the expired portion of the period in which the transfer occurred or to any prior period. Unless otherwise provided by the Board of Directors of the Association in its adoption, (i) a Special Assessment payable in installments shall be adjusted as if the installment payments apply to a period following the date due, the length of which shall be equal to the interim period between installation due dates and (ii) a Special Assessment payable in a single installment shall be the sole responsibility of the Owner of the Lot on the date which such Assessment is initially due.

Section 5.14. 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 properties. The amount, terms, rate or rates of all borrowing and the provisions of all agreements with note holders shall be subject solely to the decision of the Board of Directors of the Association acting in its absolute discretion, except that (i) any member of the Board of Directors who has been elected or appointed by the Sponsor shall not be permitted to vote affirmatively for any borrowing and the quorum of the Board of Directors in any such vote shall be a majority of those Directors not elected or appointed by the Sponsor, and (ii) any consent of the Sponsor as required by Section 3.10 of this Declaration must be obtained.

Section 5.15. Repayment of Monies Borrowed. In order to secure the repayment of any and all sums borrowed from time to time, the Association is hereby granted the right and power:

a. to assign and pledge all revenues received and to be received by it under any provision of this Declaration including, but not limited to, the proceeds of the Maintenance Assessments hereunder;

b. to enter into agreements with note holders with respect to the collection and disbursements of funds, including, but not limited to, agreements wherein the Association covenants to:

(1) assess the Maintenance Assessments on a given day in each year and, subject to the limitation on amount specified in Section 5.03 hereunder, to assess the same at a particular rate or rates;

(2) establish sinking funds and/or other security deposits;

(3) apply all funds received by it first to the payment of all principal and interest on such loans, when due, or to apply the same to such purpose after providing for costs of collection;

(4) establish such collection, payment and lien enforcement procedures as may be required by the note holders;

(5) provide for the custody and safeguarding of all funds received by it.

ARTICLE VI

MAINTENANCE

Section 6.01. Maintenance by the Association. The Association shall be responsible for all maintenance, repair or replacement of the improvements on the Association property including all driveways, and walkways, snow removal from driveways, all landscaping on common areas, including foundation plantings in front of homes only.

Section 6.02. Maintenance of Townhouses. The Association shall repair and replace as appropriate, any exterior siding, gutters, downspouts, walkways and roofs. The Association shall paint the exterior trim, and doors, and shall not repair or replace broken window glass or doors, or have any responsibility for building foundations.

Section 6.03. Quality and Frequency of Maintenance and Repairs. All maintenance, repair and replacements whether or not performed by the Association shall be of a quality and appearance consistent with the enhancement and preservation of the appearance and values of the property. The Association shall establish reasonable schedules and regulations for maintenance, repair and replacement, which shall take into account the useful life of any exterior materials in the enhancement and preservation of the appearance and values of the property.

Section 6.04. Access for Repairs. The Association, its employees, contractors and agents shall, upon reasonable notice to owners, have the right to enter upon any portion of the owner's property and into and upon any townhouse at a reasonable hour to carry on its functions, as provided for in this Article, except that in an emergency, the Association shall have the right to enter upon any portion of the property without notice, or to enter into any townhouse to make necessary repairs or prevent damage to any unit or any portion of the property. Repair of any damage caused by such access shall be the expense of the Association.

Section 6.05. Exterior Maintenance. In addition to maintaining the common areas, the Association shall provide exterior maintenance as provided in Section 6.02 herein. Any maintenance or repair necessitated by the willful or negligent acts of an owner, his/her family, tenants, guests or invitees, shall be added to and become a part of the assessment to which said owner's lot is subject.

ARTICLE VII

ARCHITECTURAL CONTROLS

Section 7.01. Control by Association. After transfer of title by the Sponsor to any Lot or other completed portion of the Property, enforcement of those provisions of the Declaration pertaining to exterior appearance of the Property and control over any change in use or any additions, modifications or alterations to any exterior improvement on said Lot or other portion of the Property shall be the responsibility of the Association, acting through the Board of Directors.

Section 7.02. Submission of Plans to Board of Directors. After transfer of title to any Lot or other portion of the Property by the Sponsor, no exterior addition, modification or alteration, including change of color, shall be made on or to such Lot or other portion of the Property or to the improvements located thereon, unless and until a plan or plans therefore, in such form and detail as the Board of Directors requires, have been submitted to, and reviewed and approved by, the Board of Directors. The Board of Directors may charge and collect a reasonable fee for the examination of plans submitted for approval.

Section 7.03. Basis for Disapproval of Plans by Board of Directors. The Board of Directors may disapprove any plans submitted pursuant to Section 7.02 above for any of the following reasons

a. failure of such plans to comply with any protective covenants, conditions and restrictions contained in the Declaration and which benefit or encumber the Lot or other portion of the Property;

b. failure to include information in such plans as requested;

c. objection to the site plan, exterior design, appearance or materials of any proposed improvements, including without limitation, colors or color scheme, finish, proportion, style of architecture, proposed parking, height, bulk or appropriateness;

d. incompatibility of proposed improvements or use of proposed improvements with existing improvements or uses in the vicinity;

e. failure of proposed improvements to comply with any zoning, building, health, or other governmental laws, codes, ordinances, rules and regulations;

f. any other matter which in the judgment and sole discretion of the Board of Directors would render the proposed improvements, use or uses, inharmonious or incompatible with the general plan of improvement of the Property or portion thereof or with improvements or uses in the vicinity.

Section 7.04. Approval of Board of Directors. Upon approval or qualified approval by the Board of Directors of any plans submitted pursuant to Section 7.02 above, the Board of Directors shall notify the applicant in writing of such approval or qualified approval, which notification shall set forth any qualifications or conditions of such approval, shall file a copy of such plans as approved for permanent record (together with such qualifications or conditions, if any), and, if requested by the applicant, shall provide the applicant with a copy of such plans bearing a notation of such approval or qualified approval. Approval of any such plans relating to any Lot or portion of the Property shall be final as to such Lot or portion of the Property and such approval may not be revoked or rescinded thereafter provided (i) the improvement or uses approved are not substantially changed or altered; (ii) that the improvements or uses shown or described on or in such plans do not violate any protective covenants, conditions or restrictions set forth in this Declaration which benefit or encumber the Lot or portion of the Property, and (iii) that such plans and any qualifications or conditions

attached to such approval of the plans do not violate any applicable governmental law, rule or regulation, zoning, building, health or other code or ordinance. Approval of any plans for use in connection with any Lot or portion of the Property shall not be deemed a waiver of the right of the Board of Directors to disapprove similar plans or any of the features or elements included therein if such plans, features or elements are subsequently submitted for use in connection with any other Lot or portion of the Property.

Section 7.05. Written Notification of Disapproval. In any case where the Board of Directors disapproves any plans submitted hereunder, the Board of Directors shall so notify the applicant in writing together with a statement of the grounds upon which such action was based as set forth in Section 7.03. In any such case, the Board of Directors shall, if requested and if possible, make reasonable efforts to assist and advise the applicant so that acceptable plans can be prepared and resubmitted for approval.

Section 7.06. Failure of Board of Directors to Act. If any applicant has not received notice of the Board of Directors approving or disapproving any plans within 35 days after submission thereof; said applicant may notify the Board of Directors in writing of that fact. Such notice shall be sent by certified mail, return receipt requested. The plans shall be deemed approved by the Board of Directors not later than the later of:

a. 15 days after the date of receipt of such second notice, if such second notice is given;

b. 70 days after the date the plans were originally submitted.

Section 7.07. Board of Director's Right to Promulgate Rules and Regulations. The Board of Directors may from time to time promulgate rules and regulations governing the form and content of plans to be submitted for approval or with respect to the approval or disapproval of certain types of alterations, additions or modifications to improvements, or uses; provided, however, that no such rule or regulation shall be deemed to bind the Board of Directors to approve or disapprove any plans submitted for approval, or to waive the exercise of the Board's discretion as to such plans, and provided further that no such rule or regulation shall be inconsistent with the provisions of the Declaration or any applicable governmental law, code, ordinance, rule or regulation.

Section 7.08. Delegation of Functions. The Board of Directors may authorize its staff, subcommittees, or individual members of the Board of Directors to perform any or all of the functions of the Board as long as the number and identity of such staff or members, and their functions and scope of authority have been established by a resolution of the entire Board of Directors. The approval or disapproval of plans by the staff member, individual member or subcommittee will be subject, however, to the reasonable review of the Board of Directors, in accordance with procedures to be established by the Board.

Section 7.09. Records of Meetings; Regulations. The Board of Directors shall keep minutes of meetings and maintain records of all votes taken at meetings. The Board of Directors shall make such records and current copies of its rules and regulations available at a reasonable place and at reasonable times for inspection by all persons.

Section 7.10. Liability of Board of Directors. No action taken by the Board of Directors or any member, committee, employee or agent hereof, shall entitle any person to rely thereon, with respect to conformity with laws, regulations, codes or ordinances, or with respect to the physical or other condition of any Lot or other portion of the Property. Neither the Association, nor any member, committee, employee or agent shall be liable to anyone submitting plans to them for approval or to any Lot Owner, member, or any other person, in connection with any submission of plans, or the approval or disapproval thereof, including without limitation, mistakes in judgment, negligence or nonfeasance. Every person or other entity submitting plans to the Board of Directors agrees, by submission of such plans, that no action or suit will be brought against the Association or the Board of Directors (or any member, committee, employee or agent thereof) in connection with such submission.

Section 7.11. Architectural Certificate. Upon written request of any Owner, lessee or occupant (or any prospective Owner, lessee, mortgagee, or title insurer) of a Lot or other portion of the Property, title to which has been previously transferred from the Sponsor, the Board of Directors shall, within a reasonable period of time, issue and furnish to the person or entity making the request, a certificate in writing ("Architectural Certificate") signed by a member of the Board of Directors stating, as of the date of such Certificate, whether or not the Lot or other portion of the Property, or any improvements thereon, violates any of the provisions of the Declaration pertaining to exterior appearance, design or maintenance and describing such violations, if any. A reasonable charge, as determined by the Board of Directors, may be imposed for issuance of such Architectural Certificate. Any such Architectural Certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and the party to whom such Certificate was issued.

Section 7.12. Restrictions on Change of Architectural Controls, Rules or Regulations. The controls set forth in this Article VII and any rules or regulations shall not, by act or omission, be changed, waived or abandoned, unless consented to in writing by not less than 67% of the total votes of all Lot Owners (excluding the Sponsor) voting in person or by proxy, written notice of which change shall be sent to all Lot Owners and lending institution first mortgagees of Lots whose names appear on the records of the Association at least 30 days in advance of the date or initial date set for voting thereon and shall set forth the purpose of the vote. In addition, any such change, waiver or abandonment shall not be made if lending institutions which together are first mortgagees of 51% or more of the Lots advise the Association in writing, prior to the date or initial date set for voting on the proposed charge, waiver or abandonment, that they are opposed to such action, which opposition must not be unreasonable.

ARTICLE VIII

PARTY WALLS AND ENCROACHMENTS

Section 8.01. Party Walls. Each wall built as part of the original construction of a town home and placed on the dividing line between the lots shall constitute a party wall.

Section 8.02. Repair and Maintenance of Party Walls. The costs of reasonable repair and maintenance of a party wall shall be shared by the owners of said wall, each

townhouse owner being responsible for the ordinary maintenance and repair of their respective sides of said party wall. If it becomes necessary to make substantial repairs to or rebuild a party wall, the cost of such repair or rebuilding shall be borne equally by the two townhouse owners.

Section 8.03. Exposure of Party Wall. Notwithstanding any other provision of this article, any owner, who by his negligent or willful act, causes the party wall to be exposed to the elements, shall bear the entire cost of furnishing necessary protection against the elements and all necessary repair caused by the elements. The Association shall have an easement to enter upon any townhouse to effect the necessary repairs or maintenance of said party wall, and charge the cost of such repair to the responsible party or parties. If any party wall is repaired or rebuilt, it shall stand upon the same place and be of the same or similar materials as the original wall. All labor shall be performed in a professional and workmanlike manner.

Section 8.04. Party Wall Rights Run with the Land. The rights of support, quiet enjoyment, entry to repair or restore and contribution for the costs of same as described in this article shall run with the land and be binding upon all heirs, successors and assigns of each townhouse owner.

Section 8.05. Arbitration. In the event any dispute arises concerning a party wall, each owner shall choose from a list of arbitrators provided by the Board of Directors of the Association, one arbitrator to hear the dispute. The decision of the arbitrator shall be binding upon all parties.

Section 8.06. Encroachments or Projections. If any Unit encroaches or projects up to two (2) feet upon or over any other Unit or Lot or upon or over any portion of the Association Property or if any deck or patio servicing a Unit encroaches or projects any distance upon or over any portion of the Association Property as a result of: (i) original construction, (ii) settling or shifting, or (iii) replacement, as a result of fire, condemnation, eminent domain proceedings or proceedings of similar import and effect; such encroachment or projection shall be permitted and a valid easement for such encroachment or projection and the maintenance thereof shall exist so long as such improvements shall stand. With respect to encroachment or projection of a Unit onto or over another Lot or Unit, if such encroachment or projection occurs as a result of replacement, the encroachment or projection must be inadvertent in order for a valid easement to exist.

ARTICLE IX

INSURANCE AND RECONSTRUCTION

Section 9.01. Insurance to be Carried. The Board of Directors of the Association shall obtain and maintain, (and review at least once each year) with such deductible amounts as the Board of Directors shall deem appropriate: (1) fire and casualty insurance, (including flood insurance if required for the mortgaging of individual Units) (2) liability insurance for occurrences on the Association Property, (3) directors' and officers' liability insurance covering wrongful acts of officers and directors of the Association, (4) fidelity bond covering those who handle Association funds, and (5) workers' compensation insurance covering Association employees and those who perform work for the Association as follows:

1. Fire and Casualty. The policy shall cover the interests of the Association, the Board of Directors and all Unit Owners and mortgagees as their interests may appear. Coverage shall be for the full replacement value, (without deduction for depreciation) of all improvements on the Property, i.e. covering the Units and including the wall to wall carpeting, lighting fixtures, bathroom fixtures, kitchen appliances, wall coverings, all machinery servicing the Units and common facilities, and, if available, improvements and betterments (including upgrading of appliances, kitchen cabinets, carpeting, and lighting fixtures, etc.) made by present or prior Lot or Unit Owners or occupants, excluding (i) the land and foundations, and (ii) the personal property of Lot Owners and occupants.

The policy shall have the following provisions, endorsements and coverages: (i) extended coverage, sprinkler leakage (if applicable), debris removal, vandalism, malicious mischief, windstorm and water damage, (ii) inflation guard, or Blanket property limits (iii) coverage for loss of maintenance assessments from Lot Owners forced to vacate because of fire or other insured against casualty, (iv) waiver of any right to claim by way of subrogation against individual Lot Owners and the members of their households and families, the Association, the officers and directors of the Association, and the managing agent, if any, for the Association, (v) that the insurance purchased by the Board of Directors shall be deemed primary coverage and any policies obtained by individual Lot Owners or mortgagees shall be deemed excess coverage and that the insurance obtained by the Board of Directors shall in no event be brought into "contribution" with insurance purchased by individual Lot Owners or mortgagees, (vi) a provision that the policy cannot be cancelled, invalidated or suspended because of the act or neglect of someone over whom the insured has no control, (vii) a provision that the policy may not be cancelled (including cancellation for non-payment of premium), substantially modified, invalidated or suspended, without at least 30 days' prior written notice to all of the insureds (10 days' notice for non-payment of premium), including all mortgagees of Lots reported to the insurance carrier or its agent, and (viii) a provision that adjustment of loss shall be made by the Board of Directors.

Prior to obtaining any new fire and casualty insurance policy, the Board of Directors shall obtain a valuation from an insurance company or from such other source as the Board of Directors shall determine to be acceptable as to the full replacement value (without deduction for depreciation) of the improvements on the Property (exclusive of land and foundations) for the purpose of determining the amount of fire and casualty insurance to be effected pursuant to this Section.

Flood Insurance. If any portion of the Property is located in an area identified by the Federal Emergency Management Agency as having special flood hazards, the Board of Directors shall obtain, if available, a policy of flood insurance covering the Units and other insurable improvements on the Property or portion thereof located entirely or partially in the flood hazard area. Such coverage shall be the maximum coverage available under the National Flood Insurance Program or 100% of the current replacement cost of all such Units and other insurable property, whichever is less.

The proceeds of all policies of physical damage insurance, if $50,000.00 or less, shall be payable to the Association, and if $50,000.00 or more, to an insurance trustee (bank, trust company or law firm) selected by the Board of Directors of the Association to be applied

for the purpose of repairing, restoring or rebuilding unless otherwise determined by the Lot Owners pursuant to Section 9.02 of this Declaration. This $50,000.00 limitation shall increase automatically by 5% each calendar year after the year in which this Declaration is recorded and may be further raised or lowered from time to time upon approval of not less than two thirds (2/3) of the entire Board of Directors. All fees and disbursements of the insurance trustee shall be paid by the Association and shall be a common expense of all Lot Owners.

The policy shall contain the standard mortgagee clause in favor of mortgagees which shall provide that any loss shall be payable to a mortgagee as its interest shall appear; subject, however, to the loss payment provisions in favor of the Board of Directors. The obligation to restore or reconstruct after damage due to fire or other insured peril supersedes the customary right of a mortgagee to have the proceeds of insurance coverage applied to the mortgage indebtedness.

The interest of the Association, each Lot Owner and such Lot Owner's known mortgagee shall be acknowledged on the policy, as their interests may appear. Each Lot Owner and such Owner's known mortgagee shall receive, at the time of purchase and at the time a new policy is obtained or an existing policy renewed, a certificate evidencing proof of insurance coverage.

Certificates or endorsements to the policy, together with proof of payment of premiums, shall be furnished by the Board of Directors to all mortgagees of Lots requesting the same for a reasonable charge.

2. Liability. The liability insurance shall cover the directors and officers of the Association, the managing agent, if any, and all Lot Owners as their interests may appear, but not the liability of Lot Owners arising from occurrences within such Owner's Unit or on such Owner's Lot. The policy shall include the following endorsements: (i) commercial general liability including bodily injury, property damage and personal injury, (libel, slander, false arrest and invasion of privacy), (ii) medical payments, (iii) cross liability under which the rights of a named insured under the policy shall not be prejudiced with respect to such insured's action against another named insured, (iv) "severability of interest" precluding the insurer from denying coverage to a Lot Owner because of negligent acts of the Association or any other Lot Owner, (v) contractual liability, and (vi) host liquor liability coverage with respect to events sponsored by the Association.

Coverage may not be canceled or suspended (including cancellation for nonpayment of premium) or substantially modified without at least 30 days' prior written notice to the insureds (10 days for non-payment of premium), including all known mortgagees of Units or Lots as shown on the records of the Association. The Board of Directors shall review such coverage at least once each year.

Until the first meeting of the Board of Directors after the first annual meeting of Lot Owners, this public liability insurance shall be in a combined single limit of $1,000,000.00 covering all claims for bodily injury and property damage arising out of a single occurrence.

3. Directors' and Officers' Liability. The directors' and officers' liability insurance shall cover the "wrongful" acts (wrongful performance or failure to perform) of a director or officer of the Association. The policy shall be on a "claims made" and shall include all prior officers and members of the Board of Directors, and any deductible provision shall apply only to each claim. The policy shall provide for "participation" by the Association or by the officers or directors of the Association only to the minimum extent permitted by law or applicable government regulations.

4. Fidelity Bond. The fidelity bond shall cover all directors, officers and employees of the Association and the Association's managing agent, if any, who handle Association funds. The bond shall name the Association as obligee and be in an amount not less than a sum equal to three (3) months' aggregate assessments on all Lots, plus the amount of reserves and other funds on hand. It shall provide that the bond may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least 30 days' prior written notice to the Association (10 days' notice for non-payment of premium) and to all institutional first mortgagees of Lots whose names appear on the records of the Association.

The Board of Directors shall, at the request of any Lot Owner, Lot mortgagee, or prospective Lot Owner or Lot mortgagee, increase the amount of such bond to meet the reasonable requirements of any existing or proposed holder or insurer of any mortgage made or to be made on any Lot.

5. Workers' Compensation. To the extent deemed reasonable and necessary by the Board of Directors, workers' compensation insurance shall be obtained. Such insurance shall cover any employees of the Association, as well as any other person performing work on behalf of the Association.

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, and hired and non-owned vehicle coverage.

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.

Deductible. With respect to property insurance, the deductible shall apply to each occurrence, not each item of damage. The Association may pay the portion for which an individual Owner is responsible, and the amount so paid, together with interest 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 V of this Declaration.

Section 9.02. Restoration or Reconstruction After Fire or Other Casualty; Responsibility for Insurance Deductible. In the event of damage to or destruction of any Unit or

Units, insured through insurance obtained by or through the Association, as a result of fire or other casualty, the Board of Directors shall notify all mortgagees of such Unit or Units as indicated on the records of the Association and shall arrange for the prompt repair and restoration of the damaged property and the Board of Directors, or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments; provided, however, that if three fourths (¾) or more of the Units in a building are destroyed or substantially damaged and the Owners of 75% or more of all Lots and of all Lots in the building decide within 90 days after such damage or destruction not to proceed with repair or restoration, the net proceeds of insurance policies, if any, shall be divided among the Owners in proportion to the damage, as determined by the Board of Directors, to their insured property in relation to the total damage (including demolition) to all the insured property, provided, however, that no payment shall be made to a Lot Owner until there has first been paid off out of such Owner's share of such funds all liens on such Owner's Lot.

In the event that insurance proceeds are, for any reason, including the deductible amount or insurance trustee's fees, insufficient to pay all of the costs of restoring or repairing the property to the same condition as formerly existed, the Board of Directors shall levy a special assessment to make up the deficiency against the Lot Owners of the damaged property, which special assessment shall be levied in proportion to the damage, as determined by the Board of Directors, to their insured property in relation to the total damage to all the insured property. If the Board of Directors cannot reasonably determine the allocation of damage among Units and Association Property, the insufficiency of funds can be deemed a common expense.

In the event of damage or destruction of any Unit or other improvements on the Property as a result of fire or other casualty covered by insurance obtained by or through the Association, the deductible amount of any insurance proceeds shall apply to each occurrence, not to each item of damage, and shall be funded as follows:

(1) If the property is damaged from a cause which emanates from improvements which the Association has the responsibility to maintain, the Association shall be responsible for the deductible amount, except that, if the cause of such damage is the result of gross negligence or the wantonly malicious act of any Owner (or of a member of such Owner's family or of a tenant of such Owner or of a guest or invitee of such Owner or of a member of such Owner's family) the Owner shall be responsible for such deductible amount.

(2) If the property is damaged from a cause which emanates from or within a Unit (the Owner or Owners of such Unit shall be responsible for the deductible amount.

The Association may, at its option, pay the deductible amounts for which an individual Owner is responsible, and the amounts so paid, together with interest 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 V of this Declaration.

In the event of damage to or destruction of any common property or facility of the Association, insured through insurance obtained by the Association, as a result of fire or other casualty, the Board of Directors shall (i) promptly send written notice of such damage or destruction to all institutional first mortgagees whose names appear on the records of the Association and to the insurance trustee, if any, and the Board of Directors or the insurance trustee, as the case may be, shall (ii) arrange for the prompt repair and restoration of the damaged property and (iii) disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that the insurance proceeds exceed the cost of repair and reconstruction of such Association Property, no Lot Owner or any other party shall have priority to receive any portion of such surplus over such Lot Owner's mortgagee.

Section 9.03. Insurance Carried by Unit Owners. Each Unit Owner has the right, at such Owner's expense, to obtain insurance for such Owner's benefit, including (1) fire, casualty and theft coverage for such Owner's personal property, (2) coverage for such Owner's personal liability within such Owner's Unit and on such Owner's Lot and (3) fire and casualty insurance coverage for "improvements and betterments" to such Owner's Unit or Lot which may not be covered by fire and casualty insurance obtained by or through the Association, provided, however, that (i) such policies contain waivers of subrogation, if available, and (ii) the liability of the carriers issuing insurance procured by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by the Owner.

Section 9.04. Right of Mortgagees to Pay and be Reimbursed for Insurance and Property Taxes on Association Property. In the event the Association fails to obtain or maintain fire, casualty and liability insurance for Association Property as required under this Article IX, such insurance may be obtained by one or more mortgagees of Lots, singly or jointly. Such mortgagee or mortgagees shall be owed immediate reimbursement from the Association for any amount expended for such insurance, real property taxes or any other charges with respect to Association Property which are in default and which may become or have become a charge against the Association Property.

ARTICLE X

GENERAL COVENANTS AND RESTRICTIONS

Section 10.01. Advertising and Signs. Except for signs erected by or with the permission of the Sponsor in connection with the initial development, lease or sale of Lots or Units, no additional sign or other advertising device of any nature shall be placed for display to the public view on any Lot or other portion of Property (including temporary signs advertising property for sale or rent) except with the consent of the Board of Directors.

Section 10.02. No Above Surface Utilities Without Approval. 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 Association's Board of Directors.

Section 10.03. No 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 Lot Owners thereof. The emission of smoke, soot, fly ash, dust, fumes, herbicides, insecticides, and other types of air pollution or radioactive emissions or electromagnetic 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 10.04. 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 of the Association.

Section 10.05. No Television and Communication Antennas. No outside television, radio, "C.B." or other communication antenna, except for satellite dishes measuring one meter in diameter or less, shall be erected on any Lot or other portion of the Property except with the consent of the Association's Board of Directors.

Section 10.06. Residential Use Only. Except as provided in Section 10.07 below, the Property shall be used only for residential purposes and purposes incidental and accessory thereto except that, prior to transfer of title by the Sponsor to all of the Property, the Sponsor may use one or more Lots or other portions of the Property for model homes and/or a real estate sales office.

Section 10.07. No Commercial and Professional Activity on Property. No wholesale or retail business, including any salon, studio, laboratory, home industry shall be conducted on the Property without the consent of the Board of Directors, except (i) by the Sponsor in conjunction with the initial construction, development, lease and sale of Lots and Units 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 10.08. No Outdoor Repair Work. With respect to a Lot or other portion of the Property to which title has been transferred by the Sponsor, no extensive work on any motor vehicles, boats or machines of any kind shall be permitted outdoors on such Lot or portion thereof, except with the consent of the Association's Board of Directors.

Section 10.09. No Oversized, Commercial, Recreational, or Unlicensed Vehicles, Camper Bodies, Boats or Trailers. Unless used in connection with the construction or sale of Lots and Buildings by the Sponsor, or maintenance of the Property, or unless garaged or otherwise consented to by the Board of Directors of the Association, the following shall not be permitted on the Property:

a. oversized vehicles (vehicles which will not fit into a garage);
b. commercial vehicles (as determined by the Board in its sole discretion);
c. recreational vehicles;
d. unlicensed motor vehicles of any type;
e. camper bodies;
f. boats or trailers.

The Board of Directors may allow vehicles to be brought onto the Property, for the purpose of being cleaned, for up to 48 hours with their written permission.

Section 10.10. No Clotheslines. No outdoor drying or airing of any clothing or bedding shall be permitted within the Property unless authorized by the Association's Board of Directors.

Section 10.11. Lease of Entire Unit Only. An Owner shall not lease any portion of a Unit (other than the entire Unit).

Section 10.12. Initial Lease Term of Unit. No lease of a Unit shall be for an initial term of less than six (6) months.

Section 10.13. No Operation of Snowmobiles, Motorcycles, All Terrain Vehicles or Similar Motor Vehicles. The operation of snowmobiles, unlicensed motorcycles, all terrain vehicles or similar vehicles is prohibited within the Property unless authorized by the Association's Board of Directors.

ARTICLE XI

ENFORCEMENT, AMENDMENT AND DURATION OF DECLARATION

Section 11.01. Declaration Runs With the Land. Each person or entity acquiring an interest in a Lot or other portion of the Property or otherwise occupying any portion of the Property (whether or not the deed, lease or any other instrument incorporates or refers to the Declaration) covenants and agrees for him, her, or itself, and for his, her or its heirs, successors and assigns, to observe, perform and be bound by the provisions of the Declaration including personal responsibility for the payment of all charges that may become liens against his, her or its property and which become due while he, she or it is the Owner thereof, and also covenants to incorporate this Declaration by reference in any deed, lease or other instrument further transferring an interest in such Lot or other portion of the Property.

Section 11.02. Enforceability.

a. Actions at Law or Suits in Equity. The provisions of the Declaration shall bind the Property and shall be construed as running with the land and shall inure to the benefit of and be enforceable by the Sponsor and the Association (being hereby deemed the agent for all of the Owners), and by any member or Owner, their respective legal

representatives, heirs, successors and assigns, by actions at law or by suits in equity. As it may be impossible to measure monetarily the damages which may accrue to the beneficiaries hereof by reason of a violation of the Declaration, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

b. Penalties and Fines. In addition or as an alternative to an action at law or suit in equity, the Board of Directors of the Association may, with respect to any violation of this Declaration or of the By Laws or of the rules and regulations of the Association or any committee of the Association, and after affording the alleged violator a reasonable opportunity to appear and be heard, establish monetary and non-monetary penalties, the amount and/or severity of which shall be reasonably related to the violation and to the aim of deterring similar future violations by the same or any other person. Monetary penalties imposed against a Lot Owner or Unit occupant shall be deemed a Special Assessment against the Lot of such Owner or on which the Unit occupied by such occupant is located and, as such, shall be a charge and continuing lien upon such Lot, shall constitute a personal obligation of the Lot Owner, and shall be collectible in the same manner as Assessments under Article V of this Declaration.

Section 11.03. No Waiver by Failure to Enforce. The failure of any beneficiary hereof to enforce any provision of the Declaration shall in no event be construed as a waiver of the right by that beneficiary or any other to do so thereafter, as to the same or a similar violation occurring prior or subsequent thereto. No liability shall attach to the Sponsor, the Association (or any officer, director, employee, member, agent, committee or committee member) or to any other person or organization for failure to enforce the provisions of the Declaration.

Section 11.04. Obligation and Lien for Cost of Enforcement by Association. If the Association or any other party successfully brings an action to extinguish a violation or otherwise enforce the provisions of the Declaration, or the rules and regulations promulgated hereto, the costs of such action, including legal fees, shall become a binding, personal obligation of the violator. If such violator is (1) the Lot Owner, or (2) any family member, tenant, guest or invitee of the Lot Owner, or (3) a family member or guest or invitee of the tenant of the Lot Owner, or (4) a guest or invitee of (i) any member of such Lot Owner's family or (ii) any family member of the tenant of such Owner, such costs shall also be a lien upon the Lot owned by such Owner.

Section 11.05. Inspection and Entry Rights. Any agent of the Association may at any reasonable time or times, upon not less than 24 hours' notice to the Lot Owner, enter upon the Lot of such Owner to inspect the improvements thereon for the purpose of ascertaining whether the maintenance, construction or alteration of structures or other improvements thereon comply with the Declaration, or with rules and regulations issued pursuant hereto. Neither the Association nor any such agent shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

In addition to the above, if the Board of Directors determines that it is necessary to trim, cut or prune any tree, hedge or other planting because its location, the height to which, or the manner in which it has been permitted to grow, is unsightly, detrimental or potentially detrimental to persons or property or obscures the view of street traffic or is otherwise in

violation of this Declaration, the Association shall notify the Owner of the Lot or other portion of the Property who shall be obliged to remedy the violation. If the Owner fails to remedy the violation within 30 days after such notice is given, then the Association may take such remedial action at the expense of the Owner.

Section 11.06. Notification to Association of Mortgagees and Default Notices to be Sent to Mortgagees. The Association shall be notified by each Lot Owner or such Lot Owner's mortgagee of the name and address of the mortgagee of any mortgage on such Owner's Lot. Upon receipt of such notice, the Association shall thereafter provide such mortgagee with a duplicate copy of any notice of default sent to such Owner with regard to the violation, by such Owner, of any provision of this Declaration.

Section 11.07. Amending Declaration. The Sponsor, during the time it shall own any portion of the Property, or the Association may make amendments to this Declaration to correct omissions or errors, which amendments shall not substantially or adversely modify rights of any Owner without such Owner's written consent.

Except as otherwise specifically provided for in this Declaration, including Sections 2.02, 3.10, 4.05, 5.06, and the above portion of this Section 11.07, the Board of Directors on its own initiative, or pursuant to a written petition signed by Owners of not less than 25 percent of the Lots owned by persons independent of the Sponsor, may propose an amendment to the Declaration.

The Board of Directors shall hold a Hearing in accordance with Section 4.07 herein for the purpose of considering such proposed amendment. Notice shall be given as required by Section 4.07.

The date or initial date for the canvass of the vote on the proposed amendment shall be not less than 30 nor more than 45 days after the Hearing. Notice of such vote, containing the date, time and place of the canvass thereof and a copy of the proposed amendment, with such changes as the Board of Directors shall have made as a result of the written and oral comments received at the Hearing, and a form of ballot shall be mailed or delivered by the Board of Directors to all Owners not less than 14 days prior to the date or initial date set for the canvass thereof.

The affirmative vote of Owners of 67% or more of the total number of Lots shall be required for approval of a proposed amendment, except that (i) an amendment to shorten the duration of this Declaration or to terminate this Declaration shall require the affirmative vote of Owners of not less than 80% of the total number of Lots after a hearing as provided in Section 11.10 below, and (ii) so long as the Sponsor holds title to any portion of the Property, the written consent of the Sponsor will be required for any amendment which adversely affects a substantial interest or right of the Sponsor, which consent must not be unreasonably withheld; and (iii) no amendment which substantially affects the interest of any lending institution shall be effective if lending institutions which together are first mortgagees on 51% or more of the Lots advise the Association in writing, prior to the date or initial date set for voting on the proposed amendment, that they are opposed to such amendment, which opposition must not be unreasonable. Written notice of any proposed amendment which substantially affects the interest

of any lending institution first mortgagee shall be sent to all such lending institution first mortgagees whose names appear on the records of the Association at least 30 days prior to the date or initial date set for voting on the proposed amendment.

No amendment shall terminate, extinguish or adversely modify any easement granted in this Declaration which benefits Lots or Units except with respect to those Lots or Units whose Owners specifically consent in writing to such termination, extinguishment or modification, except as provided in Section 11.10 of this Declaration.

Section 11.08. Owner Responsible for Tenants and Guests. Any lease of a Unit shall provide and specify in writing within the lease specific reference to the "Declaration" and that the tenant shall comply in all respects with the terms of the Declaration, By Laws, and rules and regulations, if any, of the Association. If a tenant or any guest of a Lot Owner or Tenant is in violation of such Declaration, By Laws or rules and regulations, the Board of Directors shall so notify the Owner of the Unit which such tenant occupies in writing by certified mail, return receipt requested. If the violation is not cured or eviction proceedings are not commenced against the tenant within 14 days after the Owner has received notice of such violation, and diligently pursued thereafter, the Board of Directors may pursue any remedies which it may have pursuant to Section 11.02 of this Declaration.

Section 11.09. When Amendment or Termination Becomes Effective. Any amendment or termination of this Declaration shall not become effective until the instrument evidencing such change has been duly recorded in the office of the Clerk of the County of Erie. Such instrument need not contain the written consent of the required number of Owners but shall contain a certification by the Board of Directors of the Association that the consents required for such amendment have been received and filed with the Board.

Section 11.10. Duration. This Declaration shall continue with full force and effect perpetually unless terminated or its duration shortened by affirmative vote of not less than 80% of the total number of Lot Owners after a Hearing is held in accordance with Section 4.07 of this Declaration.

The date or initial date for the canvass of the vote on any proposed termination shall be not less than 30 nor more than 45 days after the Hearing. Notice of such vote, containing the date, duration, time and place of the canvass thereof, and a form of ballot, shall be mailed or delivered to all Lot Owners not less than 14 days prior to the date of or initial date set for the canvass thereof.

Section 11.11. Construction and Interpretation. The Association shall have the right to construe and interpret the provisions of this Declaration and, in the absence of 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 benefitted or bound by the provisions hereof.

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 this Declaration. 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 for the purpose of preserving and maintaining the Property as a high quality community.

In granting any permit, authorization, or approval, as herein provided, the Association may impose any conditions or limitations thereon as it shall deem advisable under the circumstances in each case in light of the considerations set forth in the immediately preceding paragraph hereof.

Section 11.12. Conflict with Municipal Laws. The protective covenants, conditions and restrictions set forth herein shall not be taken as permitting any action or thing prohibited by the applicable zoning laws, or the laws, ordinances, rules or regulations of any governmental authority, or by specific restrictions imposed by any deed or lease.

Section 11.13. Change of Conditions. No change of conditions or circumstances shall operate to amend any of the provisions of this Declaration, and the same may be amended only in the manner provided herein.

Section 11.14. Effect of Unenforceability or Invalidity of Provision of Declaration. The determination by any court that any provision hereof is unenforceable, invalid or void shall not affect the enforceability or validity of any other provision hereof.

ARTICLE XII

GENERAL

Section 12.01. Headings and Captions. The headings and captions contained in this Declaration are for convenience only and shall not affect the meaning or interpretation of the content thereof.

Section 12.02. Right Reserved to Sponsor to Impose Additional Protective Covenants. The Sponsor reserves the right to record additional protective covenants and restrictions prior to the conveyance of any lands encumbered by this Declaration.

Section 12.03. Notice. Any notice required to be sent to the Sponsor or to any Owner or mortgagee under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person or entity appearing as the Sponsor, Owner or mortgagee on the records of the Association at the time of such mailing.

Section 12.04. Right of Association to Transfer Interest. Notwithstanding any other provision herein to the contrary, the Association and its successors, shall at all times have the absolute right to fully transfer, convey and assign its right, title and interest under this

Declaration to any successor not for profit corporation or trust and, upon such assignment, the successor corporation or trust shall have all the rights and be subject to all the duties of said Association as set forth in this Declaration and shall be deemed to have agreed to be bound by all provisions hereof, to the same extent as if the successor corporation or trust had been an original party, and all references herein to the Board of Directors shall refer to the board of directors (or trustees) of such successor corporation or trust. Any such assignment shall be accepted by the successor corporation or trust under a written agreement pursuant to which the successor corporation or trust expressly assumes all the duties and obligations of the Association. If, for any reason, the Association shall cease to exist without having first assigned its rights hereunder to a successor corporation or trust, the covenants, easements, charges and liens imposed hereunder shall nevertheless continue and any Lot Owner may petition the court of competent jurisdiction to appoint a trustee for the purpose of organizing a not for profit corporation or trust to take over the duties and responsibility of the entity to exist, subject to the conditions provided for herein with respect to an assignment and delegation to a successor corporation or trust.

Section 12.05. Right of Association to Transfer Functions. Unless otherwise specifically prohibited herein or within the Certificate of Incorporation or By Laws of the Association, any and all functions of the Association shall be fully transferable in whole or in part to any other homeowners' or residents' association or similar entity.

NORTH COAST VENTURES, LLC

By_____

VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

By_____

Doc #01-2727624.2

STATE OF NEW YORK)
) SS.:
COUNTY OF MONROE)

On this ___ day of _____, 20__, before me personally came Joseph Sortino, to me personally known, who, being by me duly sworn, did depose and say that he is a member of NORTH COAST VENTURES, LLC the limited liability company named in the foregoing instrument; that he had the authority to sign the same on behalf of said limited liability company; and he acknowledged to me that he executed the same as the act and deed of said limited liability company.

_____
Notary Public

STATE OF NEW YORK)
) SS.:
COUNTY OF MONROE)

On this ___ day of _____, 20__, before me personally came Joseph Sortino, to me personally known, who, being by me duly sworn, did depose and say that he resides at 6 Rainbrooke Drive, Pittsford, New York 1464 that he is the President of VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC., the corporation described in, and which executed the above instrument; that said corporation has no seal, never having adopted any seal, and that the foregoing instrument was executed without corporate seal by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

_____
Notary Public

Schedule A

Property Description
Villas of Churchville
Phase 1

ALL THAT TRACT OR PARCEL OF LAND situate in Town lot 37, Township 2, Range 2 of the Phelps & Gorham Purchase, the Village of Churchville, County of Monroe, and State of New York more particularly described as follows:

COMMENCING at a point on the easterly highway boundary of Washington Street, and the northeast property corner of lot n/f Churchville Enterprises, LLC, Tax Map # 143.11-1-1 and southeast property corner of lot n/f Northcoast Ventures. LLC, Tax Map # 143.01-1-25, all as shown on Drawing Page 5 of 15 Titled "Phase 1 – Plat Plan", Villas of Churchville, being the point of BEGINNING; thence,

1. North 89° 15' 42" West a distance of 131.57 feet to a point; thence,
2. South 65° 57' 34" West a distance of 190.05 feet to a point; thence,
3. North 04° 38' 15" West a distance of 36.27 feet to a point; thence,
4. North 89° 44' 20" West a distance of 294.55 feet to a point; thence,
5. North 00° 15' 40" East a distance of 165.00 feet to a point; thence,
6. South 89° 44' 20" East a distance of 23.38 feet to a point; thence,
7. North 00° 15' 40" East a distance of 139.62 feet to a point; thence,
8. North 72° 21' 34" East a distance of 58.33 feet to a point; thence,
9. North 60° 59' 35" East a distance of 115.03 feet to a point; thence,
10. North 50° 04' 21" East a distance of 105.88 feet to a point; thence,
11. South 74° 02' 01" East a distance of 42.28 feet to a point; thence,
12. South 01° 00' 33" West a distance of 89.85 feet to a point; thence,
13. South 89° 15' 42" East a distance of 110.64 feet to a point; thence,
14. North 00° 44' 18 East a distance of 67.26 feet to a point; thence,
15. South 89° 15' 42" East a distance of 60.00 feet to a point; thence,
16. South along a curve to the left having an arc distance of 47.12 feet and Radius 30.00 feet to a point; thence,
17. South 89° 15' 42" East a distance of 105.00 feet to a point; thence,
18. South 00° 44' 18" West a distance of 339.55 feet to the place and point of beginning.

All as shown on plan prepared by D.S.B. Engineers & Architects, P.C., entitled "Phase 1 -Plat Plan", Project Villas of Churchville, Project No. 12-02534.

SCHEDULE B

Overall Property Description
Villas of Churchville
Less Lot 521

ALL THAT TRACT OR PARCEL OF LAND situate in Town lot 37, Township 2, Range 2 of the Phelps & Gorham Purchase, the Village of Churchville, County of Monroe, and State of New York more particularly described as follows:

COMMENCING at a point on the easterly highway boundary of Washington Street, and the northeast property corner of lands of n/f Churchville Enterprises, LLC, Tax Map # 143.11-1-1 and southeast property corner of lands of n/f Northcoast Ventures. LLC, Tax Map # 143.01-1-25, all as shown on Drawing Page 2 of 14 Titled "Overall Site Plan", Project Villas of Churchville, being the point of BEGINNING; thence,

1. North 89° 15' 42" West a distance of 131.57 feet to a point; thence,
2. South 65° 57' 34" West a distance of 190.05 feet to a point; thence,
3. North 04° 38' 15" West a distance of 36.27 feet to a point; thence,
4. North 89° 44' 20" West a distance of 1102.62 feet to a point; thence,
5. North 00° 44' 46" East a distance of 18.31 feet to a point; thence,
6. North 02° 41' 06" East a distance of 656.71 feet to a point; thence,
7. South 87° 26' 04" East a distance of 70.00 feet to a point; thence,
8. North 02° 41' 06" East a distance of 150.00 feet to a point; thence,
9. South 87° 26' 04" East a distance of 441.20 feet to a point; thence,
10. South 02° 40' 18" West a distance of 177.18 feet to a point; thence,
11. South 88° 22' 44" East a distance of 341.76 feet to a point; thence,
12. North 01° 45' 40" East a distance of 163.39 feet to a point; thence,
13. South 85° 23' 25" East a distance of 405.81 feet to a point; thence,
14. South 43° 23' 05" East a distance of 98.31 feet to a point; thence,
15. South 00° 44' 18" West a distance of 637.67 feet to the place and point of beginning.

Being 23.159 Acres of Land

All as shown on plan prepared by D.S.B. Engineers & Architects, P.C., entitled "Overall Site Plan", Project Villas of Churchville, Project No. 12-02534.

EXHIBIT G

CERTIFICATE OF INCORPORATION OF

Villas at Churchville Homeowners Association, Inc.
(Insert Corporation Name)

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

FILED BY: Name: Norma A. Polizzi, Esq.
Mailing Address: 2117 Buffalo Road, Suite 112
City: Rochester State: NY Zip Code: 14624

NOTE: This sample form is provided by the New York State Department of State Division of Corporations for filing a certificate of incorporation. This form is designed to satisfy the minimum filing requirements pursuant to the Not-for-Profit Corporation Law. The Division will accept any other form which complies with the applicable statutory provisions. The Division recommends that this legal document be prepared under the guidance of an attorney. The Division does not provide legal, accounting or tax advice. This certificate must be submitted with a $75 filing fee made payable to the "Department of State."

For DOS use only

New York State Department of State
Division of Corporations, State Records and Uniform Commercial Code
One Commerce Plaza, 99 Washington Ave. Albany, NY 12231
www.dos.ny.gov

CERTIFICATE OF INCORPORATION OF

Villas at Churchville Homeowners Association, Inc.
(Insert Corporation Name)

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

FIRST: The name of the corporation is:

Villas at Churchville Homeowners Association, Inc.

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

THIRD-Part A: The purpose or purposes for which the corporation is formed are as follows:

The purpose of the corporation is to serve as the homeowners' association for the owners of townhomes in the Villas at Churchville development located in the Town of Riga, Village of Churchville. The Association will main common areas in the development for the benefit of its members. The Association will also administer and enforce the covenants and restrictions governing the development.

THIRD-Part B: If the corporation is a Type C corporation, the lawful public or quasi-public objective which each business purpose will achieve is:

FOURTH: The corporation shall be a Type A ☒ Type B ☐ Type C ☐ Type D ☐ corporation pursuant to Section 201 of the Not-for-Profit Corporation Law.

FIFTH: The office of the corporation is to be located in the County of Monroe, State of New York.

SIXTH: The names and addresses of the three initial directors of the corporation are:
(A minimum of three are required)

Name: Joseph Sortino
Address: 6 Rain brooke Drive, Pittsford, New York 1 4534

Name: Kevin Goodwine
Address: 1582 Lake Road, Webster, New York 14580

Name: Laureen Sortino
Address: 6 Rainbrooke Drive, Pittsford, New York 14534

SEVENTH: The Secretary of State is designated as agent of the corporation upon whom process against it may be served. The address to which the Secretary of State shall mail a copy of any process accepted on behalf of the corporation is:

6 Rainbrooke Drive, Pittsford, New York 14534

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EXHIBIT H

BY-LAWS

OF

VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

NAME: VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

SPONSOR: NORTH COAST VENTURES, LLC

DATED: _____

Ronald S. Shubert, Esq.
PHILLIPS LYTLE LLP
One Canalside
125 Main Street
Buffalo, New York 14203

BY-LAWS OF
VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS
OF
VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1.01. Name and Location. The name of the corporation is Villas at Churchville Homeowners Association, Inc. hereinafter referred to as the "Association". The principal office of the corporation shall be located in the Village of Churchville, County of Monroe and State of New York.

ARTICLE II

DEFINITIONS

As used in these By Laws, the following terms shall be defined as:

Section 2.01. Declaration. The document entitled "Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens - Villas at Churchville imposed by the Sponsor on the "Property," as defined below, as it may from time to time be supplemented or amended in the manner provided for in said Declaration.

Section 2.02. Lot. Any portion of the Property under the scope of the Declaration (with the exception of Association Property as defined in the Declaration) and (i) identified as a separate parcel on the tax records of the Village of Churchville or (ii) shown as a separate lot on any recorded or filed subdivision map.

Section 2.03. Member. The Owner of a Lot or Unit subject to the Declaration whether the holder of record title of the fee interest in the Lot or Unit or the record holder of any leasehold estate, whether or not such holder actually resides on the part of the Property.

Section 2.04. Lot Owner. The holder of record title, whether one or more persons or entities, of the fee interest in any Lot or Unit, whether or not such holder actually resides in such Unit or on such Lot.

Section 2.05. Property. All lands which are subject to the Declaration.

Section 2.06. Sponsor. North Coast Ventures, LLC, its successors and assigns.

Section 2.07. Unit. Any residential or dwelling Unit on the Property or any dwelling unit (as evidenced by issuance of a Certificate of Occupancy issued by the Village of Churchville) which has been occupied as a residence.

ARTICLE III

MEMBERS

Section 3.01. Membership in the Association. The members of the Association shall be only Lot Owners and the Sponsor for as long as the Sponsor holds title to a Lot.

Section 3.02. Right of Sponsor to Assign. The Sponsor may, subject to (i) a duly filed amendment to the offering plan which has been filed with the New York State Department of Law for the offering of interests in the Association together with the Lots and (ii) the written consent of the percentage of Lot Owners as set forth in the Declaration, assign its 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 like assignments. Memberships in the Association shall not otherwise be transferable or assignable.

Section 3.03. Voting Rights. Each Lot Owner shall have one (1) vote, except to the extent such right to vote conflicts with the provisions of Sections 4.01 or 5.01 of these By-Laws. Any Lot Owner who is in violation of the Declaration, as determined by the Board of Directors of the Association, shall not be entitled to vote during any period in which such violation continues, provided that in no event may a Lot Owner's voting rights be suspended for nonpayment of Assessments to the Association.

Section 3.04. Voting Regulations. The Board of Directors of the Association may make such regulations, consistent with the terms of the Declaration, the Certificate of Incorporation, these By Laws, and the Not for Profit Corporation Law of the State of New York, as it deems advisable for any meeting of the Lot Owners, in regard to proof of membership in the Association, evidence of right to vote, the appointment and duties of inspectors of votes, registration of Lot Owners for voting purposes, the establishment of representative voting procedures and such other matters concerning the conduct of meetings and voting as it shall deem appropriate.

Section 3.05. Corporate Members. Any votes of a corporate Lot Owner may be cast by an appropriate officer of such corporation.

Section 3.06. Joint or Common Ownership. If a Lot is owned by more than one person, as joint tenants, tenants by the entirety or as tenants in common, the persons owning such Lot shall reach agreement as to the matter voted upon and cast their vote for their Lot.

Section 3.07. Absentee Ballots and Proxy Voting. On any matter submitted to the Lot Owners for vote, other than the election of Directors of the Association, any Lot Owner entitled to vote may cast a vote without attending the meeting in question by filing a written statement with the Board of Directors prior to the meeting in question, specifying the issue on which the Lot Owner intends to vote and that the Lot Owner votes for or against the same. Lot Owners unable to attend a meeting at which Directors of the Association are to be elected shall be entitled to file an absentee ballot if so provided by the Board of Directors or may vote by a proxy which shall be in writing and shall be filed with the Secretary of the Association.

ARTICLE IV

MEETINGS OF MEMBERS

Section 4.01. First Meeting and Annual Meeting. The first meeting of the Association shall be held not later than six (6) months from the date of the transfer of the first Lot. The first annual meeting of the Association shall be held within 30 days after (i) the Sponsor has transferred title to 13 Lots or (ii) within 12 months after the first meeting of the Association, whichever first occurs. Thereafter, there shall be an annual meeting of the Lot Owners on the first Saturday of the month in which the first annual meeting was held or on such other date and time and at such place convenient to a majority of the Lot Owners as shall be designated by the Board of Directors, which meeting shall be for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. Failure to hold an annual meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate acts. The first meeting of the Association or the first annual meeting of the Association may be called by the Board of Directors and held at any time earlier than the times provided for herein.

Section 4.02. Special Meetings. Special Meetings of the Lot Owners may be called at any time by the President or by the Board of Directors, or at the request in writing of Lot Owners of the Association holding not less than one-third (1/3) of the votes entitled to be cast at the meeting.

Section 4.03. Notice of Meetings. Not less than seven (7) days or more than 60 days before the date of any Annual or Special Meeting of Lot Owners, the Association shall give to each Lot Owner entitled to vote at such meeting, written or printed notice stating the time and place of the meeting, and, in the case of a Special Meeting, indicating that it is being issued by or at the direction of the person or persons calling the meeting and the purpose or purposes for which the meeting is called. Such notice shall be delivered either by mail or by presenting it to the Lot Owner personally, or by leaving it at such Lot Owner's residence as shown on the records of the Association. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage paid, addressed to the Lot Owner at his or her post office address as it appears on the records of the Association. Notwithstanding the foregoing provision, a waiver of notice in writing, signed by the person or persons entitled to such notice, whether before or after such meeting is held, or actual attendance at the meeting in person, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of Lot Owners, Annual or Special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 4.04. Quorum. Except as may otherwise be provided in these By Laws, the presence in person or by proxy of Lot Owners having one-half (½) of total authorized votes of all Lot Owners shall constitute a quorum at any meeting of Lot Owners. If any meeting of Lot Owners cannot be held because a quorum is not present, a majority of the Lot Owners who are present at such meeting, either in person or by proxy, may, without notice other than announcement to those physically present, adjourn the meeting to a time not less than 48 hours from the time the original meeting was called, and from time to time thereafter, until a quorum

shall be present in person or by proxy. The quorum required in each reconvened meeting shall be one half of the quorum required for the previous meeting. The act of two-thirds (2/3) of the Lot Owners present at a meeting at which a quorum was present shall be the act of the Lot Owners unless the act of a greater or lesser number is required by law, or by the Certificate of Incorporation of the Association, the Declaration or these By Laws.

Section 4.05. Waiver and Consent. Wherever the vote of the membership is required by law, or by the Certificate of Incorporation of the Association, the Declaration or these By Laws, to be taken in connection with any action of the Association, the meeting and vote of the membership may be dispensed with if all Lot Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 4.06. Actions Without a Meeting. All actions, except removal of a Director, which may be taken at a meeting of the Association, may be taken without a meeting with the approval of, and in a writing or writings signed by Lot Owners having the percentage of voting power required to take such action if it had been taken at a meeting. Such writings shall set forth the action so taken and shall be filed with the Secretary of the Association. A copy of such action when so approved shall be mailed promptly to all Lot Owners.

Section 4.07. Appointment of Inspectors of Election. The Board of Directors may, in advance of any meeting of the Lot Owners, appoint one or more inspectors to act at the meeting or at any adjourned meeting thereof. If inspectors are not so appointed in advance of the meeting, the person presiding at such meeting may, and on the request of any Lot Owner entitled to vote thereat shall, appoint one or more inspectors. In case any inspector appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath to faithfully execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. No person who is a candidate for the office of Director of the Association shall act as an inspector at any meeting of the Lot Owners at which Directors are elected. An inspector of elections need not be a member of the Association.

Section 4.08. Duties of Inspectors of Election. Whenever one or more inspectors of election may be appointed as provided in these By Laws, such inspector or inspectors shall determine the number of Lot Owners entitled to vote, the Lot Owners represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots, or consents, determine the result, and to do such acts as are proper to conduct the election or vote with fairness to all Lot Owners.

Section 4.09. Order of Business at Meeting. The order of business at all regular meetings of members of the Association shall be as follows:

(1) Calling of meeting to order;
(2) Proof of notice of meeting or waiver of notice;
(3) Approval of minutes of preceding meeting;

(4) Reports of officers;
(5) Reports of committees;
(6) Appointment of inspectors of election;
(7) Election of Directors, if any;
(8) Unfinished and/or old business;
(9) New business;
(10) Adjournment.

ARTICLE V

BOARD OF DIRECTORS

Section 5.01. Number and Qualification of Directors. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors shall initially consist of three (3) persons designated by the Sponsor. The Board of Directors shall meet within 90 days after the conveyance of title to the first Lot by the Sponsor to a purchaser. Subject to the rights of the Sponsor to appoint or elect a portion or all of the Directors as provided in Section 5.03 below, a full Board shall be elected by the Lot Owners at the first annual meeting of the Association held pursuant to Section 4.01 of these By Laws. Commencing with the election at the annual meeting next following the transfer of title to 60 Lots, the Board of Directors shall be increased to five (5) persons. (If there has not been a transfer of title to 60 Lots at the time of an annual meeting, the Board of Directors shall continue to consist of three (3) persons.) All elected Directors shall be (i) Lot Owners, (ii) spouses of Lot Owners, (iii) members or employees of a partnership Lot Owner, (iv) officers, directors, shareholders, employees or agents of a corporate Lot Owner or (v) designees of the Sponsor.

Section 5.02. Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall consist of a chairman, who may or may not be a Director, and two (2) or more other Lot Owners of the Association. Nominations may also be made from the floor at the annual meeting of the Association. The members of the Nominating Committee shall be appointed by the Board of Directors at least 30 days prior to each Annual Meeting of the Lot Owners and shall serve only to make the nominations for Directors to be elected at that meeting.

The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its sole discretion, determine, but not less than the number of vacancies that are to be filled.

Section 5.03. Election and Term. Except for members of the Board of Directors initially appointed by the Sponsor, who shall serve until the first annual meeting of the Association as provided in Section 4.01 of these By Laws or until replaced by the Sponsor, whichever first occurs, the term of office of members of the Board of Directors shall be fixed at two (2) years, except that the term of office of the minority of persons elected as members of the Board of Directors receiving the lowest number of votes at the first annual meeting of the Association or at any subsequent annual meeting at which the number of Board members is increased shall be fixed at one (1) year. Successors shall be elected to serve for terms of two (2) years. Members of the Board of Directors shall hold office until their successors have been

elected. Tie votes shall be decided by a runoff election unless all parties tying agree to a drawing of lots. Voting shall be by secret written ballot which shall:

a. set forth the number of vacancies to be filled;

b. set forth the names of those nominated by the Nominating Committee to fill such vacancies; and

c. contain space for a write in for each vacancy.

The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Notwithstanding any contrary provision of these By Laws, the Declaration and/or the Offering Plan:

(1) the Sponsor may cast its votes to appoint or designate a majority or all of the Board of Directors at any election if the Sponsor owns any lots subject to the Declaration;

(2) when the Sponsor appoints all or a majority of the members of the Board of Directors, such controlling Directors shall not prevent expenditures required to comply with applicable laws or regulations or, without the consent of a majority of those Directors elected by Lot Owners independent of the Sponsor, (i) reduce the level of services described in the Offering Plan filed by the Sponsor with the New York State Department of Law for the offering of interests in the Association, (ii) prevent capital repairs to Association Property, or (iii) prevent expenditures required to comply with applicable laws or regulations.

Section 5.04. Vacancies. Except for (i) Directors appointed or elected by the Sponsor who shall be replaced by the Sponsor and (ii) Directors elected by the Lot Owners other than the Sponsor, who shall be replaced by the majority vote of the remaining Directors similarly elected, or, if none, by a special election by Lot Owners other than the Sponsor, any vacancy occurring in the Board of Directors may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining Directors or by a sole remaining Director and, if not previously filled, shall be filled at the next succeeding meeting of the Lot Owners of the Association. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose vacancy such person was elected to fill. Any vacancy occurring by reason of an increase in the number of Directors may be filled by action of a majority of the entire Board of Directors and any Director so elected shall hold office until the next meeting of Lot Owners or until a successor is elected and qualifies.

Section 5.05. Removal of Members of Board of Directors. Subject to the limitations as provided in this Section 5.05, at any regular or special meeting of Lot Owners, any one or more of the members of the Board of Directors elected by the Lot Owners may be

removed with cause by the affirmative vote of not less than a majority of the Lot Owners other than the Sponsor or without cause by the affirmative vote not less than two-thirds (2/3) of the Lot Owners other than the Sponsor and a successor may then and there or thereafter be elected by the Lot Owners other than the Sponsor to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the Lot Owners shall be given an opportunity to be heard at the meeting. Members of the Board of Directors elected or appointed by the Sponsor may be removed without cause only by the Sponsor, and thereafter replaced by the Sponsor. Members of the Board of Directors elected or appointed by the Sponsor may be removed with cause by the Lot Owners, but their successor shall be appointed by the Sponsor. In addition, the other Directors may, by the affirmative vote of not less than two-thirds (2/3) of the other Directors, declare the position of the Director vacant in the event the person filling such position (i) shall be absent from three (3) consecutive meetings or (ii) shall be absent from 50% or more of the regularly scheduled meetings of the Board of Directors in any calendar year, (iii) is physically incapacitated or has been judicially determined to be of unsound mind.

Section 5.06. Compensation. Directors shall not receive any compensation or salary for their services. Any Director may be reimbursed for actual expenses incurred in the performance of duties as Director. A Director who serves the Association in any other capacity, however, may receive compensation therefor.

Section 5.07. Organizational Meeting. Immediately after each annual meeting of Lot Owners, the newly elected Directors and those Directors whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meeting of Directors need not be given.

Section 5.08. Regular Meetings. Regular meetings of the Board of Directors shall be held not less than three (3) times a year without formal notice at such places and at such times convenient to the Directors as may be designated from time to time by resolution of the Board of Directors.

Section 5.09. Special Meetings. Special Meetings of the Board of Directors may be called at any time at the request of the President or any two (2) Directors after not less than two (2) days' notice to each Director. The person or persons authorized to call such Special Meeting of the Board may fix any place convenient to the Directors as a place for holding such Special Meeting. Any Director may, in a writing, signed by such Director, before or after the time of the Special Meeting stated therein, waive notice of any Special Meeting. The attendance of a Director at any Special Meeting shall constitute a waiver of notice of such Special Meeting. Neither the business to be transacted at, nor the purpose of, any Special Meeting, need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, by the Certificate of Incorporation of the Association or by these By Laws.

Section 5.10. Quorum and Voting. Unless otherwise provided in the Declaration, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. Except in cases in which it is provided otherwise by statute, by the Certificate of Incorporation, or by these By Laws, a vote of a majority of such quorum at a duly constituted meeting shall be sufficient to elect and pass any measure. In the absence of a quorum, the Directors present may adjourn the meeting from time

to time by majority vote of those Directors present, and without further notice, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted at the meeting which might have been transacted as originally called.

Section 5.11. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or of any committee thereof may be taken without a meeting, provided a written consent to such action is signed by all members of the Board of Directors or of such committee, as the case may be, and provided further that such written consent is filed with the minutes of proceedings of the Board or committee.

Section 5.12. Regulations. The Board of Directors may establish such regulations consistent with these By Laws and the Declaration as they deem appropriate for the government of its actions.

Section 5.13. Powers and Duties. The powers, duties and authority of the Board of Directors shall specifically include, but shall not be limited to the following:

(a) Maintain, repair and replace, as necessary, all properties and facilities owned by the Association or for which the Association has maintenance responsibilities under the Declaration;

(b) Determine and levy the maintenance assessments, special assessments and other charges as provided for in the Declaration;

(c) Collect, use and expend the assessments and charges collected for the maintenance, care and preservation and operation of the property of the Association, and the maintenance, care and preservation of the exteriors of the Units and other improvements to the Property;

(d) To the extent it deems the same necessary and reasonable, procure and maintain adequate liability insurance covering the Association, its directors, officers, agents and employees and procure and maintain adequate hazard insurance on such of the Association's real and personal properties and the Units as it deems appropriate;

(e) Subject to the provisions of the Declaration, repair, restore or alter the properties of the Association after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

(f) Adopt and publish rules and regulations governing the use of the Property, and the personal conduct of the Lot Owners and other guests thereon, and establish penalties for infractions thereof;

(g) Collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin, or seek damages from or impose penalties

on Lot Owners for violations of the provisions of the Declaration or of any rules or regulations of the Association;

(h) Pay all taxes owing by the Association, and file tax returns;

(i) Declare the office of a member of the Board of Directors to be vacant in the event such member (i) shall be absent from three (3) consecutive meetings of the Board of Directors, or (ii) shall be absent from 50% or more of the regularly scheduled meetings of the Board of Directors in any calendar year, or (iii) is physically incapacitated or has been judicially determined to be of unsound mind;

(j) Keep a complete record of the actions of the Board of Directors and the corporate affairs of the Association and present a statement thereof to the Lot Owners at the annual meeting of Lot Owners, or at any special meeting of Lot Owners when such a statement is requested in writing by not less than one fourth (¼) of the Lot Owners entitled to vote;

(k) Issue, or cause to be issued, upon demand by any person an "Assessment Certificate" as provided in the Declaration, setting forth the status of payment of assessments for any Lot;

(l) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Lot Owners by other provisions of these By Laws, the Certificate of Incorporation or the Declaration;

(m) Enter into contracts;

(n) Borrow money as permitted by the Declaration;

(o) Employ a managing agent and such other persons or firms to perform such duties and services as the Board of Directors may authorize.

Section 5.14. Managing Agent and Manager. The Board of Directors may employ for the Association a managing agent and/or a manager at a compensation established by the Board of Directors, to perform such services and duties as the Board of Directors shall authorize, including but not limited to those duties listed in subdivisions (c), (d), (e), (h), (j) and (k) of Section 5.13 of these By Laws.

ARTICLE VI

OFFICERS

Section 6.01. Officers. The officers of the Association shall be the President, one or more Vice Presidents, (the number thereof to be determined by the Board of Directors), the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint such other officers as it shall deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. The President, but no other officer, must be a member of the Board of Directors.

Section 6.02. Election and Appointment of Officers. The elective officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors. Appointive officers shall be appointed at such time and shall hold their office for such terms as the Board of Directors shall determine from time to time.

Section 6.03. Term and Vacancies. Each elective officer shall hold office until his or her successor shall have been duly elected, unless he or she shall sooner resign, or shall be removed or otherwise be disqualified to serve. The vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.04. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor to such office may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 6.05. President. The President shall be the chief executive officer, shall supervise the work of the other officers, shall preside at all meetings of Lot Owners, shall, if there is no Chairman of the Board of Directors, preside at all meetings of Directors, and shall perform such other duties and functions as may be assigned to him or her by the Board of Directors. He or she may sign, in the name of the Association, any and all contracts or other instruments authorized by the Board of Directors or these By Laws.

Section 6.06. Vice President. Any Vice President shall be capable of performing all of the duties of the President. He or she may sign, in the name of the Association any and all contracts or other instruments authorized by the Board of Directors, and shall perform such other duties and functions as may be assigned to him or her by the President or by the Board of Directors.

Section 6.07. Secretary. The Secretary shall cause notices of all meetings to be served as prescribed in these By Laws, shall record the votes and keep the minutes of all meetings, shall have charge of the seal, if any, and corporate records of the Association, shall keep records of the Lot Owners of the Association and the mortgagees of dwelling units on the Property, and shall perform such other duties as are assigned to him or her by the President or by

the Board of Directors. Any Assistant Secretary shall be capable of performing all of the duties of the Secretary.

Section 6.08. Treasurer. The Treasurer shall have the custody of all monies and securities of the Association and shall keep or cause to be kept regular books and records. He or she shall account to the President and to the Board of Directors, whenever they may require it, with respect to all of his or her transactions as Treasurer and of the financial condition of the Association, and shall perform all other duties that are assigned to him or her by the President or by the Board of Directors.

Section 6.09. Other Officers. Such other officers as the Board of Directors may appoint shall perform such duties and have such authority as the Board of Directors may determine.

Section 6.10. Delegation of Authority and Duties; Control of Officers. In the absence of any officer of the Association, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate the power or duties, or any of them, of such officers, to any other officer or to any Director or the managing agent. In addition, the Board of Directors is authorized generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

Section 6.11. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association and shall be a common expense.

ARTICLE VII

COMMITTEES

Section 7.01. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association provided, however, that no such committee shall have the authority of the Board of Directors to approve an amendment to the Certificate of Incorporation of the Association or to the By Laws or a plan of merger or consolidation.

All actions by any such committee shall be reported to the Board of Directors at its meeting next succeeding such actions. Such actions shall be subject to control, revision and alteration by the Board of Directors provided that no rights of any third parties shall be prejudiced by any such control, revision or alteration.

Section 7.02. Committees of Lot Owners. The Association shall have such committees as the Board of Directors shall deem desirable with such duties and functions as the Board shall determine to be appropriate for them from time to time. Each committee shall

consist of a chairman and two (2) or more Lot Owners and shall include a member of the Board of Directors.

Section 7.03. Rules and Records. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. Each committee shall keep regular minutes of its proceedings and shall report such proceeding to the Board of Directors as required by the Board.

ARTICLE VIII

FINANCE AND RECORDS

Section 8.01. Checks. All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Association shall, unless otherwise provided by resolution of the Board of Directors, be signed by the President, or Treasurer and countersigned by one Director of the Association, provided that the President or Treasurer and Director so signing are not the same person.

Section 8.02. Fiscal Year. The fiscal year of the Association shall be the 12 calendar months ending December 31 of each year, unless otherwise provided by the Board of Directors.

Section 8.03. Annual Reports. There shall be a full and correct statement of the financial affairs of the Association including a balance sheet and a financial statement of operation for the preceding fiscal year prepared by a public or certified public accountant and including a certificate signed by a public or certified public accountant to the effect that the financial statement presents fairly the financial position of the Association and the results of its operations in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period except as specified therein. The statement of the financial affairs of the Association shall be prepared in accordance with the then current guidelines for "common interest realty associations" promulgated by the American Institute of Certified Public Accountants or any successor organization. Such report shall be distributed to all Lot Owners and to all mortgagees of Lots who have requested the same, 90 days after the end of each fiscal year. Taking into consideration the cost of an audit vs. a review, the complexity and volume of the Association's financial affairs and such other factors the Board of Directors deems relevant, the Board of Directors of the Association shall determine each year whether such statement shall be in the form of an audit or review, except that (i) an audit, at the expense of the Association shall be required if authorized in writing by at least 67% of all Lot Owners independent of the Sponsor and (ii) any Lot Owner or mortgage holder shall be entitled to obtain an audited statement at such Lot Owner's or mortgagee's own expense.

Section 8.04. Record Keeping. The Board of Directors or the managing agent retained by the Board of Directors shall keep detailed records of the actions of the Board of Directors and the managing agent, minutes of the meetings of the Board of Directors, minutes of the meetings of Lot Owners, and financial records and books of account of the Association, including chronological listing of receipts and expenditures, as well as a separate account for

each Lot which, among other things, shall contain the amount of each maintenance assessment, special assessment and other charges, if any, against such Lot, the dates when installments of assessments are due, the amounts paid thereon, and the balance remaining unpaid.

Section 8.05. Separate Account for Capital Reserve Funds. Any funds of the Association collected or designated as reserves for the replacement of capital items shall be segregated from all other funds of the Association in one or more separate accounts. This shall not preclude the Association from segregating other portions of its funds in separate accounts for a specific purpose (e.g., reserves for noncapital items) or otherwise. So long as the Sponsor is in control of the Board of Directors of the Association, no reserve funds shall be used to reduce projected assessments or charges or the Sponsor's obligation to fund a deficit of the Association.

Section 8.06. Books, Records and Legal Documents. The Board of Directors shall make available for inspection upon reasonable notice and during normal business hours, to existing and prospective Lot Owners, tenants, title insurers, mortgagees, mortgage insurers and mortgage guarantors, current copies of the Declaration, By Laws, Certificate of Incorporation, rules and regulations, budget, schedule of assessments, balance sheet and any other books, records and financial statements of the Association. The Board of Directors may furnish copies of such documents to such parties and may charge a reasonable fee to cover the cost of furnishing such copies.

ARTICLE IX

GENERAL POWERS OF THE ASSOCIATION

Section 9.01. Common Expenses. The Association, for the benefit of all the Lot Owners, shall pay for out of Association funds as common expenses, the following:

(a) Utilities and Related Facilities. The cost of electricity, telephone, heat, power or any other necessary utility service, if any, for the Association Property, and the cost of maintaining and/or repairing and/or replacing common gas, water, hot and cold water lines, waste removal and any utilities which costs are not otherwise directly charged or separately metered to individual Owners. In the event any utility service for a Lot is paid by the Association of a kind or nature not furnished to all Lot Owners, the Association shall charge monthly to the Owner of such Lot an estimated cost for such usage. However, the Association may discontinue payments of such utility service at any time, in which case each Owner shall be responsible for direct payment of his share of such expense as shall be determined by the Board of Directors of the Association. The Association shall have the right to levy additional assessments against any Lot Owner to reimburse it for excessive use of any utility service by such Lot Owner in such amounts as shall be determined by the Board of Directors.

(b) Insurance. Premiums for all insurance obtained as required or permitted by the Declaration including fire and casualty insurance on the property of the Association and the dwelling units constructed on the Lots and liability insurance covering the Association and its Directors and officers.

(c) Wages and Fees for Services. The fees for services of any person or firm employed by the Association, including, without limitation, the services of a person or firm to act as a manager or managing agent for the Association, and legal, accounting or other services or expenses necessary or proper in the conduct of the affairs of the Association or the enforcement or interpretation of the Declaration and these By Laws and for the organization, operation and enforcement of the rights of the Association.

(d) Care of Association Property. The cost of landscaping, gardening, security, snow removal, painting, cleaning, decorating, refurbishing, maintenance, repair, replacement and rehabilitation of the property of the Association and the exteriors of the dwelling units on the Lots as required by the Declaration or determined to be appropriate by the Board of Directors from time to time.

(e) Certain Maintenance of Lots. The cost of the reasonable maintenance and repair of any improvement on a Lot if such maintenance or repair is necessary, in the discretion of the Board of Directors, for public safety or to protect the Association Property, and the Owner of such Lot has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity thereof delivered by the Association to such Lot Owner; provided that the Association shall levy a Special Assessment against such Lot Owner for the cost of such maintenance or repair.

(f) Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the Association or its property. Where one or more Lot Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging such lien, and any costs incurred by the Association by reason of such lien shall be specially assessed against such Lot Owner or Lot Owners.

(g) Additional Expenses. The cost of any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, or other expenses which the Association is required or permitted to secure or pay for pursuant to the terms of the Declaration, these By Laws, or by law or which in the opinion of the Board of Directors shall be necessary or proper for the

maintenance and operation of the Association Property to preserve the Property as a first class community.

Section 9.02. No Active Business to be Conducted for Profit. Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all the Lot Owners or any of them.

Section 9.03. Miscellaneous Income. Except as may otherwise be provided in the By-Laws or in the Declaration, all monies received for the rental of or for the use of any Association Property, shall also be added to the Association's general fund and used to defray the items of common expense.

Section 9.04. Special Services. The Association may arrange for the providing of any special services and facilities for the benefit of such Lot Owners and/or occupants of Lots as may desire to pay for the same, such as the interior cleaning or repair of Units. Fees for such special services and facilities shall be determined by the Board of Directors and may be charged directly to the Lot Owners receiving such services, or paid from the Association's general funds and levied as a Special Assessment against the Lot Owners receiving such services.

Section 9.05. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through the Board of Directors or officers of the Association, from delegating to persons, firms or corporations of its choice, including any manager or managing agent, such duties and responsibilities of the Association as the Board of Directors shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

Section 9.06. Acquisition, Lease, Sale or Exchange of Real Property. Whenever the Board of Directors determines to acquire, lease, sell or exchange real property or any interest therein, the Board shall, unless otherwise provided in Article IV of the Declaration, submit such acquisition, sale, lease or exchange to the vote of the Lot Owners, and, upon the affirmative vote of the Lot Owners of 67% or more of the Lots present in person or by proxy at an annual meeting or a special meeting duly held for such purpose, the Board of Directors may proceed with such acquisition, lease, sale or exchange, in the name of the Association and on behalf of the Lot Owners, and the costs and expenses incident thereto shall constitute part of the common expenses of the Association.

ARTICLE X

CORPORATE SEAL OPTIONAL

Section 10.01. Corporate Seal Optional. If decided by the Board of Directors, the Association shall have a seal in circular form having within the circumference thereof the full name of the Association.

ARTICLE XI

AMENDMENTS

Section 11.01. Alteration, Repeal or Amendment. These By Laws may be modified, altered, repealed, amended or added to at any regular or special meeting of the Lot Owners provided that:

(a) a notice of the meeting containing a full statement of the proposed modification, alteration, repeal, amendment or addition has been sent to all Lot Owners and Lot mortgagees as listed on the records of the Association, not less than 10 nor more than 40 days prior to the date or initial date set for the canvass of the vote thereon; and

(b) 67% or more of the Lot Owners present at the meeting in person or by proxy approve the change; and

(c) prior to date or initial date for the canvass of the vote thereon, the Association has not received written notification of opposition to the change from either (i) Owners of more than 33% of all Lots or (ii) mortgagees of 51% or more of Lots on which there are mortgages as shown on the records of the Association.

Notwithstanding the above (i) so long as the Sponsor holds title to any portion of the Property, Sections 3.01, 3.02, 3.03, 5.01, 5.03, 5.04, 5.05 and 11.01 of these By-Laws shall not be amended without the consent of the Sponsor, and (ii) the Sponsor, during the time it shall own any portion of the Property, may make amendments to these By Laws to correct omissions or errors provided such amendments shall not adversely modify substantial rights of any Lot Owner without such Lot Owner's written consent.

Section 11.02. Form of Amendment Proposals. No By Laws shall be modified, altered, amended or added to by reference to its title or number only. Proposals to amend existing By Laws shall contain the full text of the By Laws to be modified, altered, amended or added to, new words shall be inserted in the text underlined, or italicized, and words to be deleted shall be lined through. If the proposed change is so extensive that the above procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and interlining as indicators of words added or deleted, but a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of By Law. See Section ___ of By Laws for present text."

Section 11.03. Nonmaterial Errors or Omissions. Nonmaterial errors or omissions in the By Law amendment process shall not invalidate an otherwise properly promulgated amendment.

Section 11.04. Effective Date of Amendment. An amendment to these By Laws shall be effective in accordance with the terms of its adoption.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Notices. All notices hereunder shall be in writing and delivered personally or sent by first class mail by depositing same in a post office or letter box in a postpaid sealed wrapper, addressed, (i) if to go to the Board of Directors, or to the Association, to any member of the Board of Directors or to the secretary of the Association (if the secretary is not a member of the Board), (ii) if to go to a Lot Owner to such permanent address of such Lot Owner as appears on the books of the Association, (iii) if to go to a mortgagee, to the address of such mortgagee as appears on the books of the Association, and (iv) to a devisee or personal representative of a deceased Lot Owner to the address of such devisee or personal representative as appears on the records of the Court wherein the estate of such deceased Lot Owner is being administered.

All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received. Whenever any notice is required to be given under the provisions of the Declaration, or of these By Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 12.02. Section 12.02. Conflict with Certificate of Incorporation or with Declaration. In the case of any conflict between the Certificate of Incorporation 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.

Section 12.03. No Waiver for Failure to Enforce. No restriction, condition, obligation or provision contained in these By Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 12.04. Gender. The use of the masculine gender in these By Laws shall be deemed to include the masculine, feminine or neuter and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 12.05. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By Laws, or the intent of any provision thereof.

Section 12.06. Severability. Should any part of these By Laws be deemed void or become unenforceable at law or in equity, the validity, enforce ability or effect of the balance of these By Laws shall not be impaired or affected in any manner.

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VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

GENERAL INFORMATION AND REGULATIONS

April, 2013

As is true with most townhouse developments, living in a shared community such as the Villas at Churchville has rewards and benefits, but also imposes certain obligations and restrictions upon individual homeowners for the well-being of all and the preservation of the value and desirability of the individual properties. We have prepared this document with the hope that it will facilitate your enjoyment while living in the Villas at Churchville and make it a better place for all.

The regulations included here are in conformance with the terms and conditions of the Declaration of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens and the By-Laws of the Villas at Churchville Homeowners Association, Inc., which each homeowner endorsed at the time of the purchase of your individual unit. The regulations are a result of direct quotation from or interpretation of the wording I those documents or are from proceedings of the Board of Directors establishing Association policy and are referenced where possible.

Please review this document in detail and file it with other important information relative to your property.

CONTACT INFORMATION

To request maintenance or obtain general information, contact

For emergencies only, contact:

Kenrick Corporation 3495 Winton Place Building D, Suite 4 Rochester, NY 1423	424-1540
Fire, Sheriff or Ambulance	**911**
Animal Control	**911**
Cable TV – Time Warner	**756-5000**
Rochester Gas & Electric Gas Emergency	**546-1100**
Village of Churchville Electric Emergency	**293-3366 or 746-8025**
Frontier Telephone	**777-1200**

WELCOMING INFORMATION

Welcome to the Villas at Churchville!

As a homeowner, you have automatically become a member of the Villas at Churchville Homeowners Association. The homeowners elect a Board of Directors as the governing body of the Association. The Board is comprised of three to five members elected to the Board by the homeowners at the Association's Annual Meeting. Each Board member serves a two-year term.

Under the guidance of the Board of Directors, the Association shall provide a consistent level of exterior maintenance on all buildings and common grounds. The Board is also responsible for establishing and enforcing Rules and Regulations to guarantee uniform protection of personal rights, privacy and investment of each homeowner.

When you purchased your home, you should have received a copy of the Declaration of Protective Covenants, Conditions, Restrictions, Easements, Charges and Liens and the By-Laws of the Villas at Churchville Homeowners Association, Inc. (Governing Documents), dated April, 2013, and a copy of the Rules and Regulations for living in the Villas at Churchville. Your commitment to abide by these rules was established when you purchased your property and is specifically set forth in the Deed to your property. This commitment extends to your family, tenants and guests. Subsequent purchasers of property in the Villas at Churchville are equally responsible for compliance with the Governing Documents and the Rules and Regulations as stated in the Deed.

These Rules and Regulations are not intended to, and do not, change any of the terms or privileges set forth in the Governing Documents.

Your Board of Directors strongly recommends that you become familiar with the Governing Documents as well as the Rules and Regulations stated in this publication and keep them with your other important papers. They will be enforced and, as in all legal situations, ignorance of these laws is not an acceptable excuse for noncompliance. Homeowners and their Tenants are required to comply with all of these provisions.

Each item marked with an asterick (*) is covered in greater detail and authorized by the Governing Documents.

***BOARD OF DIRECTORS:** Under the laws of the State of New York and the Governing Documents, the Board of Directors shall the power to adopt and publish Rules and Regulations governing the use of the common areas and facilities, their personal conduct of the members and their guests, and to establish penalties for infractions. The Board of Directors is also empowered to enforce these Rules and Regulations.

***MEETINGS:** The Board of Directors holds an open meeting, which homeowners are encouraged to attend each quarter. Homeowners wishing to address the Board of Directors may do so during the open session at the beginning of each monthly meeting.

***ANNUAL MEETING:** The Annual Meeting of all homeowners is held prior to the beginning of the fiscal year. At that meeting, either 2 or 3 Board members will be elected and the budget for the new fiscal year is presented. Each Board member serves a 2-year term without compensation.

BOARD MEMBERS: A current list of the names of the Board of Directors is available from the Management Company.

MANAGEMENT: The Board of Directors shall employ a professional Management Company, which employs staff to manage the property and at the Board's direction, enforces the rules and regulations.

***HOMEOWNERS' FINANCIAL RESPONSIBILITY:** The monthly assessment payment is due on the first of the month. Payment shall be mailed directly to the currently prescribed agent. Direct withdrawal from the homeowner's bank account may also be available. A late fee will be charged for any payment made after the 10th of the month or any time a withdrawal is denied because of insufficient funds. The homeowner is responsible for all school, town and county taxes on his/her own unit.

***ARCHITECTURAL CONTROL:** The Homeowner may not make any alterations, changes or installations to the exterior of his/her own unit without the prior consent of the Board of Directors or the Architectural Committee if the Board chooses to form a committee. Please refer to Article 10, Section 10.01 of the Declaration for information on the responsibilities and duties of the Board and/or Architectural Committee.

COMMON AREAS: Each unit consists of a home, sunroom or covered porch, patio and garage. The Lot on which the unit sits consists of the land

beneath the home, under the garage and inside the patio only. Front, side and back yards are common areas as that term is used in these documents.

WHEN YOU ARE AWAY

When you leave for an extended period of time, it is recommended that you:

- Tell a neighbor and the Management Company how you can be reached in case of an emergency. If you have a vacation home, or if there is someone you want us to contact in an emergency, please notify the Management Company.
- Give someone a key and ask him/her to check you unit at least once a week.
- Stop newspaper and mail delivery.
- During the winter months, set heat at a temperature to prevent pipes from freezing.

HOMEOWNER RESPONSIBILITIES

Included in the Governing Documents are many policies that set forth the responsibilities of the Homeowner and the Association in the daily operation of the Villas at Churchville's affairs. These Documents outline in detail the items that are the responsibility of the Homeowner and those that are the Association's.

Requests for Service – All requests for maintenance, repair and follow-up should be directed to the Management Company.

Changes to Exterior of Homes – There shall be no changes or additions to the exterior of any building without a Variance Request Approval by the Board of Directors. This includes, but is not limited to, windows, air conditioners, awnings, storm and screen doors, radio or television antennas, satellite dishes, or any other additions or changes that alter the exterior appearance of the building.

A Variance Request Form is included with this document.

Insurance – Each owner shall obtain and maintain general liability and fire insurance at his/her own expense insuring the interior of his/her residence and all other insurable improvements upon his/her Lot in an amount equal to the maximum insurable replacement value (HO6 policy). The Board of Directors shall have no responsibility to maintain insurance of any kind on the interior of individual residential units or property. The Association shall, however, maintain general liability and fire insurance for the exterior of the units and all common grounds.

Landscaping and Gardening – No planting or gardening shall be conducted except in the patio or designated planting areas adjacent to the residence. Such plantings shall be of a size and nature that does not encroach upon neighboring property. Plantings that grow on buildings, walls or the outside of fences are prohibited due to possible damage to brick and wood surfaces.

Although excessive plantings complicate lawn mowing, the Board of Directors may approve plantings around trees or lampposts near a residence. Care of all plantings is the responsibility of the person who planted them. The Homeowners Association is not responsible for damage to these plantings as a result of spring/fall cleanup, trimming of trees, bushes or mulching of flowerbeds.

RULES AND REGULATIONS

1. Advertising and Signs: No political or other signage 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 one temporary sign placed on the building, windows or fences advertising property for sale. Signed indicating the presence of an alarm system are permitted.

2. Air Conditioners: No unit owner shall install or permit to be installed any window mounted or through-the-wall mounted air conditioner in his/her unit.

3. Alterations and Improvements: No exterior alteration, addition or modification may be made by an owner or his successor without first submitting a Variance Request to the Architectural Committee and obtaining its approval in writing.

4. Basketball Backboards: No freestanding or permanently attached basketball backboards and nets shall be installed by a homeowner anywhere on the property.

5. Clotheslines: Clotheslines are not permitted outside a homeowner's patio area and no clothing or other items shall be hung out to dry on the front porch of any unit.

6. Commercial and Professional Activity on Property: No wholesale or retail business, including salon, studio, laboratory, home industry, medical or dental office, shall be conducted in or on any lot or other portion of the property, except 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.

7. Exterior Decorations: Ornamental decorations and plants are allowed on within the private patio area and on the unit's front porch. A maximum of two (2) small lawn ornaments and three (3) hanging plants are permitted within the homeowner's designated planting area. No window flowerboxes may be attached anywhere on the structure of any unit.

While we certainly enjoy feeding and watching our feathered friends, bird feeders also attract rodents. On the common grounds, only one feeder is permitted if suspended from a tree branch. No freestanding feeders are allowed on the common areas. Homeowners may install bird feeders on their patios but should be considerate of the adjoining property. Birdhouses and wind chimes are not allowed in the common area but may be installed on the homeowner's property. All plants, doormats, chairs and other decorations should be removed from porches and stoops by November of each year to facilitate snow removal.

One wall-mounted flag holder is permitted on each residence. No freestanding flagpoles are permitted in the common area. Ornamental seasonal flags are allowed but flags denoting colleges, sports teams and the like are not permitted. American flags are allowed but not the flags of other nations.

A year-round welcome plaque, nameplate or wreath may be displayed in the front entrance area. Any damage to the siding caused by the use of fasteners must be repaired by the homeowner at his/her expense.

Temporary decorations for the holiday season may be displayed between Thanksgiving and mid-January. No decorations may be placed on the roof surface. Any damage to the siding will be the responsibility of the homeowner. For safety reasons, no extensions cords are permitted on the front stoop or porch. In the event of severe weather, the January 15th deadline for removal may be extended by the Board.

8. Traffic Safety: No unregistered motor vehicle without valid license plates, including but not limited to mini-bikes, trail bikes, go-carts, golf carts,

snowmobiles, and mopeds, shall be operated or parked on the owner's driveway. Unlicensed vehicles must be parked in the homeowner's garage.

9. Noxious or Offensive Activities: Noxious or offensive activity is prohibited on any portion of the property. Any nuisance or public annoyance that is conducted in the development shall subject the offender to penalty. These activities include emission of smoke, dust, fumes, herbicides, insecticides, or any other materials that may be detrimental to public health, safety and welfare. This includes any activity that may be injurious to property, vegetation or animals that could adversely affect property values or otherwise produce a public nuisance or hazard. Any activity that violates applicable town or village ordinances will be reported to the appropriate governmental authority for enforcement.

10. Outdoor Repair Work: No repair work on motor vehicles, boats or machines of any kind shall be permitted outdoors on the property.

11. Parking: Every home was built with a garage and space for one vehicle. There is no parking in areas that could prevent easy access for emergency vehicles, snow removal equipment or normal traffic. Any vehicles determined to be in violation of these regulations shall be ticketed and subject to fines by the Association.

12. Commercial and Recreational Vehicles: No recreational vehicle or vehicle used for commercial or delivery business, including those with logos, may be stored or parked on any portion of the property, except in an enclosed garage. Vehicles making deliveries or providing services to the Homeowners or the development will be permitted during business hours.

Boats, trailers and recreational vehicles may be parked only in a unit driveway for a short time not to exceed 5 days. Any vehicles determined to be in violation of these regulations shall be ticketed and subject to fines by the Association.

13. Pets: There is a leash law in effect for both cats and dogs. Unrestrained pets are not allowed to roam on common grounds. Dogs may not be leashed and left alone in the common area. This presents a sanitation problem and may cause permanent damage to shrubbery and landscaping. They may also pose a danger to Homeowners, children and other pets. When walking a leashed pet, all Homeowners are required to clean up after their pet. Any damage caused by a pet will be billed to the homeowner. You are prohibited from leaving your dog leashed outside but unattended.

Animals who disturb the peace and quiet of the neighborhood by barking or howling shall be deemed a nuisance. Complaints shall be submitted in writing to the Management Company and dealt with accordingly. There shall be a limit of two (2) pets per household and no breeders or kennels shall be permitted. Dogs weighing in excess of 70 pounds are not permitted.

14. *** Renting and Leasing of Units:** Units may be rented by Homeowners but a copy of the lease shall be provided to the Management Company. All tenants are subject to the same rules and regulations as Homeowners and Homeowners remain responsible for their tenants.

15. **Pools:** No Homeowner may install a pool anywhere on the property.

16. **Retention Ponds:** No swimming or ice skating is allowed on or in the ponds.

17. **Storm and Screen Doors:** A plain style combination storm and screen door may be installed on front doors with the approval of the Architectural Committee to permit the correct selection of color and style.

18. **Television and Radio Antennas, Satellite Dishes:** No exterior antenna or satellite dish shall be installed or maintained upon any portion of the property without prior approval of the Board of Directors. Unit Owners are responsible for any damage to their Unit as a result of installation.

19. **Soliciting:** No door-to-door solicitation is allowed without prior written permission by the Board of Directors.

20. **Standby Generators:** No Homeowner may install a standby generator without approval from the Board of Directors. In addition, only natural gas units are permitted and all state, local and utility company requirements must be followed.

COMPLAINTS AND PENALTIES

Good relations in the community will be better served and maintained through understanding and use of peer cooperation than by using penalties. However, when residents and their properties are adversely affected by the actions of others, it is unfair to allow such offenses to persist. The Board must act in a timely manner using fines and even legal action, as required.

Any resident may register a complaint by writing or call in the Management Company. A written complaint is preferable since it documents the dispute. A Complaint Form for this purpose is included in these materials.

Normally, the following steps are followed until the issue is resolved:

1. The Management Company notifies the responsible Homeowner of the complaint and invites him/her to discuss and correct the problem.

2. The responsible Homeowner is invited to meet with the Board for a hearing if necessary.

3. A fine may be imposed with the following maximum amounts:

   a. First offense - $ 50
   b. Second - $100
   c. Third - $200

   If the fine is not paid within thirty (30) days, appropriate legal action will be taken and if necessary, a lien will be filed against the responsible Homeowner's property including all legal fees incurred to collect.

4. The police will be asked to take action if a Town Ordinance or other law is involved.

CONTINUING SERVICES

The following services are provided by the Association and paid for from the monthly assessments:

TAXES – for common areas only

INSURANCE – covers common areas and exterior of units

SNOW REMOVAL – covers snow removal from driveways.

LAWN CARE – provides mowing, seeding, fertilizing and trimming of grass areas, pruning hedges and trees, spraying for weeds and insects on common areas and mulching of foundation plantings.

REFUSE COLLECTION – Trash is picked up weekly. All trash and recyclables should be placed in the receptacles provided. Garbage containers should be securely closed and recyclables weighted down so

that papers are not blown away on a windy day. Containers may be placed at the curb the evening before pick-up and returned to the garage after collection.

EXTERIOR MAINTENANCE – The Association provides for all exterior maintenance on homes and garages except for doors and windows.

Since all homes are architecturally color-coordinates, records of the colors of all units are on file. Colors may not be changed from the original color. The Homeowner is responsible for maintenance on approved changes and/or additions to the exterior of the unit.

The Homeowner maintains all exterior lights.

SATELLITE DISH POLICY

Before installation of a satellite dish, the Homeowner must file a written request for a variance and obtain the approval of the Board of Directors. The Homeowner may appeal any decision of the Board of Directors, but the decision of the Board is final.

The first preference is to install the dish within the patio if a signal can be obtained by that placement. If that does not provide adequate reception, the Homeowner will work with the Board of Directors to develop a reasonable alternative, subject to the following limitations:

1. There shall be no penetration of the roof on the Unit to install a dish. If the roof is the only location where an adequate signal can be obtained, the Homeowner may install a dish that sits on the roof, weighted down by concrete slabs, if the equipment is approved by the Board.

2. If placement of the dish on the roof is the only way to obtain a signal and the weighted dish cannot be used, the dish should be secured to the rake board with screws or bolts long enough to penetrate the rake board and into or through the end roof rafter.

3. Mounting on the siding should also be avoided. If this is the only workable alternative, a soft buffering material must be installed between the mounting place and the siding to minimize damage to the siding. The mounting plate must be located over a wall stud and the screws must be long enough to penetrate half the distance of the stud or two inches minimum.

4. All installations must be properly grounded.

5. When a dish is removed, the unit must be restored to the same conditions as before the dish installation. All holes must be sealed and any damaged siding or trim must be replaced to match the surrounding siding or trim at the Homeowner's expense.

6. The Association's master insurance policy does not cover any damage caused by the installation of a satellite dish. Therefore, the Homeowner is fully responsible for any damage caused by the dish to the Unit, to any other Unit or common property. The Homeowner is responsible for all deductibles and must provide proof of insurance to the Association. The Association will not be responsible for any expense or damage caused by the dish.

VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

COMPLAINT FORM

Name of Complainant: _____

Address: _____

Phone: _____

Signature: _____

NO ANONYMOUS COMPLAINTS WILL BE CONSIDERED

Location of Occurrence: _____

Date/Time of Occurrence: _____

Complaint:

_____

_____

_____

_____

_____

_____

_____

Action Requested:

_____

_____

_____

Action by the Board

Violation Letter Sent: _____

No Action Deemed Necessary _____

Other:

_____

_____

_____

VILLAS AT CHURCHVILLE HOMEOWNERS ASSOCIATION, INC.

APPLICATION FOR EXTERIOR CHANGE OR ALTERATION

VARIANCE REQUEST

To: Board of Directors

From: Homeowner's name _____
Address _____
Phone _____

REQUEST:
The owner(s) of the Unit identified above, hereby request(s) the following change or alteration:

_____
_____
_____

Reason _____

PLANS AND SPECIFICATIONS:

Plans to scale and specifications must be attached to this form, showing the location, nature, kind, shape, height and other dimensions, and materials to be used. These plans were prepared by _____ _____

IMPORTANT: If a contractor is involved, a current Contractor's Insurance Certificate for both Liability and Worker's Compensation must be included.

HOMEOWNER'S RESPONSIBILITIES:
The Homeowner(s) hereby agree(s) that I(we) will be fully responsible for completion of the requested exterior change or alteration as stated and approved. Any future problems or damages occurring as a result of this change will be the Homeowner's responsibility, not that of the Villas at Churchville Homeowners Association, Inc. This responsibility shall be carried forward to any future owners of this Unit.

The plans and specifications for the application, which may affect the structural integrity of the building, must be prepared by and bear the seal of an architect or engineer licensed by the State of New York.

The undersigned Homeowner(s) hereby agree that I (we) have read the Architectural Control Guidelines as stated in the Governing Documents entitled "Architectural Controls." I (we) hereby agree to observe all guidelines, limitations, procedures and restrictions stated therein.

_____ _____
Homeowner Date

_____ _____
Homeowner Date

ACTION OF THE BOARD OF DIRECTORS

Date received _____
Conditions of approval if any:

_____
_____
_____

Approved: _____ _____
Chair Date

Explanation of Disapproval:

_____
_____
_____
_____

Approved: _____ _____
Chair Date

Homeowner notified: Board of Directors ___ Management Company ___

Date: _____ By:_____
Signature

COMPLETED FORM AND ATTACHED SHALL BE PLACED IN THE HOMEOWNER'S FILE

MAINTENANCE RESPONSIBILITY TABLE
HOA = Homeowners Association **HO = Homeowner**

Item	Maintain/Repair/Replace
Exterior of home	HOA
Address Numbers	HOA
Air Conditioning	HO
Chimney, Exterior	HOA
Chimney, Interior	HO
Common Areas	HOA
Conduits, Pipes, Wires in Common Area	Utility
Doorbell	HO
Doors, Exterior	HO
Doors, Storm & Screen	HO
Driveways	HOA
Electric Meter	Utility
Exterior Unit Lights	HO
Exterior Walls	HOA
Foundations	HO
Garage Doors	HO
Garage Door Opener	HO
Garbage Collection	HOA
Gutters & Downspouts	HOA
Hose Bibs	HO
Insurance, Interior	HO
Landscape Maintenance - Foundation Plants only	HOA
Landscape Watering	HO
Lighting Interior	HO
Negligent or Willful Act or Omission of Owner	HO
Paint, Exterior	HOA
Patios	HO
Plumbing, Interior	HO
Retention Ponds	HOA
Roofs	HOA
Snow Plowing	HOA
Trim & Fascia	HOA
Sidewalks	Village of Churchville
Stone Work	HOA
Windows	HO
Window Cleaning	HO
Window Glass Replacement	HO
Window Screens	HO
Mailbox	HOA

EXHIBIT I

ESCROW AGREEMENT

AGREEMENT made this __ day of _____, 2013, by and among _____ ("PURCHASER"), NORTH RIDGE CROSSING, LLC ("SPONSOR"), as Sponsor of the Villas at Churchville Homeowners Association, Inc. ("Plan") and KAMAN, BERLOVE, MARAFIOTI, JACOBSTEIN AND GOLDMAN, LLP ("ESCROW AGENT").

WHEREAS, SPONSOR has filed the Offering Plan with the Attorney General to offer for sale interests at the premises located in the Village of Churchville, New York, subject to, the terms and conditions set forth in the Plan; and

WHEREAS, ESCROW AGENT is authorized to act as an escrow agent hereunder in accordance with New York General Business Law ("GBL") Sections 352-e(2-b), 352-(h) and the New York Department of Law's regulations promulgated thereunder; and

WHEREAS, SPONSOR and PURCHASER desire that ESCROW AGENT act as escrow agent for deposits, down payments, and advances (referred to herein as "Deposit") pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1. ESCROW AGENT has established an escrow account for the purpose of holding the Deposit made by PURCHASER pursuant to that certain purchase agreement for the purchase and sale of membership interest (the "Purchase Agreement") at M&T Bank, 1400 Miracle Mile Drive, Rochester, New York 14623 in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled The Villas at Churchville Escrow Account ("Escrow Account"). The account number is _____.

1.2. ESCROW AGENT has designated the following attorneys to serve as signatories: Ross J. Cammarato, Esq. and Anthony Dentino, Esq. All designated signatories are admitted to practice law in the State of New York.

All of the signatories on the Escrow Account have an address of 135 Corporate Woods, Suite 300, Rochester, New York 14623, a telephone number of (585) 325-7440.

1.3. ESCROW AGENT and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of this Agreement or otherwise concerning the maintenance of or release of the Deposit from escrow.

1.4. Neither ESCROW AGENT nor any authorized signatories on the Escrow Account are the Sponsor, Selling Agent, Managing Agent (as those terms are defined in the Plan), or any principal thereof, or have any beneficial interest in any of the foregoing.

1.5. The escrow Account is an IOLA account established pursuant to Judiciary Law Section 497. Interest earned on the account will be used to fund civil legal services for the poor and for other purposes related to the administration of justice in New York State.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1. All Deposits received from PURCHASER prior to closing, whether in the form of checks, drafts, money orders, wire transfers, other instruments which identify the payor, shall be placed into the Escrow Account. All instruments to be placed into the Escrow Account shall be made payable directly to the order of Kaman, Berlove, Marafioti, Jacobs and Goldman, LLP, as ESCROW AGENT, pursuant to the terms set forth in the Plan. Any instrument payable to, or endorsed other than as required hereby, and which cannot be deposited into such Escrow Account, shall be returned to PURCHASER promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of the Deposit, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2. ESCROW AGENT is hereby obligated to send a notice of all Deposits received by ESCROW AGENT to PURCHASER within 10 business days of receipt of same. Such notice shall set forth the Bank, the account number, and the initial interest rate earned thereon. If the PURCHASER does not receive notice within 15 business days after tender of the Deposit, the PURCHASER may cancel the Purchase Agreement within 90 days after tender of the Deposit. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning the Deposit and requisite notice was timely mailed to the Purchaser.

3. RELEASE OF FUNDS

3.1. Under no circumstances shall SPONSOR seek or accept release of the Deposit of PURCHASER to SPONSOR until after consummation of the Plan, as evidenced by the acceptance of a post closing amendment by the New York State Department of Law. Consummation of the Plan shall not relieve SPONSOR or ESCROW AGENT of any obligation to PURCHASER as set forth in GBL §§ 352-3(2-b) and 352-h.

3.2. ESCROW AGENT shall release the Deposit to PURCHASER or SPONSOR as directed:

3.2.1. pursuant to terms and conditions set forth in the Purchase Agreement and this Agreement, upon closing of title to the membership interest;

3.2.2. in a subsequent writing signed by both SPONSOR and PURCHASER; or

3.2.3. by a final, non-appealable order or judgment of a court.

3.3. If Escrow Agent is not directed to release the Deposit pursuant to paragraph 3.2 above, and Escrow Agent receives a request by either SPONSOR or PURCHASER to release the Deposit, then Escrow Agent must give both the Purchaser and Sponsor prior written notice of not fewer than thirty (30) days before releasing the Deposit. If Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and Escrow Agent shall provide further written notice to both PURCHASER and SPONSOR informing them of said release. If Escrow Agent receives a written notice from either PURCHASER or SPONSOR objecting to the release of the Deposit within said thirty (30) day period, Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraph 3.2 above. Notwithstanding the foregoing, Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the Clerk of the county where the unit/building is located and shall give written notice to both SPONSOR and PURCHASER of such deposit.

3.4. Sponsor shall not object to the release of the Deposit to:

3.4.1. Purchaser, if Purchaser timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; or

3.4.2. Purchaser after an Amendment abandoning the Plan is accepted for filing by the New York State Department of Law.

4. RECORDKEEPING.

4.1. ESCROW AGENT shall maintain all records concerning the Escrow Account for seven years after release of the Deposit.

4.2. Upon the dissolution of the 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 New York State Department of Law of such transfer.

4.3. ESCROW AGENT shall make available to the Attorney General, upon request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1. ESCROW AGENT shall maintain the Escrow Account under its direct supervision and control.

5.2. A fiduciary relationship shall exist between ESCROW AGENT, and PURCHASER, and ESCROW AGENT acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h).

5.3. ESCROW AGENT may rely upon any paper or document which may be submitted to it in connection with its duties under this Agreement and which is believed by ESCROW AGENT to be genuine and to have been signed or presented by the proper party or

parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

6. RESPONSIBILITIES OF SPONSOR.

6.1. SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver the Deposit received by them prior to closing of the membership interest to a designated attorney who is a member of or employed by ESCROW AGENT, within two (2) business days of tender of the Deposit by PURCHASER, using such transmittal forms as required by ESCROW AGENT from time to time.

6.2. SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law's regulations.

6.3. SPONSOR shall obtain or cause the selling agent under the Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from PURCHASER and deliver such form to ESCROW AGENT together with the Deposit and Purchase Agreement.

7. TERMINATION OF AGREEMENT.

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

7.1.1. Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Plan with the Department of Law providing for a successor escrow agent that meets the requirements set forth in applicable regulations of the New York State Department of Law. PURCHASER shall be deemed to have consented to such cancellation;

7.1.2. The resignation of ESCROW AGENT, which shall not take effect until ESCROW AGENT is replaced by a successor escrow agent that meets the requirements set forth in applicable regulations of the New York State Department of Law, and notice is given to PURCHASER of the identity of the successor escrow agent, the Bank in the State of New York where the Deposit is being held, and the account number therefor.

7.2. Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1.1 or 7.1.2 above, ESCROW AGENT shall deliver the Deposit held by ESCROW AGENT and the Purchase Agreement and any other documents maintained by ESCROW AGENT relating to the Deposit to the successor escrow agent.

8. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR, PURCHASER, and ESCROW AGENT and their respective successors and assigns.

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

Prior to release of the Deposit, ESCROW AGENT'S fees and disbursements shall neither be paid by SPONSOR from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

11. SEVERABILITY.

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. INDEMNIFICATION.

SPONSOR agrees to defend, indemnify and hold ESCROW AGENT harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this Agreement or involving gross negligence of ESCROW AGENT. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by ESCROW AGENT to itself.

13. ENTIRE AGREEMENT.

This Agreement, read together with GBL §§ 352-e(2-b) and 352-(h)and the New York State Department of Law'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:

KAMAN, BERLOVE, MARAFIOTI,
JACOBSTEIN AND GOLDMAN, LLP

By: _____
Name: _____, Esq.
Title: Partner

SPONSOR

NORTH COAST VENTURES, LLC

By: _____
Name:
Title:

PURCHASER

[INSERT NAME]

By: _____
Name:
Title:

EXHIBIT J

CERTIFICATION OF SPONSOR
AND PRINCIPALS OF SPONSOR

Re: Villas at Churchville Homeowners Association, Inc.
Village of Churchville

We are the Sponsor and principals of the Sponsor of the homeowners association offering plan ("Plan") for the captioned property.

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

We have read the entire Offering Plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan does and that documents submitted hereafter by us which amend or supplement the Offering Plan will:

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

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

(iii) not omit any material fact;

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

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

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

(vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

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

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

NORTH COAST VENTURES, LLC

By: Joseph Sortino
Joseph Sortino, Managing Member

Subscribed and sworn to before me
this 1st day of December, 2013.

Notary Public

STEVEN C. PHILLIPS
Notary Public, State of New York
Qualified in Monroe County
Commission Expires 7/22/14

PRINCIPALS

Joseph Sortino

Subscribed and sworn to before me
this 1st day of December, 2013.

Notary Public

STEVEN C. PHILLIPS
Notary Public, State of New York
Qualified in Monroe County
Commission Expires 7/22/14

Laureen Sortino

Subscribed and sworn to before me
this 2nd day of December, 2013.

NICOLE A. MARCHBANKS
Notary Public, State of New York
Monroe County Reg #01MA6237588
Commission Expires 03/21/15

Notary Public

Kevin Goodwine

Subscribed and sworn to before me
this 19th day of December, 2013.

Notary Public

STEVEN C. PHILLIPS
Notary Public, State of New York
Qualified in Monroe County
Commission Expires 7/22/14

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KENRICK
CORPORATION

EXHIBIT K

November 7, 2013

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd floor
New York, New York 10271

Re: Villas at Churchville Homeowners Association Inc.
Town of Riga, Village of Churchville, New York

Gentlemen:

The Sponsor of the Homeowners Association has retained me to review the estimated annual budget containing projections of income and expenses for the fiscal year, January 1, 2014 – December 31, 2014. My experience in this field includes:

> Involvement in the development, conversion, marketing, and management of condominium and homeowners associations since 1982 and, prior to that, the construction, rehabilitation and management of commercial and multi-family residential rental properties since 1972. Current management accounts, (40) include apartments, condominiums, homeowners associations, and office buildings.

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

I have reviewed the schedule and investigated the facts set forth in Schedule A, and the facts underlying them with due diligence in order to form a basis for this certification. I have also relied on my experience in managing residential properties.

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

I certify that the Schedule:

1. sets forth in detail the terms of the projected income and expenses for the operation for the homeowners association; appear reasonable and adequate based on present prices (adjusted to reflect continued inflation and present levels of consumption for comparable units similarly situated);

3495 Winton Place, Building D, Suite-4, Rochester, New York 14623 (585) 424-1540 Fax: (585) 424-1553

2. affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the operation as a Homeowners Association;

3. does not omit any material fact;

4. does not contain any untrue statement of a material fact;

5. does not contain any fraud, deception, concealment or suppression;

6. does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

7. does not contain any representation or statement which is false, where I (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.

I further certify that I am not owned or controlled by the Sponsor. I understand that a copy of this Certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the Homeowners Association operation but merely an opinion of their vitality.

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

Richard K. Aikens
Kenrick Corporation

STATE OF NEW YORK}
COUNTY OF MONROE} ss:

Sworn to before me this 7th day
of November 2013

Cheryl K. Gioia
Notary Public

RKA/lbk

CHERYL K. GIOIA
Notary Public - State of New York
No. 01GI6145814
Qualified In Monroe County
My Commission Expires May 15, 2014

EXHIBIT L

ENGINEERS REPORT

DESCRIPTION OF COMMON AREAS

AND

FACILITIES TO BE OWNED AND MAINTAINED

BY

VILLAS AT CHURCHVILLE ASSOCIATION, INC

Prepared By: DSB Engineers & Architects, P.C.
2394 Ridgeway Avenue
Rochester, NY 14626
(585) 271-5230



Date: December 23, 2013

DESCRIPTION OF ASSOCIATION PROPERTY

(a) **Description of Property Location:**

The Villas of Churchville is located at the southwest corner of Washington Street and Gilman Road being a part of Lot 37, Township 2, and Range 2 of the Phelps and Gorman Purchase, in the Town of Riga, County of Monroe, and State of New York. The property is currently vacant land formerly a farm field with residential properties to the south, west and frontage lots along Gilman Road. The proposed project will be 100 Privately Owned Townhomes in the Home Owners Association (**HOA**) with 3 separate frontage lots along Gilman Road not in the HOA. The 100 Townhomes will have access to Town Dedicated Right Of Way (ROW) with public utilities and sidewalks. The HOA is structured for care and maintenance of the common areas (grass areas and landscaping) outside the ROW and adjacent the privately owned Townhomes themselves.

(b) Site:

(1) Size: The project site consists of a net area of 23.3 acres and will be constructed in five (5) phases. The **HOA** will own and maintain all the common area/property outside the Town ROW and the Townhomes, the Townhomes are privately owned with separate tax account parcels.

(2) Number of Buildings and Use: The development consists of fifty (50) 2-unit buildings for a total of 100 dwelling units. All units will be one (1) or two (2) story, single-family townhouse style private residences. The planned use has been approved and is consistent with the Town's Planned Residential Development(PRD) zoning.

(3) Streets: The streets are owned and maintained by the Village of Churchville including;

(i) Paving – Allfair Drive and Spotts Circle will be Village dedicated roadway and construction to Village Specification capable of handling heavy traffic, such as fire trucks, garbage trucks and emergency vehicles. Sidewalks are provided and within the Village ROW and owned and maintained by the Village.

(ii) Curbing - Allfair Drive and Spotts Circle will be Village dedicated curbing as part of the roadway construction per Village Specification.

(iii) Catch Basins, Drainage, Underdrains - Will be Village dedicated facilities constructed to Village Specifications and under easement to the Village where located on HOA property.

(iv) Street Lighting - There will be street lights located within the Village ROW, owned and maintained by the Village.

(v) Roadway - The roadways are located in the Village ROW and constructed to municipality requirements for public roadway in regards to width, curbing and depth of materials. The roadway will be dedicated to the Village of Churchville.

(4) Drives:

(i) Paving - Each unit (Townhome) has an individual 16-foot wide asphalt driveway, privately owned. The driveway lengths vary with the minimum length being 20 feet. All driveways connect directly with the Village ROW and Village maintained roadway. The driveway pavement will be composed of a nine (9) inch pavement section as follows: six (6) inch select granular sub-base course; two (2) inch asphalt dense binder course.

(ii) Curbing - No curbing will be used on the driveways.

(iii) Catch Basins, Drainage - Rear yard and front yard drainage will be collected by catch basins and roadway gutters. Roof gutters, and sump pumps are directly connected to the drainage system.

(c) Sub-Soil Conditions:

(1) The nature of the soil 0"-8" Top Soil, 8"-5' Silty Loam with Clay and Some Rock, 7'-15' Tight Silty Loam with Mix of Large Rock. Determined for Deep Hole Tests. Based on the satisfactory construction of existing adjacent buildings (homes, businesses) in the adjacent area with no known foundation problems, it is our opinion that soil load-bearing capacity and porosity are expected to be sufficient to support buildings.

(2) According to the soil survey, this gently sloping soil is deep and moderately well drained. Any perched seasonally high water table areas with lateral seepage in the lower part of the subsoil will require the installation of drains with porous backfill around all building foundations and the installation of sump pumps.

(3) The site is not located within the identified 100-year flood plain as shown on the Flood Insurance Rate Map as published by the Federal Emergency Management Agency. There is no potential for mudslides or erosion within the vicinity of the project site.

However, soils disturbed during construction should be vegetated as soon as possible after grading is complete.

(d) **Landscaping and Enclosures:**

(1)Grass Cover — Lawn areas will be comprised of the rear yards, detention pond, side yards between buildings, front yards and between driveways. These areas will be top soiled and seeded with the following mix or its equivalent: 55% (min.) Kentucky Blue Grass Blend, 95% purity, 85% germination; 20% (max.) Perennial Rye, 98% purity, 90% germination.

(2) Plantings — Each of the individual units will be similarly landscaped. Foundation plantings will include taxus densi, dwarf spirea, burning bush, and a flowering tree.

(3) Garden Walls — No garden walls will be used on the site.

(4) Retaining walls — Retaining walls are not necessary and will not be used on the site.

(5) Display Pools and Foundations — No display pools and foundations will be used.

(e) Utilities:

(1) Water Supply

(i) Domestic Water Supply to the individual units will be by three-quarter 3/4" inch type K copper water service connected to a new 8" diameter public water main owned and maintained by the Monroe County Water Authority.

(ii) Fire protection service will be provided by five (5) hydrants on Allfair Drive and Spotts Circle, which also provides domestic service as discussed above. The 8" diameter water main and fire hydrants will be owned and maintained by the Monroe County Water Authority.

(iii) A backflow prevention device is not required due to the public water main throughout the project.

(2) Natural Gas Service: Public natural gas lines will be provided by Rochester Gas & Electric and will be available for all units. The gas company will own and maintain all underground pipes (on easements) constructed on easements. Individual unit owners will pay for their own gas usage.

(3) Electric Service: Public electric service will be provided by Rochester Gas & Electric and will be available for all units. The electric company will

own and maintain all underground lines (on easements) including street lighting. Electric consumption by individual units is the responsibility of the unit owners.

(4) Cable Television: Cable television service will be provided by Time Warner Cable and will be available for all units. Time Warner will own and maintain all underground lines (on easements). Individual units will be wired for cable connections and responsible for the usage.

(5) Telephone Service: Public telephone service will be provided by Frontier Telephone Company and will be available to all units. Frontier will own and maintain all underground lines (on easements) and individual unit owners will be responsible for their own telephone usage.

(f) Sewers:

(1) Sanitary Sewer System: The project sanitary sewer system consists of 8-inch PVC gravity sanitary sewer, precast sanitary manholes. The new sanitary sewer system will be public. The line will connect to existing Village of Churchville publicly owned 8-inch sanitary sewer.

(i) Sewage Piping — Gravity sanitary piping is 8-inch PVC ASTM D-3034, SDR-35. Building laterals are 4-inch PVC from the cleanout outside the building wall to the 8-inch main

(ii) Sewage Pumps – No sewage pumps will be used.

(iii) Sewage Disposal — The sanitary sewer will be connected to a 8-inch sanitary sewer owned and maintained by Churchville Sewer District.

(2) Permits:

(i) A tap-in permit will be required from the Village of Churchville for each building. This must be purchased at the time the building is constructed.

(ii) The contractor for Villas of Churchville must obtain a permit from the Monroe County Department of Public Works for the Villas of Churchville sanitary sewer connection.

(3) Storm Drainage System:

(i) Catch Basins — Four (4) rear yard precast concrete catch basins will be installed to collect surface runoff from rear yards, roof drains and sump pump will capture drainage water and will discharge through 12-inch pipes to roadway catch basins. Precast concrete catch basins will be installed in the roadway to collect surface runoff pavement sub-base drainage, and rear yard drainage. The drainage from catch basins will be collected by and discharge through perforated

high-density polyethylene (HDPE) roadway underdrains. Storm water will discharge to the detention pond. These flows will be temporarily detained in a detention pond. The pond will fill only when the storm drainage pipe restrictor plate downstream surcharges, in peak flow conditions.

(ii) Yard and Roof Drains — Rear yard receivers will collect rear yard runoff flows and roof gutters will be connected to the piped underground storm drain system via downspouts, and fl-inch PVC underground piping.

(iii) Piping — Piping under roadways and shoulders shall be 6-inch or 12-inch perforated HDPE. All other piping shall be 4-inch PVC or 12-, and 15-inch diameter HDPE and fittings.

(iv) Ejector or Sump Pumps — Sump pumps will connect to flinch PVC underground piping directed to the piped underground storm drain system and will be indicated on the architectural drawings.

(g) Refuse Disposal: Will be provided by the Town of Riga

(h) Garages and Parking Areas:

(1) Location of Parking Areas — Two (2) garage parking spaces and two (2) off-road parking spaces are provided in front of each unit in the individual driveways.

(2) Surface — Driveways will be asphalt. Parking spaces are composed of 6-inches compacted stone, two-inches of asphalt dense binder.

(3) Parking – will not be provided.
(4) Drainage — Surface runoff will be to roadways and catch basins

(i) Building Size - No Building will be built on the HOA Property

(j) Status of Construction: N/A

(k) Structural System
N/A

(l) Exteriors of Buildings: N/A

(q) Electrical Service: N/A

(r) (t) Not Applicable

(u) Plans

(1) Site Plan - Attached

(2) Area Map — Attached

(3) Plot Plan — See Site Plan

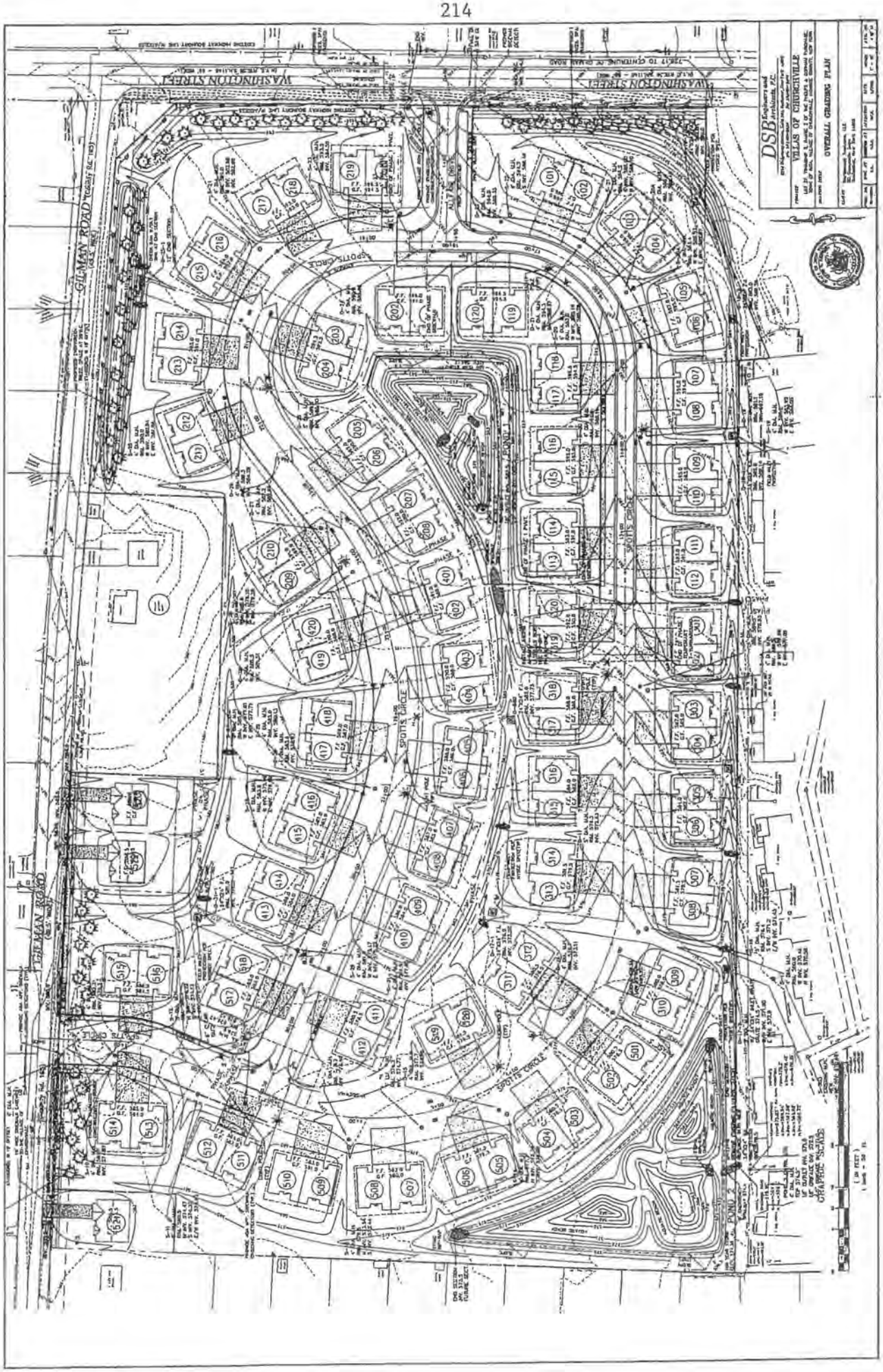
(4) Floor Plans — See Architectural Plans

(5) Utility Plans — The project plans (copies attached) have been reviewed and approved by the various regulatory agencies having authority as follows:

Village of Churchville
- Site Development Plan Approval
- Subdivision Plat Approval
- Utility Plan Approvals
- Drainage Plan

Monroe County Water Authority
- Public Water
- Water Service Including meter and Backflow Prevention Device.

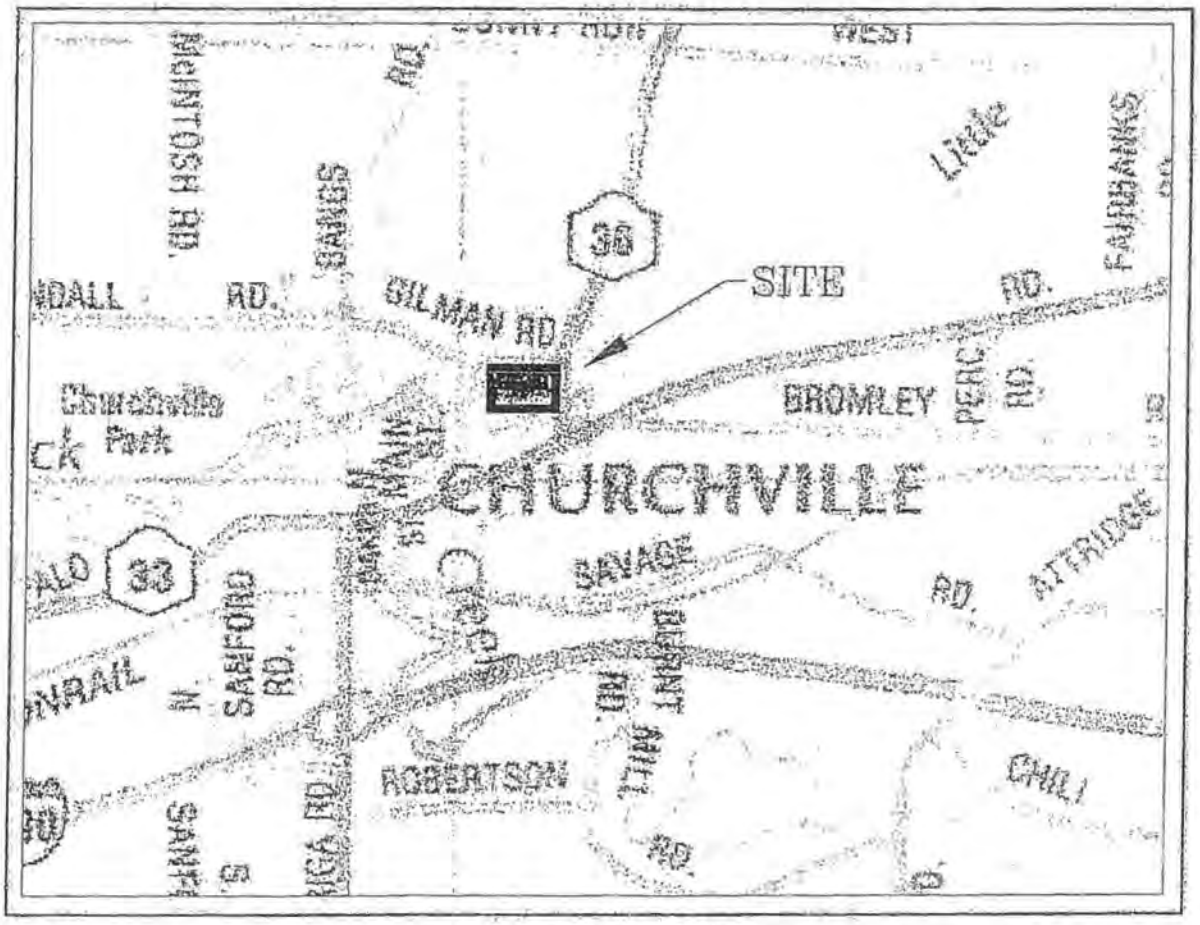
Monroe County Health Department
- Public Water Main
- Sanitary Sewage Collection Facilities
- Realty Subdivision Approval


WASHINGTON STREET
GILMAN ROAD
LEHMAN ROAD
SPORTS CIRCLE
POND 1
POND 2
DSB Engineers and Architects, P.C.
VILLAS OF CHURCHVILLE
OVERALL GRADING PLAN

Site Plan

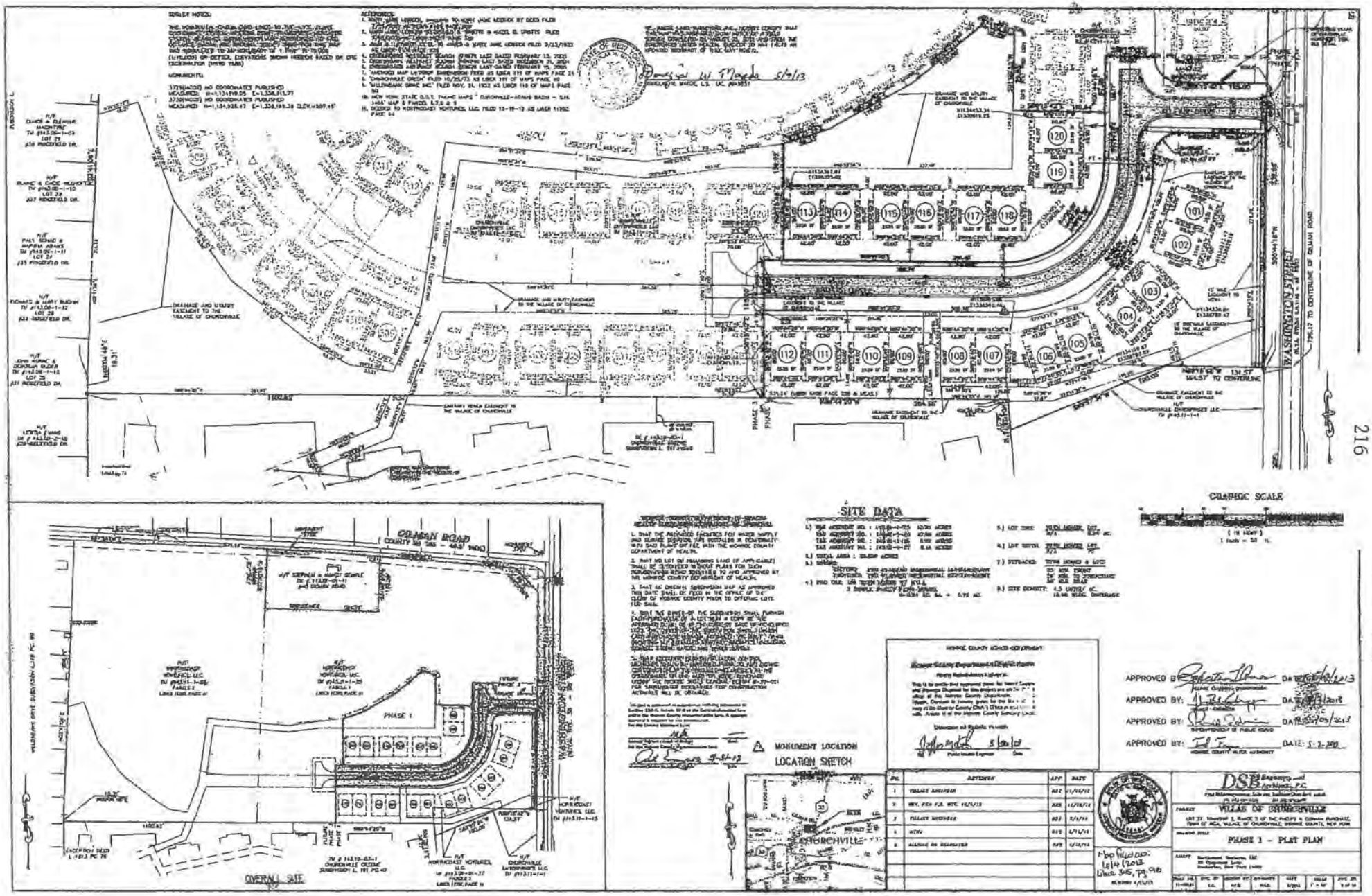
Area Map

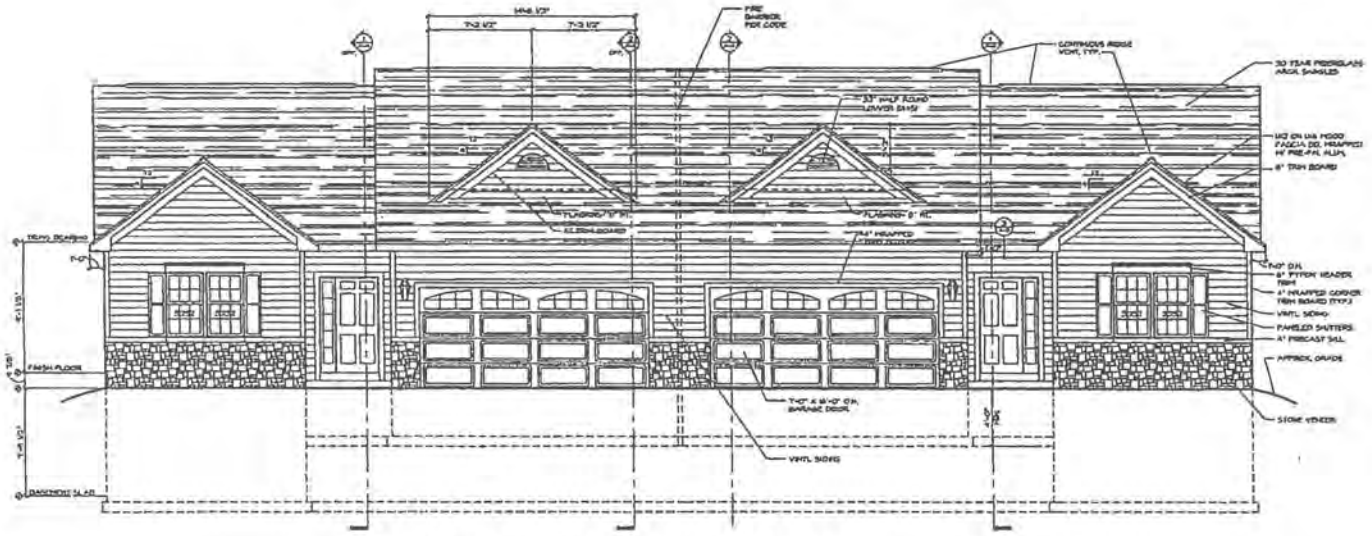
VILLAS OF CHURCHVILLE



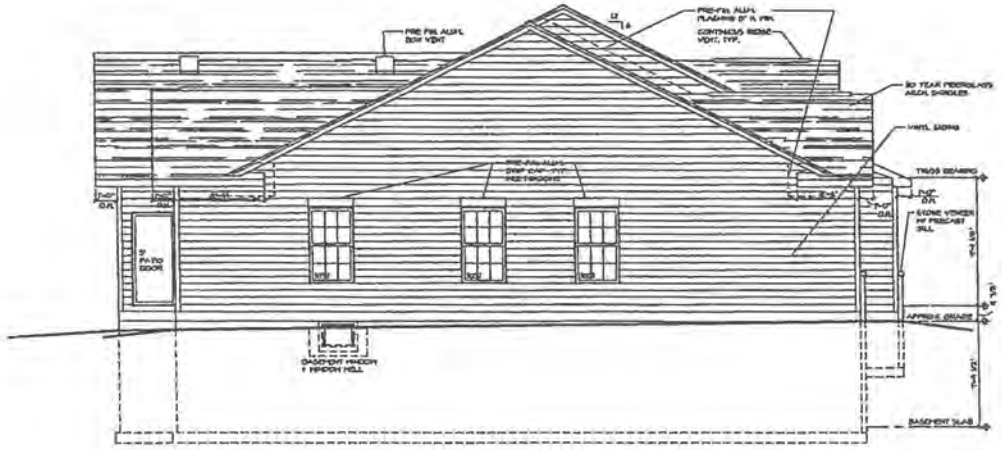
LOCATION MAP
N.T.S.

TOWN OF RIGA
VILLAGE OF CHURCHVILLE
COUNTY OF MONROE
STATE OF NEW YORK


SURVEY NOTES:
REFERENCES:
OVERALL SITE
LOCATION SKETCH
SITE DATA
GRAPHIC SCALE
PHASE 1
PHASE 2
PHASE 3
ORMAN ROAD
(COUNTY RD 105 - 66.5' R/W)
WASHINGTON STREET
CHURCHVILLE
DRAINAGE AND UTILITY EASEMENT TO THE VILLAGE OF CHURCHVILLE
APPROVED BY:
APPROVED BY:
APPROVED BY:
APPROVED BY:
DSB
VILLAGE OF CHURCHVILLE
PHASE 1 - PLAT PLAN



1/A-1 ELEVATION "A" W/ 9' CEILINGS
SCALE: 1/4" = 1'-0"



2/A-1 LEFT SIDE ELEVATION
SCALE: 1/4" = 1'-0"

NOTES:

1) ALL HOOD TRIM TO BE WRAPPED W/ VINYL OR PRE-FIN. ALUMINUM BREAK METAL.

2) SLOPE GRADE AWAY FROM BUILDING ALL AROUND TYP.

REVISIONS

DATE	TITLE / COMMENTS

GARDNER PLUS ARCHITECTS, PLLC
40 WILDBRIAR ROAD
ROCHESTER, NEW YORK 14612
TELEPHONE: (585) 321.1210
FACSIMILE: (585) 321.1213
www.gardnerplus.com

NEW HOUSE PLANS FOR:

135 POLLET PLACE
GREECE, N.Y. 14626
office - (585) 225-7000
cell - (585)505-3223
fax - (585) 225-0399

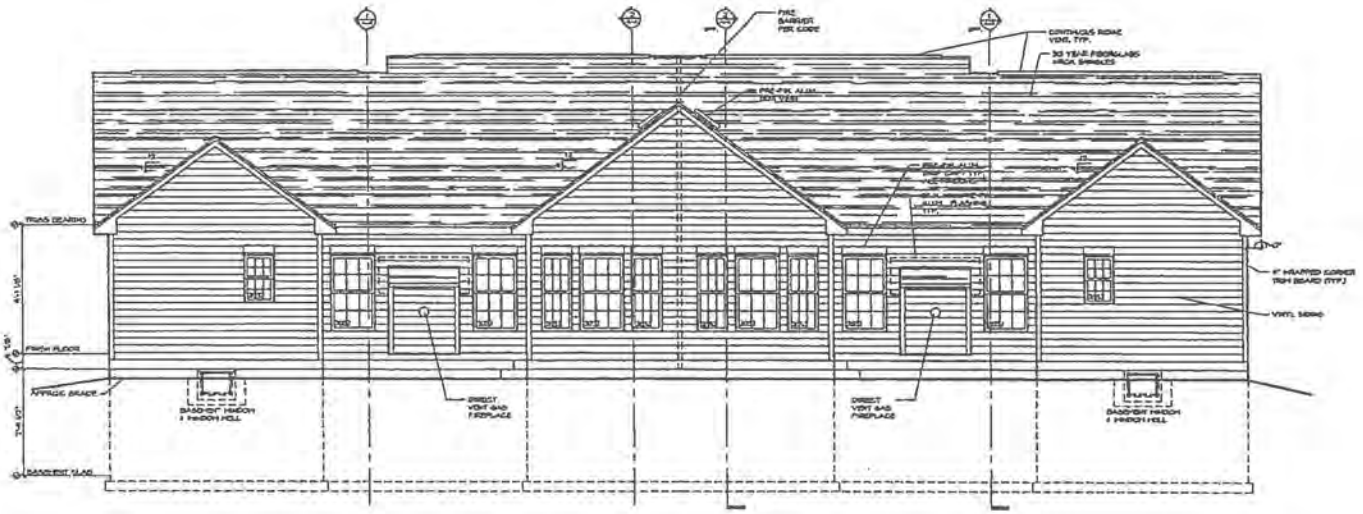
PIEDMONT DUPLEX
Villas at Churchville
LOTS 101 & 102
CHURCHVILLE, NEW YORK
PROJECT NAME

ELEVATIONS

G+A PROJECT NUMBER 08-0201103

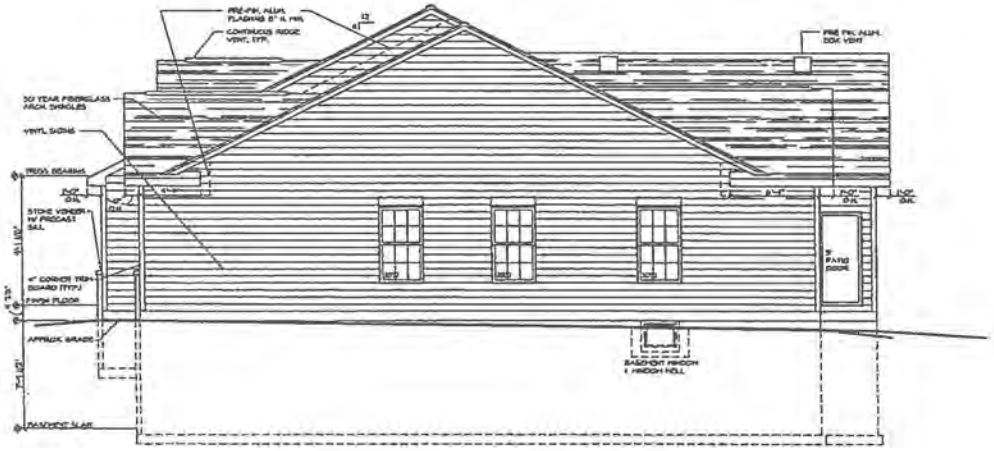
DRN. BY: BPM, EJ	CERTIFICATION
CKD. BY: BPM, DB	
SCALE: 1/4"=1'-0"	
DATE: 03/27/09	
REVs	

A-1
DRAWING NUMBER



1 / A-1.1 REAR ELEVATION

SCALE: 1/4" = 1'-0"



2 / A-1.1 RIGHT SIDE ELEVATION

SCALE: 1/4" = 1'-0"

NOTES:

1) ALL HOOD TRIM TO BE WRAPPED W/ VINYL OR PRE-FIN. ALUMINUM BREAK METAL.

2) SLOPE GRADE AWAY FROM BUILDING ALL AROUND TYP.

REVISIONS

DATE	TITLE / COMMENTS

GARDNER PLUS ARCHITECTS, PLLC
40 WILDBRIAR ROAD
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NEW HOUSE PLANS ED

135 POLLET PLACE
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cell - (585)503-3223
fax - (585) 225-0399

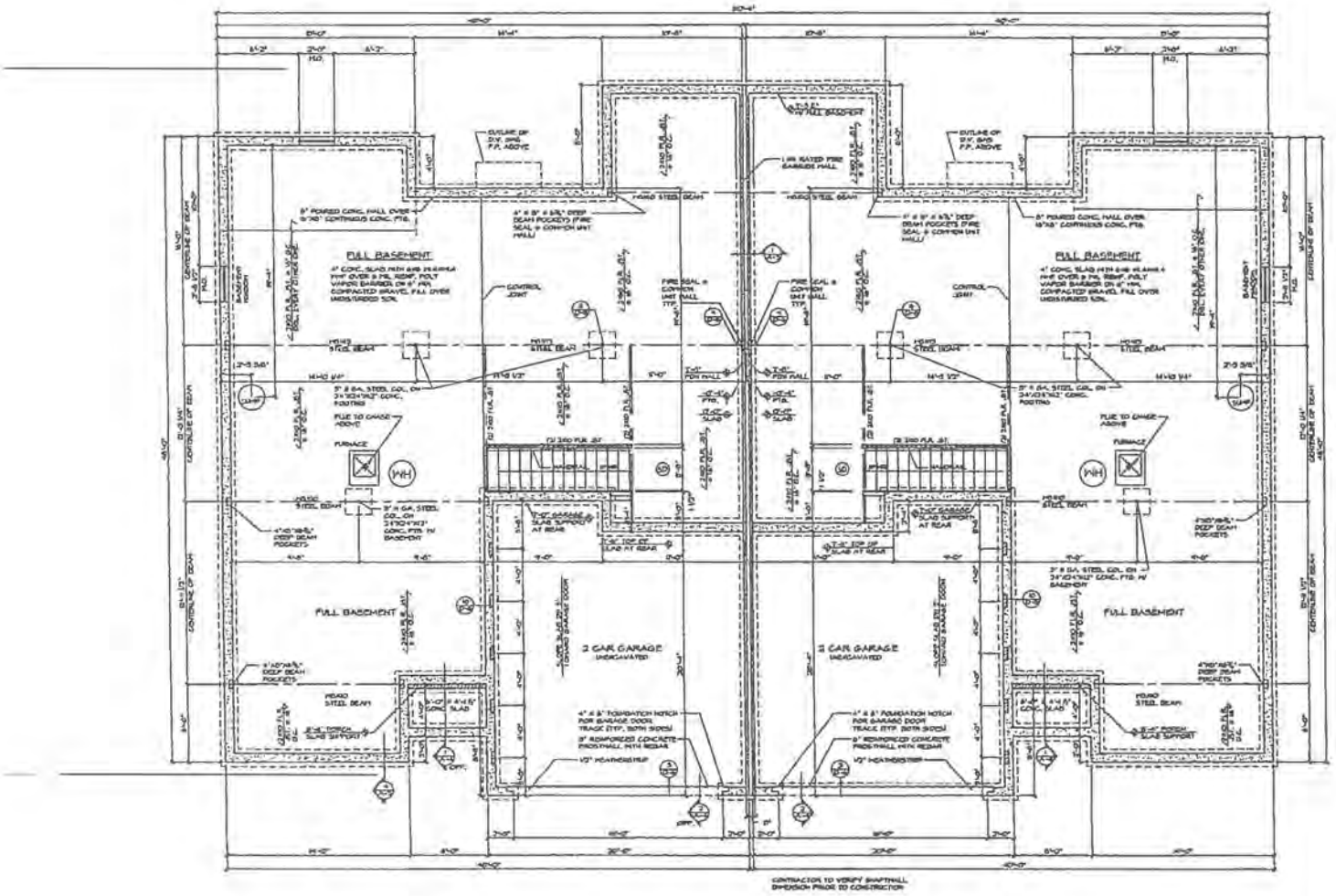
PIEDMONT DUPLEX
Villas at Churchville
LOTS 101 & 102
CHURCHVILLE, NEW YORK
PROJECT NAME

ELEVATIONS

G+A PROJECT NUMBER 19-128

DRN: BH SM EJ	CERTIFICATION
CKD: BH SM DB	
SCALE: 1/4"=1'-0"	
DATE: 08/20/19	
REV:	

A-1.1
DRAWING NUMBER



1/A-2 FOUNDATION PLAN
SCALE: 1/4" = 1'-0"

SYMBOLS:

NEW CONSTRUCTION

NEW DOOR OPENING

SMOKE DETECTOR

CARBON MONOXIDE DETECTOR

DETAIL REFERENCE: DETAIL NUMBER (TOP) SHEET NUMBER (BOTTOM)

ELEVATION REFERENCE: ELEVATION NUMBER (CLOCKWISE) SHEET NUMBER (ABOVE)

REVISIONS

DATE	TITLE / COMMENTS

GARDNER PLUS ARCHITECTS, PLLC
40 WILDFLOWER ROAD
ROCHESTER, NEW YORK 14623
TELEPHONE: (585) 321.1210
FACSIMILE: (585) 321.1213
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cell - (585)509-3223
fax - (585) 225-0399

PIEDMONT DUPLEX
Villas at Churchville
LOTS 101 & 102
CHURCHVILLE, NEW YORK
PROJECT NAME

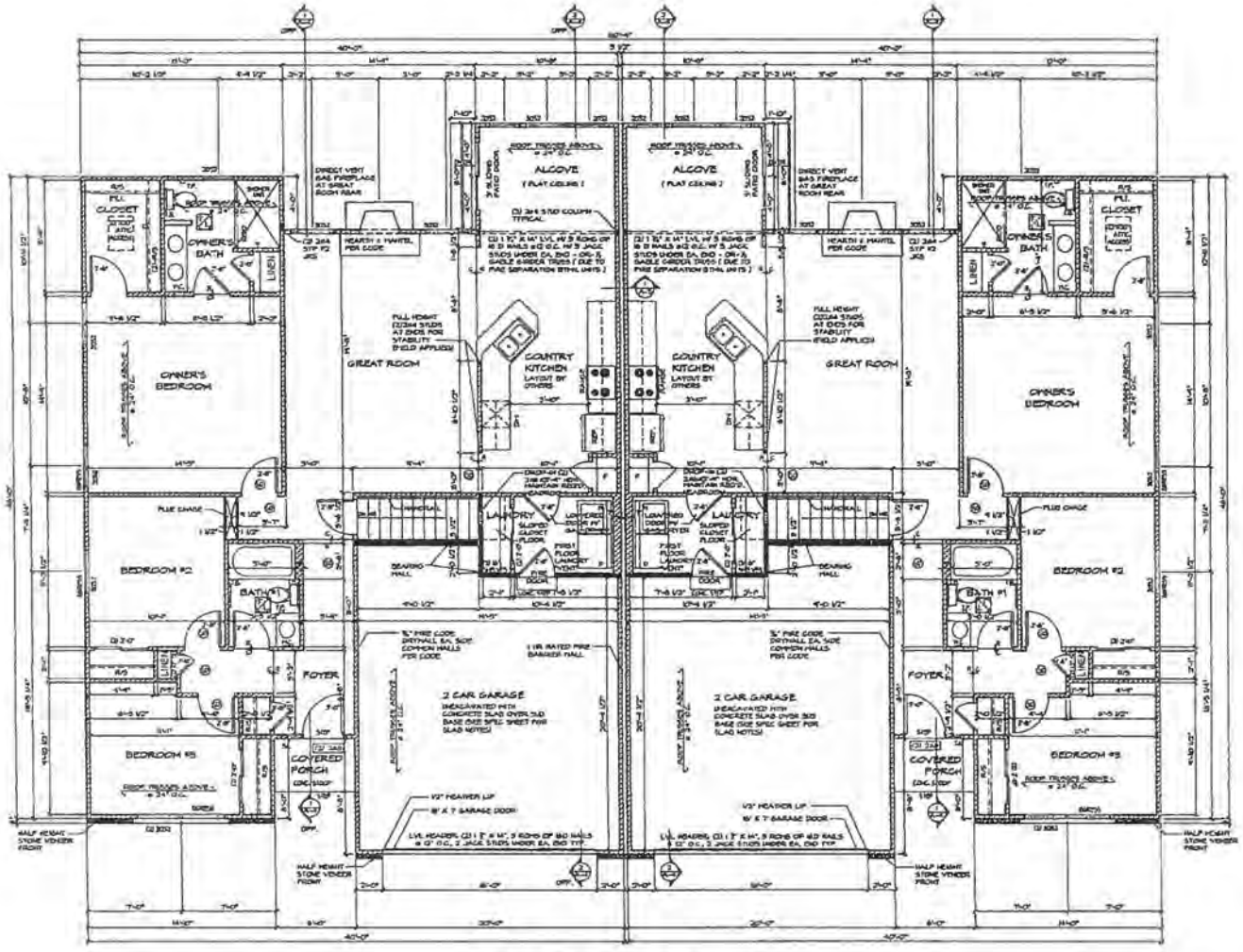
FOUNDATION PLAN

GPA PROJECT NUMBER: 09-025.APR03

DRN. BY:	SPH, EJ
CKD. BY:	MPS, DM
SCALE:	1/4"-1'-0"
DATE:	09/03/09
REV.:	

CERTIFICATION

A-2
DRAWING NUMBER



1/A-3 FIRST FLOOR PLAN

SCALE: 1/4" = 1'-0"

LEFT UNIT - 1442 SF
RIGHT UNIT - 1442 SF

NOTES:
1. ALL WORK TO BE AS PER CURRENT RESIDENTIAL CODE OF NEW YORK STATE UNLESS OTHERWISE NOTED.
2. ALL WALLS ARE 2x6 UNLESS OTHERWISE NOTED.
3. ALL DOOR, CASED ARCH OPENINGS

SYMBOLS:

- HIGH CONSTRUCTION
- HIGH DOOR OPENING
- SMOKE DETECTOR
- CARBON MONOXIDE DETECTOR
- DETAIL REFERENCE: (DETAIL NUMBER (TOP)) (SHEET NUMBER (BOTTOM))
- ELEVATION REFERENCE: (ELEVATION NUMBER (OUTSIDE)) (SHEET NUMBER (INSIDE))

REVISIONS

DATE	TITLE / COMMENTS

GARDNER PLUS ARCHITECTS, PLLC
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ROCHESTER, NEW YORK 14623
TELEPHONE: (585) 321.1310
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NEW HOUSE PLANS FOR:

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cell - (585)509-2223
fax - (585) 225-0309

PIEDMONT DUPLEX
Villas at Churchville
LOTS 101 & 102
CHURCHVILLE, NEW YORK
PROJECT NAME

FIRST FLOOR PLAN

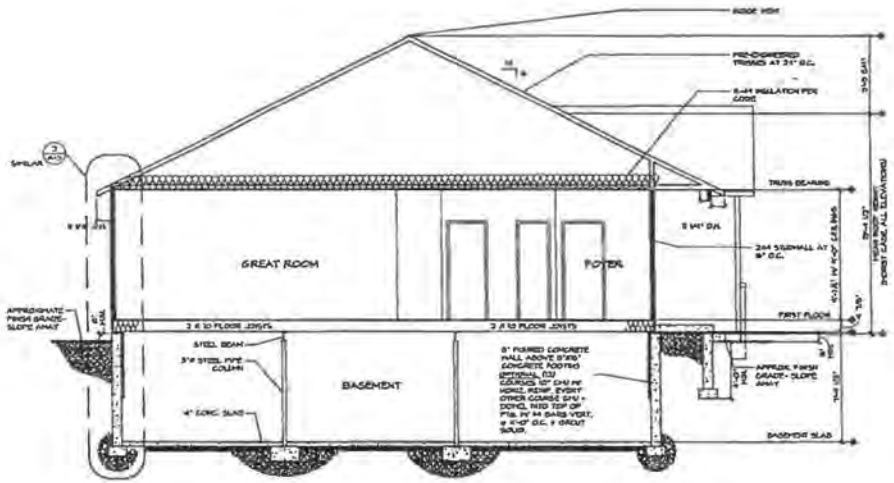
G+A PROJECT NUMBER: 19-0206103

DRN. BY:	SPH, EJ
CKD. BY:	SPH, DB
SCALE:	1/4"=1'-0"
DATE:	06.20.19
REV.:	

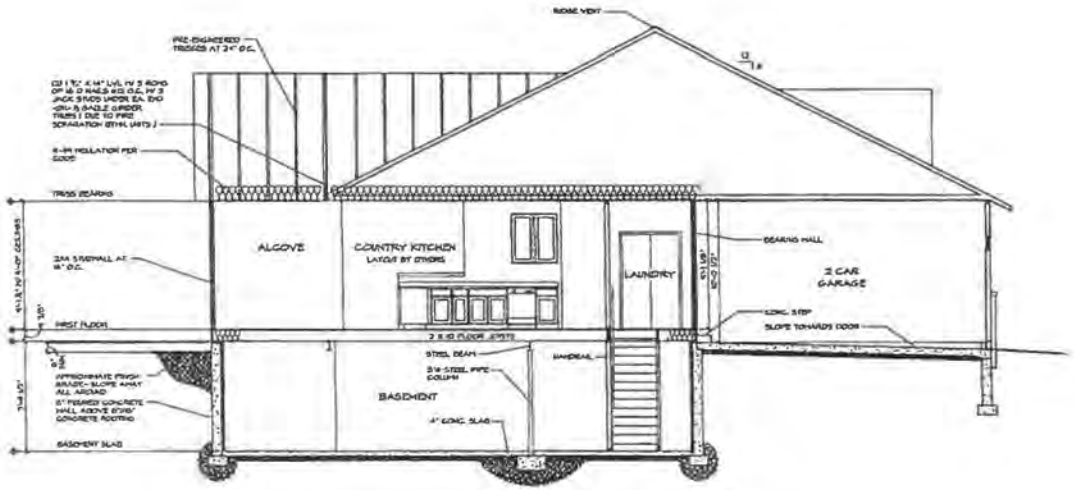
CERTIFICATION

A-3

DRAWING NUMBER



1 A-4 BUILDING SECTION
SCALE: 1/4" = 1'-0" FULL BASEMENT



2 A-4 BUILDING SECTION
SCALE: 1/4" = 1'-0" FULL BASEMENT

NOTES:

1/ THIS DRG PREPARED BY GARDNER PLUS ARCHITECTS TO DOCUMENT CERTAIN BUYER/OWNER SELECTIONS MADE TO "PIEDMONT" MODEL.

2/ GARDNER PLUS ARCHITECTS CERTIFICATION IS FOR SPECIFIC CHANGES ONLY AND DOES NOT CONSTITUTE REVIEW OR APPROVAL OF ALL OTHER STANDARD / NON-MODIFIED ASPECTS OF DESIGN. THOSE REMAIN THE RESPONSIBILITY OF SORTINO PROPERTIES.

3/ ALL EXTERIOR TRIM WRAPPED W/ VINYL OR PRE-FIN. ALUM. BREAK METAL.

REVISIONS

DATE	TITLE / COMMENTS

GARDNER PLUS ARCHITECTS, PLLC
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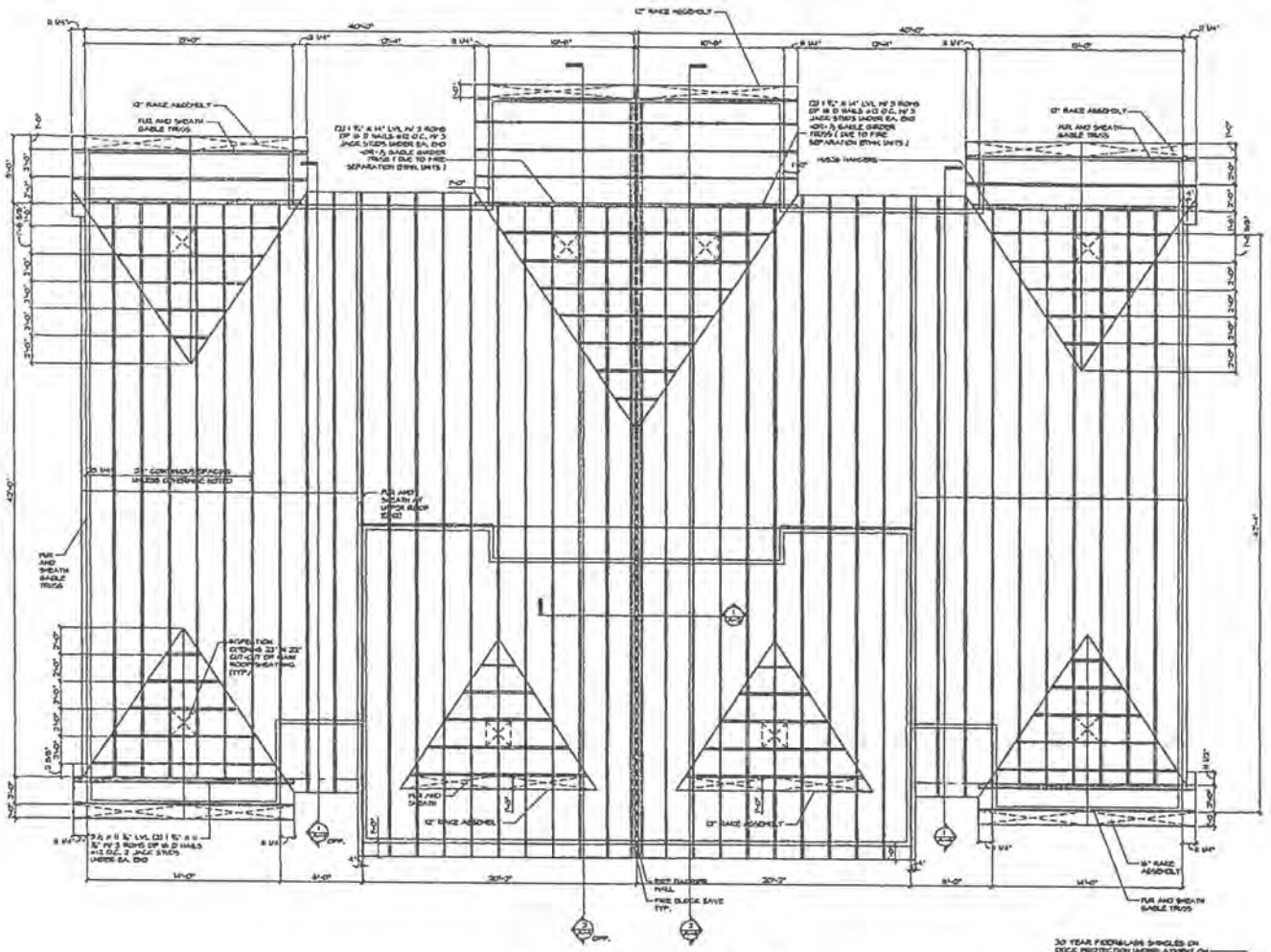
PIEDMONT DUPLEX
Villas at Churchville
LOTS 101 & 102
CHURCHVILLE, NEW YORK
PROJECT NAME

BUILDING SECTIONS

G+A PROJECT NUMBER

DRN. BY:	CERTIFICATION
CKD. BY:	
SCALE:	
DATE:	
REV:	

A-4
DRAWING NUMBER



1 / S-1 ROOF FRAMING PLAN
SCALE: 1/4" = 1'-0"



1 LAY-OVER ROOF DETAIL 1/2"

NOTES:

1) THIS DWG PREPARED BY GARDNER PLUS ARCHITECTS TO DOCUMENT CERTAIN BUYER/OWNER SELECTIONS MADE TO "PIEDMONT" MODEL.

2) GARDNER PLUS ARCHITECTS CERTIFICATION IS FOR SPECIFIC CHANGES ONLY AND DOES NOT CONSTITUTE REVIEW OR APPROVAL OF ALL OTHER STANDARD / NON-MODIFIED ASPECTS OF DESIGN. THOSE REMAIN THE RESPONSIBILITY OF SORTINO PROPERTIES.

REVISIONS

DATE	TITLE / COMMENTS

222

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NEW HOUSE PLANS

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cell - (585)509-3223
fax - (585) 225-0399

PIEDMONT DUPLEX
Villas at Churchville
LOTS 101 & 102
CHURCHVILLE, NEW YORK
PROJECT NAME

ROOF FRAMING

G+A PROJECT NUMBER: 19-02SORTINO

DRN. BY:	SPH
CKD. BY:	SPH, DW
SCALE:	AS NOTED
DATE:	09/09/19
REV:	

CERTIFICATION

S-1

DRAWING NUMBER

EXHIBIT M

D.S.B.
Engineers & Architects, P.C.
2394 Ridgeway Avenue, Suite 201, Rochester, NY 14626

Office: (585) 271-5230 Fax: (585) 271-3488

The Sponsor of the Offering Plan to convert the captioned property to a Homeowner Association (HOA) ownership has retained our firm, DSB Engineers & Architects, P.C. to prepare a Property Description. The project Villa's of Churchville Engineers Report located and construction in the Village of Churchville hereafter referred to as (the Report). I visually inspected the property on September 12, 2012 and I examined the approved site plans and specifications that were prepare by DSB Engineers & Architects, P.C. dated October 2012 and I prepared the Report dated December 23, 2013, a copy of which is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on the Report.

I am a licensed engineer in the State where the property is located.

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

I have read the entire Report and investigated the facts set forth in the Report, and the facts underlying it with due diligence, in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that to the best of my knowledge The Report:

(i) Sets forth in narrative form the description and/or physical condition of the entire property as it will exist up completion of renovation and/or construction, provided that renovation and/or construction is performed in accordance with the plans and specifications that I examined:

(ii) In my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of construction, provided that construction is preformed in accordance with the plans and specifications that examined:

(iii) Does not omit any material fact;

(iv) Does not contain any untrue statement of material fact;

(v) Does not contain any fraud, deception, concealment, or suppression;

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

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

a. Knew the truth;

b. With reasonable effort to ascertain the truth; or

c. Made no reasonable effort to ascertain the truth; or

d. Did not have knowledge concerning the representation or statement made.

I certify that DSB Engineers & Architects, P.C. is not owned or controlled by and has no beneficial interest in the sponsor and that DSB Engineers & Architects, P.C.'s compensation for preparing this Report is not contingent on the conversion of the property to a HOA or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

DSB Engineers & Architects,
P.C. David E. Simpson, P.E.
License No. 068481

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

Subscribed and sworn to before me this 24th day of December, 2013

Kelly A. McGrath
Notary Public, State of New York
Qualified in Monroe County
Commission No. 01MC6198324
My Commission Expires 12/15/[illegible]

Notary Public