
**CONDOMINIUM OFFERING PLAN FOR THE SALE
OF HOMES IN A CONDOMINIUM TO BE KNOWN AS**

VILLAGE VISTAS CONDOMINIUM

Located at

Liberty Avenue
Village of Port Jefferson
Town of Brookhaven
County of Suffolk, New York 11777

43 Homes

TOTAL OFFERING - \$40,807,000

SPONSOR AND SELLING AGENT

LIBERTY MEADOWS, LLC
1 Rabro Drive, Suite 100
Hauppauge, New York 11788

SPONSOR'S ATTORNEYS

CERTILMAN BALIN ADLER & HYMAN, LLP.
The Financial Center at Mitchel Field
90 Merrick Avenue
East Meadow, New York 11554

THE DATE OF ACCEPTANCE FOR FILING OF THE PLAN IS JULY 5, 2007. THE OFFERING PLAN MAY NOT BE USED AFTER JULY 4, 2008, UNLESS AMENDED OR EXTENDED.

BECAUSE THE SPONSOR HAS RETAINED THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL HOMES THIS PLAN MAY NOT RESULT IN THE CREATION OF A CONDOMINIUM IN WHICH A MAJORITY OF THE HOMES ARE OWNED BY OWNER OCCUPANTS OR INVESTORS UNRELATED TO THE SPONSOR. SEE SPECIAL RISK FACTOR 2, AT PAGE iv.

PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS OFFERING PLAN. SEE SPECIAL RISK FACTOR 2, AT PAGE iv.

SEE PAGE iv FOR SPECIAL RISKS TO PURCHASERS.

THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL THESE CONDOMINIUM HOMES. 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 CONDOMINIUM HOME. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

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SPECIAL RISKS

1. Pursuant to the requirements of the Village of Port Jefferson as set forth in the Declaration of Covenants and Restrictions (See Schedule O in Part II) occupancy of the Homes shall be limited to the following persons:

- (a) At least one person who is fifty-five (55) years of age or over;
- (b) A spouse greater than nineteen (19) years of age;
- (c) Children and/or grandchildren residing with their parents or grandparents where one (1) of said parents or grandparents, with whom the children or grandchildren are residing is fifty-five (55) years of age or older, provided that said children or grandchildren are over the age of nineteen (19) years; and
- (d) Adults under fifty-five (55) years of age may be admitted as permanent residents if it is established that the presence of such persons is essential for the physical care or economic support of eligible older persons.

2. The Sponsor will retain control of the Board of Managers of the Condominium until all of the Homes in the Condominium are closed. See page 38. During this period, the Sponsor will have control of maintenance, facilities and services to be provided and will determine the common charges to be paid by all Home Owners, including the Sponsor and the enforcement of the Sponsor's obligations.

Sponsor will endeavor in good faith to sell Homes in the Condominium. However, Sponsor is retaining the unconditional right to rent rather than sell Homes. Because Sponsor is retaining the unconditional right to rent rather than sell Homes, this Plan may not result in the creation of a Condominium in which a majority of the Homes are owned by owner-occupants or investors unrelated to the Sponsor. Due to the fact Sponsor is not limiting the conditions under which it will rent rather than sell Homes, there is no commitment to sell more Homes than the fifteen (15%) percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium.

As a result of the above, Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of this Offering Plan. In addition, after Sponsor relinquishes control there is no provision in the By-Laws that requires a majority of the Board of Managers to be owner occupants who are unrelated to the Sponsor or its Principals. Purchasers should further note that owner-occupants and non-resident owners, including Sponsor, may have inherent conflicts on how the

Condominium should be managed as a result of their different reasons for purchasing, i.e. purchasing as a Home to live in as opposed to purchasing as an investment.

3. Sponsor does not wish to sell Homes to Purchasers who do not intend to occupy their Home. As a result, paragraph 39 of the Purchase Agreement provides as follows:

"41. Restrictions on Sale. Purchaser covenants and agrees to retain ownership in the Condominium Home for a period of one (1) year from the date Purchaser acquired the Condominium Home, except in the case of the death of Purchaser or spouse. Failure to abide by this requirement shall result in the Purchaser paying the Seller a sum equal to 25% of the difference between the new purchase price of the Condominium Home and the purchase price set forth in Paragraph 3 of this Purchase Agreement but in no event less than 10% of the purchase price set forth in paragraph 3 of this Purchase Agreement. The provisions of this Paragraph shall survive delivery of the deed and the closing of title."

4. All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account. However, Purchasers should note as a special risk that such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras. See page 23.

5. Purchasers should note that in the current real estate market, certain banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 50%) of the Homes in a condominium be sold before the lender will consider making a loan. Thus, it may be possible for a Purchaser to experience difficulty obtaining a loan in a condominium where the percentage of Homes purchased is lower than a lender's particular sales minimum and difficulty in reselling their Home. See page 25.

6. Pursuant to existing law and regulation, the Sponsor may declare the Plan effective by selling a minimum of fifteen (15%) percent of the Homes in the Community. Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may be able to convert the property to condominium ownership with fewer than the minimum number of sales, if Purchasers counted towards effectiveness do not ultimately purchase a Home. See page 26.

7. Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new Homes, applies to the Homes in this Condominium. Pursuant to the terms of this law, the Sponsor is giving a Limited Warranty to Purchasers. The Limited Warranty excludes all consequential, incidental, special and indirect damages and limits Sponsor's liability to seventy-five (75%) percent of the purchase price of the

Home. See the complete terms of the Limited Warranty contained in Schedule D-1. For details see page 34 of the Plan and the full text of the law set forth in Schedule L.

8. Downpayment deposits will be deposited in the North Fork Bank, as set forth at page 23. Such bank is covered by Federal Deposit Insurance of \$100,000 per individual deposit. If an individual makes a deposit in excess of \$100,000 for the purchase of a Home, it will not be federally insured in excess of \$100,000.

9. Each Purchaser shall be required to pay certain costs and adjustments at closing, including New York State Real Estate Transfer Taxes at the rate of \$2.00 per \$500 of consideration. See the Purchase Agreement set forth as Schedule D.

10. Purchasers should be aware that they will be living in an active construction site until all Homes and common areas are completed. During this period they may encounter storage of construction material and equipment, construction vehicle traffic, construction noises, dirt and other debris in roadways, dust throughout the Community, unfinished areas of the Community and other inconveniences which are normal in a new home community until completion of all construction activity. Patience and understanding will be required. See page 6.

11. The form of purchase Agreement set forth in Part II of the Plan, is not contingent upon a Purchaser securing financing which is the sole responsibility of the Purchaser. A Purchaser is obligated to pay the balance of the purchase price regardless of the availability of financing. In the event a Purchaser is unable to pay the balance, the downpayment of ten (10%) percent of the purchase price plus the cost of custom work or optional extras ordered will be retained by Sponsor as liquidated damages. See the Section of the offering Plan entitled "Procedure to Purchase".

12. The Declaration of Covenants and Restrictions set forth as Schedule O was required by the Village of Port Jefferson as a condition of approval of the Community and contains the following covenants:

- (a) There shall be no division of the property and that said property shall remain as shown on the development map approved by the Village.
- (b) The use of the property shall be subject to the following restrictions:
 - (i) The development shall be used exclusively as an age restricted community;
 - (ii) All dwelling units shall be utilized for condominium purposes only;
 - (iii) Occupancy of the units shall be limited to persons fifty-five (55) years of age or older with certain exceptions as set forth in Special Risk Factor 1 at page iv.

13. The estimated square footage of the Homes in Schedule A excludes the garage and has been measured to the outside walls of the Homes. As a result, the actual square footage of the Homes is substantially less than set forth in Schedule A.

VILLAGE VISTAS CONDOMINIUM

PLAN OF CONDOMINIUM OWNERSHIP

I. INTRODUCTION

This is an Offering Plan (the "Plan") for the sale of forty-three (43) Homes (the "Homes") in a Condominium to be known as Village Vistas Condominium located in the Village of Port Jefferson, Town of Brookhaven, County of Suffolk, State of New York. The purpose of the Plan is to set forth all the terms of the offer for the benefit of prospective Purchasers.

The Plan may be amended at any time and from time to time provided that the amendment is duly filed with the Department of Law of the State of New York and is served on Purchasers and Home Owners.

A Declaration submitting the property to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") and By-Laws will be recorded prior to conveyance of title to the first Home by the Sponsor. The property will be subject to the Condominium Act. The Declaration and By-Laws will be substantially similar to those set forth in this Offering Plan and will not be changed so as to adversely affect the Purchaser. This Offering Plan and the accompanying documentation should be carefully studied by prospective Purchasers and their attorneys prior to the purchase of a Home.

The Sponsor of the Plan is Liberty Meadows, LLC, a New York Limited Liability Company with an address at 1 Rabro Drive, Suite 100, Hauppauge, New York 11788. Sponsor is the contract vendee of the property. Sponsor will acquire title to the property prior to the first closing of a Home in the Condominium.

Sponsor will endeavor in good faith to sell Homes in the Condominium, However, Sponsor is retaining the unconditional right to rent rather than sell Homes. Because Sponsor is retaining the unconditional right to rent rather than sell Homes, this Plan may not result in the creation of a Condominium in which a majority of the Homes are owned by owner-occupants or investors unrelated to the Sponsor. Due to the fact Sponsor is not limiting the conditions under which it will rent rather than sell Homes, there is no commitment to sell more Homes than the fifteen (15%) percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. In the event Sponsor makes a bulk sale of all or some of its unsold Homes, the transferee successor Sponsor will be bound by Sponsor's representations regarding its commitment to sell Homes. Sponsor has obtained a development and construction loan commitment from North Fork Bank, 275 Broadhollow Road, Melville, New York 11747, which will enable Sponsor to construct the Condominium. The commitment does not contain any minimum number or percentage of Homes which must be under contract before the Plan can be declared

effective nor does it contain any limits or requirements for Sponsor to rent rather than sell the Homes. Homes will be released from the development and construction loan upon the payment of the per Home release consideration. See Special Risk Factor No. 2, at page iv. See Schedule G for a detailed description of the Homes. The land and all improvements to be erected thereon are hereinafter referred to as the "Community" or the "Condominium".

As in the ownership of a private residential home, the Purchaser of a Home in a Condominium (the "Home Owner") owns his Home in fee simple absolute and is entitled to exclusive possession of his Home. Each Purchaser will also own an undivided interest in and right to use the common elements and an exclusive right to use the limited common elements that pertain to his Home. See page 3 of the Declaration of Condominium as to what constitutes limited common elements. All Home Owners will own in common all exterior walls, roofs and all of the land and improvements located outside of the Homes.

The Home basically includes the sheetrock and air space between the sheetrock of the Home. For a detailed description of the Home to be conveyed see Schedule H, Article Third in Part II of the Plan.

The common elements include without limitation the external walls, the roofs of the Buildings as well as all of the land, roadways, walks and parking area. Roadways in the Community are private and are maintained by the Condominium. For a detailed description of the common elements see Schedule H, Articles Fourth and Fifth in Part II of the Plan.

Each Home will have a two (2) car garage as part of the Home. In addition, there are thirty-three (33) exterior parking spaces located throughout the Community for use by Home Owners and their guests on a first come first served basis.

A Home Owner is required to pay monthly common charges assessed by the Board of Managers for the operation and maintenance of the Condominium pursuant to Sections 339(l) and (m) of the New York Condominium Act. Monthly common charges may commence with the closing of the first Home which is expected to be on or about April 1, 2008, however, see page 47 as to the right of the first Board of Managers to commence the collection of common charges at a subsequent date. Until title to a Home has passed to a Purchaser, the Sponsor will pay such common charges and special assessments as are assessed by the Board of Managers on Homes, built or unbuilt, to which title has not passed. Once title has passed to a Purchaser the Purchaser will be responsible for all costs, including all common charges associated with the Home. See Article VI of Schedule I in Part II of the Plan.

A Home Owner, upon acquiring title to his Home, will be obligated to comply with the Declaration of Condominium, Condominium By-Laws and rules and regulations and any other requirements of the Board of Managers of the Condominium.

Occupancy of a Home may only be for residential purposes in accordance with municipal requirements which limits occupancy to persons fifty-five (55) years of age or over with certain exceptions. See Special Risk Factor 1 at page iv. Homes can be sold by a Home Owner, provided that he is not in arrears on the payment of common charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for out of the proceeds of the sale) and subject to restrictions contained in the mortgage, if any, covering their home. A Purchaser is free to make a gift of his Home to anyone during his lifetime or to devise his Home by will, or to have it pass by intestacy. No Home can be sold without a simultaneous sale of the undivided interest in the common elements.

The Homes can be purchased for all cash or may be purchased partly for cash and partly by mortgage.

The Home Owner may mortgage his Home at any time before or after he acquires title to the Home in whatever amount and under whatever terms he can obtain. A Home Owner may mortgage his Home only if all arrears for common charges, if any, are provided for at the closing of the mortgage.

Primary responsibility for operating the Condominium rests with the Board of Managers who are elected by the Home Owners. See Schedule I, Article III in Part II of the Plan. Sponsor has reserved the right to control the Board until all of the Homes are closed. For information concerning Sponsor's initial control of the Board of Managers, see page 38 and Special Risk Factor 2, at page iv.

Each Home Owner, upon obtaining title, will automatically have one vote at all meetings of the Home Owners for each of the Homes owned by him.

Each Home will be taxed separately for real estate tax purposes and may be separately mortgaged. Therefore, no Home Owner is liable for the payment of real estate taxes or mortgage payment on any other Home. In the opinion of Counsel, a Home Owner is presently entitled to deductions for income tax purposes for his payments for real estate taxes on his Home. In addition, provided the Home will be the Purchaser's principal residence or one other residence selected pursuant to Section 163(h)(5)(A)(i)(II) of the Internal Revenue Code of 1986, he may also deduct on his income tax the interest on the mortgage he procures to finance the purchase of his Home. See page 55.

Fire and liability insurance covering the common elements are included with other items as part of common charges but fire and liability insurance for the Purchaser's personal effects and the interior of the Home should be carried by the individual Purchaser. Common charges are levied in proportion to the interest in the "common elements" appurtenant to each Home. For possible increases in common charges upon default in payment by a Home Owner see page 48. Each Home Owner is

responsible for the cost of his own interior repairs and decoration in his Home after closing.

The price of the Homes will include all the appliances and fixtures detailed in the Description of Property Report contained in Part II of the Plan.

The prices for the Homes are set forth in Schedule A beginning at page 9. THESE PRICES HAVE BEEN SET BY THE SPONSOR ALONE AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

This Offering Plan contains all of the material terms of this transaction. Parts I and II along with Parts A, B, C and D of the Exhibits submitted along with the Offering Plan together constitute the entire Offering Plan. Copies of the Plan and Parts A, B, C, and D of the Exhibits will be available for inspection by prospective Purchasers and their attorneys without charge and for copying at a reasonable charge at the Condominium site whenever the on site sales office is open and at the office of the Sponsor or Selling Agent and at the Department of Law, 120 Broadway, 23rd Floor, New York, New York, only by appointment.

THE PURCHASE OF A CONDOMINIUM HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING AN AGREEMENT TO PURCHASE A CONDOMINIUM.

II. DEFINITIONS

The following words as hereinafter referred to shall be defined as follows:

1. "Condominium" - Village Vistas Condominium which is composed of the Home Owners.
2. "Homes" - As used herein is equivalent to the term "Units" as used in Article 9-B of the Real Property Law.
3. "Community" - As used herein is equivalent in meaning to the term "Condominium" as same is used in Article 9-B of the Real Property Law.
4. "Home Owners" - The owner of each home in the Community.
5. "Common Elements" - The common elements of the Community will consist of all of the Community, except the Homes, including, but without limitation, outside walls and roofs of the Buildings, the land, buildings and improvements (other than the Homes) comprising the Community (including the land under the Homes and

under the improvements), all utility or other pipes and material located outside of the Homes, recreational facilities, parking area and walks.

6. "Irrevocably Restricted Common Elements" - The portions of the common elements that are irrevocably restricted in use to specified Home Owners.

7. "Common Interest" - The proportionate, undivided interest each Home Owner has in the common elements.

8. "Common Charges" - Each Home's proportionate share of the common expenses in accordance with its common interest.

9. "Common Expense" - (a) Expenses of operation of the Condominium, and (b) All sums designated common expenses by or pursuant to the provisions of the Condominium Act, the Declaration or the By-Laws.

10. "Declaration of Condominium" - The instrument by which the property is submitted to the provisions of the Condominium Act, and such instrument as from time to time amended, consistent with the provisions of the Condominium Act and of the By-Laws.

11. "Board of Managers" - The governing body of the Condominium responsible for its affairs.

III. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location and Acreage

The property is situated in the Village of Port Jefferson, Town of Brookhaven, Suffolk County, adjacent to Liberty Avenue. The Condominium is located on a parcel consisting of approximately 18.45 acres of land.

Parking Facilities

Each Home will have a two (2) car garage as part of the Home. In addition, there are thirty-three (33) exterior parking spaces located throughout the Development for use by Home Owners and their guests on a first come first served basis.

Improvements General Description

The Condominium as fully developed will consist of forty-three (43) Homes located in twenty-two (22) buildings in the manner set forth in the Plot Plan attached hereto in Part II of the Plan. There are two (2) basic types of Homes. The types and number of rooms, layouts and variations of the Homes are set forth in the Description of

Property Report in Part II of the Plan. Roadways in the Community are private and will be maintained by the Condominium.

The Building Plans are available for inspection at the Sponsor's office.

The Homes, the Buildings containing them and all other improvements will comply with all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction thereof including those governing zoning and construction and the Sponsor and all other persons engaged by the Sponsor in connection with this Plan have complied and will comply with all applicable laws, rules, regulations and other governmental requirements pertaining thereto including but not limited to the Building Code of the Village of Port Jefferson. Before the closing of title to a Home, a temporary or permanent Certificate of Occupancy will be issued for the Home or Building in which such Home is located. At the time of closing of title to the first Home, the exterior construction of all Homes in that Building will have been substantially completed. Landscaping adjacent to the building containing the Home will be completed prior to the time of closing of title to such Home or by the end of the following summer.

Construction Data for Homes and Common Elements

The Homes and common elements will be constructed substantially in the manner set forth in the Building Plans filed with the Village of Port Jefferson, which Plans will not be changed so as to adversely affect the Home Owners. Construction of the Homes has not yet commenced. The closing of title to the first Homes are expected to commence by approximately April 1, 2008, barring any strikes, material shortages, acts of God or other unforeseen delays beyond the control of the Sponsor. Sponsor anticipates completion of the last Home in the Condominium by December 31, 2010, barring any unforeseen circumstances such as possible strikes, material shortages, acts of God or other unforeseen delays beyond the control of the Sponsor. Completion of construction is subject to unforeseen circumstances such as possible strikes, material shortages, acts of God or other unforeseen delays beyond the control of the Sponsor. All of the internal roadways will be privately owned and maintained by the Condominium. It is not presently intended that the internal roadways will be dedicated to the local municipality.

Landscaping

Landscaping will be in conformity with the approved Landscape Plan of the Community. The landscape plan is available for inspection at Sponsor's sales office during normal business hours.

Recreational Facilities

Recreational facilities in the Community will include a 1,776 square foot clubhouse containing an exercise room containing a treadmill, bicycle, free weights and bench, great room/lounge and two (2) bathrooms, an approximate 20' X 40' square foot outdoor swimming pool and putting green. The clubhouse will also contain two (2) couches and two (2) televisions.

IV. LOCATION AND AREA INFORMATION

Location

The Community is located in Village of Port Jefferson, Town of Brookhaven, County of Suffolk, State of New York. The Condominium exits onto Liberty Avenue a public street.

Transportation Services

The Long Island Rail Road, whose closest station is in Port Jefferson approximately one (1) mile from the Community.

Municipal Services

Fire - Fire protection is supplied by the Village of Port Jefferson Fire Department, on Liberty Avenue approximately one(1) mile from the Condominium.

Police - The Suffolk County Police Department services the Community. The 6th precinct is approximately 7.1 miles from the Condominium.

Electric & Gas - LIPA & Keyspan Energy will provide electric and gas service, and each Home will be separately metered.

Telephone - Verizon will provide telephone service, and each Home will be separately billed.

Shopping - The Village of Port Jefferson and the surrounding areas, provide a vast array of shops and restaurants. One of Long Islands Shopping Malls, the Smithhaven Mall is approximately 7.9 miles away. A modern King Kullen and Stop and Shop Supermarket is located approximately 3.2 miles west of the Community.

Water and Sewage - Water for the Homes will be supplied by the Suffolk County Water District, and will be a common expense. Sewage in the Community will flow into the Suffolk County Sewer District No. 1 Sewer System located in Port Jefferson. The cost of sewage disposal will be an individual expense of each Home Owner reflected in the individual real estate tax bill.

Refuse Removal - Refuse removal will be provided by a private contractor retained by the Condominium.

Medical and Religious Facilities – The Village of Port Jefferson is served by three accredited hospitals. John T Mather Memorial Hospital located on North Country Road and St. Charles Hospital and Rehabilitation Center is located on Belle Terre Road, are located approximately a ½ mile from the Community and Stonybrook University Hospital is approximately 5 miles from the Community.

There are houses of worship of many major denominations in the vicinity of the Community.

Library – The Port Jefferson Free Library is approximately 0.8 miles from the Community.

Recreation – The Village of Port Jefferson maintains a golf course with membership available to Village residents. No representation is made as to the fees that are charged by the foregoing facility.

Zoning - The overall site is zoned “B2” Residence. To the South is a cemetery, to the north and west are existing Homes, and to the east is an existing Condominium Community.

No representation is made as to the eventual use or zoning of any parcel surrounding the Community.

V. SCHEDULE A

VILLAGE VISTAS CONDOMINIUM

For the First Year of Operation Estimated to Commence April 1, 2008

43 HOMES

Home Number	(1) Model Type	(1) Number of Bedrooms & Bathrooms	(1) Approx. Square Footage	(2) % of Common Interest Expressed as a Fraction	(3) Purchase Price	(4) Estimated Monthly Common Charges	(5) Estimated Real Estate Taxes		(6) Total Estimated Monthly Carrying Charges
							Monthly	Annual	
1	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
2	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
3	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
4	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
5	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
6	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
7	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
8	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
9	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
10	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
11	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
12	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
13	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
14	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
15	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
16	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
17	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
18	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
19	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
20	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
21	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
22	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
23	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
24	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
25	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
26	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
27	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
28	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
29	A	2/2 1/2	2,059	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
30	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
31	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
32	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72

V. SCHEDULE A

VILLAGE VISTAS CONDOMINIUM

For the First Year of Operation Estimated to Commence April 1, 2008

43 HOMES

Home Number	(1) Model Type	(1) Number of Bedrooms & Bathrooms	(1) Approx. Square Footage	(2) % of Common Interest Expressed as a Fraction	(3) Purchase Price	(4) Estimated Monthly Common Charges	(5) Estimated Real Estate Taxes		(6) Total Estimated Monthly Carrying Charges
							Monthly	Annual	
33	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
34	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
35	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
36	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
37	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
38	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
39	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
40	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
41	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
42	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
43	B	2/2 1/2	2,219	1/43rd	\$949,000	\$415.05	\$477.67	\$5,732.24	\$892.72
TOTALS			90,777	100.00%	\$40,807,000	\$17,847.15	\$20,539.81	\$246,486.32	\$38,386.96

FOOTNOTES TO SCHEDULE A

1. See the floor plans in Schedule G-3 of Part II of the Plan for details of the rooms in each model. There are two (2) basic model type Homes. Models A and B are both two (2) bedroom two and one-half (2 ½) bath Homes and include a basement and two (2) car garage. The room count is based on the zoning room count of the municipality. The estimated square footage excludes the garage and has been measured to the outside walls of the Homes. As a result, the actual square footage of the Homes is substantially less than set forth in Schedule A.
2. Percentage of common interest is based on equal percentages - one for each Home as of the recording of the Declaration pursuant to Real Property Law Section 339(i)(1)(iii).
3. No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sale prices below the Offering Plan prices without filing an amendment to the Plan at any time during the Offering where a reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated Home purchase. See page 20 as to other terms of the offering which may be negotiable. See pages 30 and 31 for estimated closing costs and adjustments which costs are in addition to the sale prices set forth herein. The purchase price includes a range and oven refrigerator, dishwasher, washer and dryer.
4. Common charges have been estimated by the Sponsor and include fire and liability insurance for the Homes and common elements and maintenance and operation of the common elements. Common charges exclude repair and decoration to the inside of a Home, utilities for each Home and insurance for personal belongings. See Schedule C for estimated heating and electrical costs for each model type Home. The Purchase Agreement provides for each Purchaser to pay two (2) months common charges at closing as Condominium working capital.
5. Real Estate Tax estimates are based on information received from the Brookhaven Town Assessor, in a letter dated February 9, 2007 and the Village of Port Jefferson by letter dated February 20, 2007 based on the 2006/2007 general tax rate of \$168.17 per \$100 of assessed value and the 2006 village tax rate of \$16.22 per \$100 of assessed value.. The projected assessed valuation after completion (scheduled for April 1, 2008), is \$3,100.

After the Condominium is divided into individual tax lots, each Home will be taxed as a separate tax lot for real estate tax purposes and the Home Owner will not be responsible for the payment of, nor will the Home be subject to, any lien arising from the non-payment of taxes on other Homes. In addition, pursuant to the provisions of the Internal Revenue Code of 1986, the real estate taxes payable

by a residential Home Owner which are assessed against his Home by any governmental taxing authority, are a proper deduction in connection with Federal and State Income Taxes payable by such Home Owner. See page 55 for details and qualifications. The cost of sewage disposal is included in the individual real estate tax bills of each Home Owner.

No representation or warranty is made that the actual assessed valuation will be as projected above, or that the projected tax rate will not change. In no event will Sponsor, Sponsor's Counsel, or any offeror hereunder be liable to any Purchaser under this Plan, nor will any Purchaser have the right to rescind his Purchase Agreement, in the event the actual taxes differ from those projected. Actual taxes may vary depending on such factors as purchase price, optional extras ordered, end units, location, type of building cluster, etc. Estimated taxes include the Basic Star Exemption which is available for all owner occupied homes. The basic Star exemption is available for owner occupied, primary residences and exempts the first \$30,000 of assessed value of a Home from School taxes.

6. The Sponsor is not offering and has not procured mortgage financing. As a result, the projected monthly carrying charges for financing have not been included in Schedule A. In the event a Purchaser obtains a mortgage, his monthly carrying charges will increase. Any Purchaser who applies for a mortgage from a lending institution should check with that institution as to the monthly mortgage costs as well as any closing costs that the Purchaser will be obligated to pay the lending institution.

VI. SCHEDULE B

VILLAGE VISTAS CONDOMINIUM

Projected Budget for the First Year of Operation Beginning April 1, 2008

INCOME

Common Charges (43 Homes)	\$214,163.44
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EXPENSES

(1) Common Area Electric/Gas	\$ 5,575.00	
(2) Common Domestic Water	26,660.00	
(3) Insurance	57,250.00	
(4) Refuse Removal	10,836.00	
(5) Management Fees	20,000.00	
(6) Landscape Maintenance/Snow Removal	40,555.00	
(7) Lawn Sprinkler Maintenance	2,500.00	
(8) Repairs and Maintenance	10,000.00	
(9) Supplies	1,500.00	
(10) Alarm Monitoring (Fire)	3,696.00	
(11) Telephone for Alarm	7,861.44	
(12) Printing and Postage	300.00	
(13) Pool Maintenance	10,000.00	
(14) Cablevision Clubhouse	1,500.00	
(15) Telephone	780.00	
(16) Accounting	2,000.00	
(17) Legal Fees	500.00	
(18) Franchise and Corporate Tax	150.00	
(19) Reserves	10,000.00	
(20) Contingency	2,500.00	
(21) Labor	-0-	
TOTALS		<u>\$214,163.44</u>

Estimated Annual Common Charges Per Home - \$4,980.55

Estimated Monthly Common Charges Per Home - \$ 415.05

In the event the actual first year budget differs from the actual commencement of the budget year by six (6) months or more, Sponsor will amend the Plan to include a revised budget. See explanatory footnotes. If the amended budget exceeds this budget by 25% or more, the Sponsor will offer all Purchasers the right to rescind their purchase agreement and have their deposits returned, with interest, if any. Purchaser will have fifteen (15) days after presentation of the Amendment to exercise their right to rescind.

FOOTNOTES TO SCHEDULE B

Village Vistas Condominium 43 Homes

1. Common Area Electric/Gas - \$5,575.00

Based on an estimate for electric from Nelson & Pope Engineers & Surveyors, 572 Walt Whitman Road, Melville, New York for 14 street lights, outdoor pool and pump filter. The estimate is based on estimated 2970 kWhs per annum at LIPA's current cost per kWh of \$0.15 plus 3% inflation. Based on estimated 600 therms per annum at current rate of \$1.00 per therm. Also based on estimate from Campani & Schwarting Architects, 150-3 East Main Street, Port Jefferson, New York for Clubhouse heat and hot water. See Schedule C for estimated gas and electric costs for the Homes.

2. Common Domestic Water - \$26,660.00

Based on estimates from Nelson & Pope Engineers & Surveyors, 572 Walt Whitman Road, Melville, New York, for domestic water for Homes, Clubhouse, swimming pool and irrigation based on usage figures for a similar property. Rates are based on the Suffolk County Water District's current cost of \$1.062 per 748 gallons.

3. Insurance - \$57,250.00

Based on a proposal dated April 21, 2006, from Three Village Insurance Agency, Inc., 300 Main Street, Suite 2, East Setauket, NY 11733.

Building Coverage	\$14,238,000.00
D/O General Liability/Occurrence	1,000,000.00
D/O General Liability/Aggregate	2,000,000.00
Products and Completed Operations	2,000,000.00
Fire Legal Liability	50,000.00
Medical Payments	5,000.00
Umbrella	2,000,000.00

Approximate Annual Premium \$57,250.00

This premium is subject to completion and inspection of the buildings.

The insurance coverage meets the requirements of any mortgage lender procured by the Sponsor. The fire, casualty and general liability insurance will be on terms that provide that each Home Owner is an additional insured party; that there will be no cancellation without notice to the Board of Managers as a waiver of subrogation; a waiver of invalidity because of the acts of the insured and the Home Owner and a waiver of prorata reduction if Home Owners obtain additional coverage.

Purchasers are advised to obtain additional insurance at their own cost to cover such risks as fire and casualty losses to Home contents, replacements, addition, fixtures and improvements, and liability coverage for occurrences within the Home.

4. Refuse Removal - \$10,836.00

Based on a proposal from Winter Brothers Recycling.

5. Management Fees - \$20,000.00

Based on a proposal from Northwind Management Group, 1 Rabro Drive, Suite 100, Hauppauge, NY 11788, to include: billing and receiving common charge payments, bookkeeping services, record keeping, homeowner relations, maintenance liaison and scheduling preparation of contract specifications, negotiation of contracts and generally performing the administrative and clerical duties of a managing agent of a homeowners association.

6. Landscaping/Snow Clearing Maintenance - \$40,555.00

Based on a proposal from Four D Landscaping, East Setauket, New York 11733 for spring clean up; weekly maintenance, trimming, fall clean up, lawn chemical and fertilization program and spot seeding; snow clearing for roadways and driveways and walk ways and stairs; sanding and salting as needed.

7. Lawn Sprinkler Maintenance - \$2,500.00

Based on a proposal from Friends Irrigation, 697 Acorn Street, Deer Park, NY, for spring turn on and winterization of system.

8. Repairs and Maintenance - \$10,000.00

Based on a proposal from Northwind Management Group, 1 Rabro Drive, Suite 100, Hauppauge, NY 11788, for minimal repairs anticipated the first year of operation. These include minor roadway repair, roadway sweeping, minor repairs to clubhouse etc.

9. Supplies - \$1,500.00

Based on a proposal from Northwind Management Group., 1 Rabro Drive, Suite 100, Hauppauge, NY 11788, for supplies.

10. Alarm Monitoring - \$3,696.00

Provides for central station monitoring for fire alarm system in each building. Based on estimate dated January 9, 2007 from New York Security Exchange, 1124 Old Town Road, Coram, New York 11727.

11. Telephone for Alarm - \$7,861.44
Each building will have its own designated phone line for alarm monitoring. Bill based on Verizon phone service.
12. Printing and Postage - \$300.00
Based on a proposal from Northwind Management Group, 1 Rabro Drive, Suite 100, Hauppauge, NY 11788.
13. Pool Maintenance \$10,000.00
Based on a proposal from The Big Splash, 20 Woods Corner Road, Setauket, New York for opening and closing of pool for the season.
14. Cablevision \$1,500.00
Based on an estimate from Northwind Management Group, 1 Rabro Drive, Suite 100, Hauppauge, NY 11788 for cable in Clubhouse for Internet and Television.
15. Telephone \$1,000.00
Based on an estimate from Northwind Management Group, 1 Rabro Drive, Suite 100, Hauppauge, NY 11788 for telephone in Clubhouse.
16. Accounting - \$2,000.00
Based on a proposal from Rosenblatt, Kiman, Levittan, Levine & Co. LLP, 1700 Jericho Turnpike, New Hyde Park, New York, for preparation of annual financial statement.
17. Legal Fees - \$500.00
Based on an estimate from Scott Zamek, Esq. 1326 Expressway Drive South, Hauppauge, NY, for minimal legal services.
18. Franchise and Corporate Tax - \$150.00
Provides for minimum Franchise Tax.
19. Reserves - \$10,000.00
Based on an estimate received by the Sponsor:

	Quantity	Life	Replacement Cost	Cost per Year
Resurface Streets & Parking	17,000 square yards	25 yrs.	\$23,750.00	\$4,100.00
Roof	52,727 sq. ft.	25 yrs.	\$90,625.00	\$5,900.00
Vinyl siding for All Buildings	Life	0	0	0
				\$10,000.00

20. Contingency - \$2,500.00

Provides for petty cash, miscellaneous supplies and unanticipated expenses of the Corporation.

21. Labor \$ - 0 -

There are no employees of the Condominium. All maintenance and repairs to the common elements will be performed by outside contractors retained by the Board of Managers.

VII. SCHEDULE C

ESTIMATED HEATING AND ELECTRICAL COSTS

Home Type	Estimated Annual Costs for Gas Heating	Estimated Annual Costs for Gas Water Heating	Estimated Annual Costs for Gas Cooking and Drying	Estimated Annual Costs for Electric Air Conditioning	Estimated Annual Costs for General Electric Usage	Estimated Annual Total Utility Costs
A	\$2,430.00	\$238.88	\$204.51	\$649.70	\$403.80	\$3,926.89
B	\$2,618.99	\$238.88	\$204.51	\$649.70	\$403.80	\$4,115.88

The above estimates of the cost of gas and electricity for the Homes, hot water and cooking is made on the basis of the average use of such fuel as provided by Keyspan Energy, 117 Doctors Path, Riverhead, New York, by estimate date March 5, 2007 by Campani and Schwarting Architect located at 150-3 East Main Street, Port Jefferson, New York 11777, using the current rate of \$.15 per KWH and \$1.0985 per Therm, including an inflation factor of 5% and sales tax of 8.625%. Based on estimated 2,308 therms of gas per annum for the A Model, 2,471 therms of gas per annum for the B Model and 8,386 kWh of electric per annum for the A and B Models. It must be expected that this rate may increase with the passage of time.

Actual costs will vary depending on weather conditions, quality of construction, number of occupants and the habits of the occupants and increase in rates in future years, etc.

In view of the fact that these averages may include the use of energy by persons of varying need, with different standards of comfort, or with families of different sizes, the amount of energy used by the Purchaser may vary substantially from the average estimates herein provided. In addition, the effect of inflation, fuel shortages and other factors may raise the cost of electricity and gas substantially higher than the current or projected rate.

Although the Sponsor is under obligation to provide accurate information to prospective Purchasers, factors beyond its control may substantially effect the cost of electricity and gas after the purchase of a Unit or in subsequent years. Sponsor represents however, that it has followed the plans and specifications provided by the manufacturer of the appliances together with the recommendation of the manufacturer and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost.

IRA J. ADLER
PARTNER
DIRECT DIAL 516.296.7000
i.adler@certilmanbalin.com

VIII. COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)

March 8, 2007

State of New York
Department of Law
120 Broadway - 23rd Floor
New York, NY 10271

Re: VILLAGE VISTAS CONDOMINIUM

Gentlepeople:

The Sponsor of the Condominium Offering Plan for the captioned property has retained our firm to review the percentage of common interest applied to the Homes contained in Schedule A of the Offering Plan.

Our experience includes the preparation of well over one thousand offering plans in the State of New York.

In reviewing said Schedule A, the percentage of common interest for each Home as contained therein has been determined based upon equal percentages - one for each Home as of the date of recording the Declaration. Said method of determining the percentage of common interest in a condominium complies with and is pursuant to Section 339(i)(1)(iii) of the Real Property Law of the State of New York.

I hereby authorize inclusion of this opinion in the Offering Plan for Village Vistas Condominium to be filed with the Department of Law.

Very truly yours,

CERTILMAN BALIN ADLER & HYMAN, LLP.

By: 
IRA J. ADLER, Partner

IX. CHANGES IN PRICES OR HOMES

No change will be made in the size or number of Homes and/or their respective percentages of common interest, and no material change will be made in the size or quality of common elements, except by amendment to the Plan and, if applicable, to the Declaration. Unless an affected Purchaser consents, no material change will be made in Home size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the Sponsor for a Home and the Purchaser is not in default. Unless all Purchasers consent, no material change will be made in the size and no material change will be made in the quality of common elements. However, Sponsor reserves the right to change the model mix of the Homes without consent of any home owner as long as the percentage of common interest for the Homes is not affected, there is no purchase agreement in effect for said Home and as long as the Sponsor does not change the total number of Homes being offered for sale, nor the total number of buildings in the development, nor substantially change the size of the Home.

The prices for these condominium interests may be changed from those set forth in this Offering Plan so that Purchasers may pay different prices for similar interests. No such change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Plan at any time during the offering where a reduction in sales prices does not constitute a general offering but is rather the result of an individually negotiated Home purchase. All changes in prices which are an across the board increase or decrease affecting one or more lines of Homes or models, or is to be advertised or is a price increase for an individual Purchaser will be done by a duly filed amendment to the Offering Plan.

The Sponsor further reserves the right, but not the obligation, to negotiate with a Purchaser on an individual basis in connection with all aspects of the purchase price, including but not limited to: upgrades to the Home or the fixtures or equipment contained therein or credits or allowances therefor; treatment of reduced and/or split down payment; financing contingency; extension of period to secure financing; payment of all or part of a Purchaser's acquisition or financing costs such as, but not limited to: origination fees and commitment fees; any and all other costs relating to the cost of acquiring title to the Home; maintenance subsidies, rebates or other costs associated with maintaining a Home as a credit against the purchase price or payable on a periodic basis or any other manner as is negotiated between the parties; promotional gifts on purchase of a Home. As a result, a Purchaser may receive different terms as a prior or subsequent Purchaser for a similar Home. Furthermore, the Sponsor reserves the right to amend the Plan from time to time to add and/or delete negotiable terms or at its sole option to expand the applicability of such negotiable terms to some or all Purchasers pursuant to Section 352-e of the General Business Law.

X. PROCEDURE TO PURCHASE

The Sponsor hereby offers for sale the Homes to be constructed in the Condominium for residential occupancy in accordance with municipal requirements which limits occupancy to persons who are fifty-five (55) years of age or older with certain exceptions. See Special Risk Factor 1 at page iv.

Sponsor will endeavor in good faith to market and sell the Homes in the Condominium. However, Sponsor is retaining the unconditional right to rent rather than sell Homes. Because Sponsor is retaining the unconditional right to rent rather than sell Homes, this Plan may not result in the creation of a Condominium in which a majority of the Homes are owned by owner-occupants or investors unrelated to the Sponsor.

The sales price at which the basic Homes are being offered are shown in detail in Schedule A. The Sponsor reserves the right to change the sales prices and to negotiate other terms on an individual basis. (See page 20). Any such change will not affect the common interest of the Home, however, some Purchasers may pay less or more for the same model Home or receive different terms.

Any person may accept Sponsor's offer to sell the Homes by entering into a Purchase Agreement with the Sponsor. A Purchaser will be afforded a minimum of three (3) business days to review the Offering Plan and all filed amendments prior to executing a Purchase Agreement. Any conflict between the Offering Plan and the Purchase Agreement shall be resolved in favor of the Offering Plan. Upon signing the Purchase Agreement the Purchaser shall make a down payment of 10% of the purchase price of his Home plus the cost of any special work ordered by the Purchaser. Upon full payment of the balance of the purchase price and the balance of the cost of any special work ordered at the closing, in cash or by mortgage, Purchaser will receive a bargain and sale deed with covenant against grantor's acts and containing the provisions set forth in Section 13 Subdivision 5 of the Lien Law, which will convey good and marketable title to him of fee ownership in the Home and such percentage of common interest in the common elements as is set forth on Schedule A, free and clear of all liens and encumbrances other than those set forth on pages 29 through 30. The Purchase Agreement may be modified with the consent of Purchaser and Sponsor in a manner not inconsistent with law, subject to the terms of this Offering Plan. See page 20 for the right of Sponsor to negotiate with a Purchaser on an individual basis in connection with all aspects of the purchase price. Sponsor must either return a fully executed Purchase Agreement within twenty (20) days to the Purchaser or reject the Purchase Agreement and refund the deposit monies. The Power of Attorney attached to the Purchase Agreement must be executed by Purchaser at the closing of title. Failure to execute the Power of Attorney will result in a default under the Purchase Agreement.

It is anticipated that the closing to the first Home will occur in April 1, 2008. In the event of a failure by the Sponsor to convey title as set forth in the Purchase Agreement to any Home on or before twelve (12) months after the date of delivery of

title set forth in the respective Purchase Agreement, the Purchaser will have the option of rescinding his purchase agreement and to have all monies refunded by the Sponsor, with interest, if any.

After the Plan is declared effective, the Sponsor will give each Purchaser who entered into a Purchase Agreement not less than thirty (30) days' prior written notice of the date, time and place for the transfer of title to his Home unless a Purchaser waives such thirty (30) day notice. A form of such waiver is contained as Schedule D-3.

The Sponsor must make written demand for payment after default at least 30 days before forfeiture of the deposit may be declared.

The Purchase Agreement may not be assigned by Purchaser without the written consent of Sponsor.

The risk of loss or damage to the Home by fire or any other cause until the earlier of delivery of the deed or Purchaser takes actual possession of the Home pursuant to written agreement is assumed by the Sponsor.

The Purchase Agreement may not contain, or be modified to contain, a provision waiving Purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or under Article 23- A of the General Business Law. Any conflict between the Purchase Agreement and the Plan will be resolved in favor of the Plan.

The Purchase Agreement will be subject to and contingent upon Purchaser obtaining, at its own cost and expense, a mortgage loan commitment from a lender designated or approved by Sponsor in the amount and pursuant to the terms set forth in Paragraph 3 of the Purchase Agreement. Purchaser shall be obligated to obtain renewals or extensions through the date of closing on such terms and at such interest rate as the Lender may require and shall pay any fees and charges required to renew and extend the Commitment. Sponsor must either return a fully executed Purchase Agreement within twenty (20) days to the Purchaser or reject the Purchase Agreement and refund the deposit monies. In the event the Sponsor does not act within the twenty (20) days, the Purchase Agreement shall be deemed canceled and the Purchaser shall be entitled to a refund of all monies deposited. A complete copy of the Purchase Agreement is contained in Part II of the Plan.

ESCROW AND TRUST FUND PROVISIONS

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto.

Any provision of any contract or agreement, whether oral or in writing, by which a Purchaser 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 Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, down payments, or advances made by Purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five (5) business days after the Agreement is signed by all necessary parties, in a segregated special escrow account of the law firm of Scott Zamek, Esq., the Escrow Agent, whose address is 1326 Expressway Drive South, Hauppauge, New York, and whose telephone number is (631) 851-4466. The sole signatory on this account authorized to withdraw funds is: Scott Zamek with an address at 1326 Expressway Drive South, Hauppauge, New York. The name of the account is "Scott Zamek, Esq. Escrow Account for Liberty Meadows LLC", located in North Fork Bank, 129 Commerce Drive, Hauppauge, New York. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit. If an individual makes a down payment in excess of \$100,000.00 for the purchase of a unit, it is a special risk of this offer that such deposit will not be federally insured in excess of \$100,000.00.

The account will be interest-bearing and, unless the purchaser defaults, interest will be credited to the purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts which currently is .4%. Interest will begin to accrue upon deposit of the downpayment.

All instruments shall be made payable to or endorsed to the order of Scott Zamek, Esq., as escrow agent and shall be accepted subject to collection.

Purchasers should note as a special risk that although all funds received by Sponsor for upgrades or extras to a Home will initially be placed in the escrow account, such funds may be released from the escrow account without the requirements outlined below as long as the Sponsor uses the funds for such upgrade or extra. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds paid to the Sponsor for upgrades or extras.

Within ten (10) business days after the tender of the deposit submitted with the Purchase Agreement, the escrow agent will notify the Purchaser that such funds have been deposited into the escrow account and will provide the account number. In the event the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, the Purchaser has a right to apply to Attorney General for relief or to cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after the tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the Purchaser in conformity with the Attorney General's regulations.

Purchasers should note that the deposit of a Purchaser's down payment into the escrow account shall not be deemed acceptance by the Sponsor of the Purchase Agreement. The Purchase Agreement shall be deemed accepted by the Sponsor only when countersigned by the Sponsor.

The escrow agent will hold funds in escrow until otherwise directed in:

- (i) a writing signed by both Sponsor and Purchaser. Sponsor and/or the Escrow Agent may require a Purchaser to execute a writing authorizing release of the funds by the Escrow Agent as a condition of closing. Authorization of the release of funds at closing in the Purchase Agreement will be deemed such a writing; or
- (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (iii) a judgment or order of a court of competent jurisdiction; or

The Escrow Agent will also be permitted to release the escrow funds if:

- (i) the Escrow Agent is changed pursuant to the terms of the Escrow Agreement in connection with a transfer of funds to the new escrow agent; or
- (ii) funds which were deposited prior to the acceptance of the contract are returned to the Purchaser because of rejection of the contract by the Sponsor; or
- (iii) any governmental authority imposes a ban on the construction or completion of residential dwellings or imposes restrictions on the manufacture, sale, distribution and/or use of materials from Sponsor's regular suppliers or from using same in the construction and/or completion of the Home making the construction or completion of the Condominium unlikely; or
- (iv) Sponsor is unable to obtain materials from its usual sources due to labor troubles, lockouts, war, military operations and requirements, civil unrest, acts of God or national emergencies making the construction or completion of the Condominium unlikely; or
- (v) the installation of public utilities is restricted or curtailed making the construction or completion of the Condominium unlikely; or
- (vi) until released in accordance with the next paragraph.

If there is no written agreement between the parties to release the escrowed funds, the escrow agent will not pay the funds to the Sponsor until the escrow agent has given the Purchaser written notice of not fewer than ten (10) business days. Notice shall be deemed given five (5) days after the date of mailing to the Purchaser at the address set forth in the Purchase Agreement. Thereafter, the funds may be paid to the Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the escrow agent in accordance with such provisions.

The Sponsor will not object to the release of the escrowed funds to:

- (i) a Purchaser who timely rescinds in accordance with an offer or rescission contained in the Plan or an Amendment to the Plan;
- (ii) all Purchasers after an Amendment abandoning the Plan is accepted for filing by the Department of Law.

Purchasers should note that it shall be an express condition of closing of title that the Purchaser sign the form contained in Part II which will enable the Escrow Agent to release the escrow funds, if not previously released as provided above.

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the down payment. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is contained in Part II of the Plan as Schedule J. The party applying for a determination must send all other parties a copy of the application.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the Purchaser and the Escrow Agent shall abide by an interim directive issued by the Attorney General.

A copy of the Escrow Agreement between the Sponsor and the Escrow Agent which incorporates the terms of the Attorney General's regulations is contained in Part II of the Plan as Schedule K.

XI. FINANCING FOR QUALIFIED PURCHASERS

THIS PLAN DOES NOT CONTAIN ANY FINANCING ARRANGEMENTS FOR PURCHASERS. PROSPECTIVE PURCHASERS WHO ARE INTERESTED IN SUCH FINANCING SHOULD CONTACT LENDING INSTITUTIONS, SUCH AS MUTUAL SAVINGS BANKS AND COMMERCIAL BANKS, MANY OF WHICH HAVE ADVERTISED THAT THEY OFFER FINANCING TO PURCHASERS OF CONDOMINIUM HOMES.

Any applications for such financing with lending institutions must be done on an individual basis by prospective Purchasers and will involve negotiations exclusively between the lending institution and the applicant. The Sponsor should not be construed hereunder as offering any such financing or representing the availability or terms of such financing.

The Purchase Agreement of Purchasers desiring to finance the purchase of a Home is not conditioned upon the Purchaser securing a mortgage commitment. See Special Risk Factor 11, at page vi.

NO REPRESENTATION IS MADE BY THE SPONSOR AS TO WHETHER ANY PURCHASER WILL QUALIFY FOR FINANCING OR AS TO THE TERMS, COST OR AVAILABILITY OF SUCH FINANCING. THE SPONSOR SHALL HAVE NO LIABILITY OR RESPONSIBILITY TO ANY APPLICANT IF HIS APPLICATION FOR FINANCING IS NOT ACCEPTED.

The closing of title to a Home where the Purchaser has obtained financing will take place simultaneously with the closing of the mortgage loan and the proceeds will be applied towards the then balance of the purchase price.

XII. EFFECTIVE DATE OF THE PLAN

Sponsor's offer to sell the Homes is contingent upon the Plan being declared effective and no closing to a Home will be held until the Plan is declared effective. This Offering Plan will not become effective until bona fide Purchasers, including investors, have executed Purchase Agreements which have been accepted by Sponsor for at least 15% in number of the Homes offered under the Plan. The Sponsor will give written notice stating the Plan is effective to Purchasers by personal service or by commencement of service by mail. Sponsor will within five (5) business days of said notice submit for filing an amendment to the Plan disclosing the Plan's effectiveness and will file an affidavit of service of the notice on all Purchasers. Sponsor will not close title to the first Home until the Amendment disclosing the effectiveness of the Condominium has been accepted for filing by the Attorney General. The Plan will not be declared effective based on Purchase Agreements:

- (i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or
- (ii) where the Purchaser has not had at least three (3) business days to review the Offering Plan and all filed amendments; or
- (iii) with any Purchaser who is the Sponsor, the Selling Agent, or the Managing Agent or is a Principal of the Sponsor, the Selling Agent or the Managing Agent or is related to the Sponsor, the Selling Agent or the Managing Agent or to any Principal of the Sponsor or the Selling Agent or

the Managing Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a Purchaser other than the Sponsor or a Principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is bonafide.

Further, the Sponsor has the option not to close title to the Homes and to abandon the Plan at any time if less than 80% in number of the Homes offered hereby are sold and title to any Home has not been conveyed. In the event Sponsor exercises such option, it shall forthwith return to the Purchaser all monies paid with interest, if any, within twenty (20) days of the abandonment of the Plan. When purchase agreements for 80% of the Homes have been entered into the Sponsor must declare the Plan effective. Once the Plan has been declared effective, it may not be abandoned except for (i) a defect in title which cannot be cured for less than 1/2% of the total amount of the offering or (ii) substantial damage or destruction of the buildings by fire or other casualty which cannot be cured for less than 1/2% of the total offering, or (iii) the taking of any material portion of the property by condemnation or eminent domain. Any stated dollar relied upon as a basis for abandonment after effectiveness must exclude any attorneys fees or any such title defects or determinations of any authority or regulatory association which exists on the date of presentation of the Plan and are either known to Sponsor or are a matter of public record. In the event Sponsor abandons the Plan, it shall do so by means of a filed amendment to the Plan. All monies advanced by Purchasers will be returned to them within ten (10) days of the abandonment of the Plan.

XIII. TERMS OF SALE

A date for the closing of title will be set by the Sponsor in accordance with the Purchase Agreement upon at least thirty (30) days written notice to the Purchaser. Said notice will also include notice of the obligation to pay the balance of the purchase price. On the closing date fee title to the Home will be conveyed to the Purchaser together with the Home's undivided interest in the common elements. The closing of title to the first Homes are expected to commence by approximately April 1, 2008. Such closing, however, will only take place after or simultaneously with the happening of the following events:

1. The delivery to the Home Owner of a Bargain and Sale Deed with covenants against grantor's acts.
2. The Sponsor's repair of any damage from a casualty or other cause that occurs before the closing of Purchaser's Home.
3. The issuance of a temporary or permanent Certificate of Occupancy to the Home or Building in which the Home is located and any other necessary permits.

4. Title to each Home and its applicable interest in the common elements will be conveyed at closing free and clear of all liens, encumbrances and title exception, except those set forth on pages 29 through 30 of this Offering Plan, the Deed, and subject to the provisions of the Declaration and By-Laws and any mortgage executed by the Purchaser and that the Condominium was validly formed pursuant to Article 9-B of the Real Property Law.
5. All articles of personal property, fixtures and equipment as set forth in the Offering Plan for the Home being purchased are to be included in the sale of such Home.
6. The Declaration, By-Laws, floor plans and engineers and tax authority certification required by Section 339-p of Article 9-B of the Real Property Law of the State of New York shall be recorded or filed as required by law.
7. The Home and its undivided interest in the common elements shall not be subject to the lien of any mortgage at the time of closing except any mortgage requested by the Purchaser at the time of closing representing a purchase money mortgage or mortgages taken by the Purchaser.
8. The Sponsor will give each Purchaser who entered into a Purchase Agreement before the Plan was declared effective not less than thirty (30) days' prior written notice of the date, time and place for the transfer of title to his Unit unless a Purchaser waives such thirty (30) days notice. A form of such waiver is contained as Schedule D-3 to the Plan.
9. The filing of an amendment to the Offering Plan disclosing that the Plan has been declared effective and that the terms of this Section XIII will be met, that the Homes to be closed have been constructed in accordance with the plans and specifications filed with the Village of Port Jefferson and that the Sponsor has complied with the requirements of this Section.
10. Purchaser shall receive any manufacturers' warranty certificates with respect to equipment and appliances installed in the Home and Sponsor shall assign any warranties with respect to equipment and appliances installed in common elements to the Board of Managers.
11. The Purchaser shall execute an instrument in the form annexed to the Purchase Agreement designating the Board of Managers as his attorneys-in-fact, coupled with an interest for the sole purpose of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Homes acquired by the Board of Managers in accordance with any of the provisions of the By-Laws and designating the Sponsor as his attorney-in-fact to file an amendment to the Declaration of Condominium permitting the certification by a registered architect or professional engineer, certifying that the floor

plans filed as part of an amended Declaration are an accurate copy of portions of the plans of the building and fully and fairly depict the layout, location, designation and approximate dimensions of the Units as built or amending such Declaration to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium as described in Article Tenth, Section (c) of the Declaration of Condominium.

Title to the Home will be subject to the following:

1. State of facts of the property as shown on a survey to be made prior to the closing of title provided such facts would not render title unmarketable and any state of facts which an accurate survey of the Home would show provided such state of facts would not render title unmarketable.

2. Any sewer, water, gas, electric, drainage, telephone, cable television or utility easements granted or to be granted hereafter.

3. All of the terms, covenants and conditions of the Declaration, the By-Laws of the Condominium and the Building Plans, as they are subsequently filed or recorded, the Offering Plan and any amendment thereto.

4. All easements set forth in the By-Laws and Declaration of the Condominium as they are subsequently recorded in the Offering Plan and Purchase Agreement, including:

(a) Easements in favor of the Owners of other Homes to use the pipes, wires, conduits, cable television, and public utility lines located in the common elements or in the Home itself servicing such other Homes and/or the common elements.

(b) Easements in favor of the Board of Managers, its agents, contractors or employees to have a right of access to the Home and to the common elements to inspect, maintain or repair or to make repairs to the Home to prevent damage to the common elements or any other Homes, to make repairs to the common elements, to any wires, pipes, conduits or cable television system servicing any of the Homes or to make repairs to any other Home.

(c) Easements in favor of those Homes having restricted use to portions of the common elements; and

(d) Easements for the continuance of encroachments on the Home and on the common elements by other Homes or portions of the common elements, now existing by reason of the construction of the Homes, or hereafter occurring by reason of the settling or shifting of the Homes, or by reason of the repair and/or restoration by the Board of Managers of the Homes or such other Homes or such common elements, after damage by fire or other casualty or after taking

in condemnation or eminent domain proceedings, or by reason of an alteration to the common elements made by the Board of Managers, so that any such encroachments may remain as long as the Homes stand.

5. The Declaration of Covenants and Restrictions set forth as Schedule O recorded or to be recorded in the Suffolk County Clerk's Office.

6. Right-of-way in Liber 5821 page 577.

The Sponsor has been advised by its counsel that in counsel's opinion, none of the exceptions to title herein above set forth are contrary to the terms of the purchase agreement nor will they interfere with the quiet use or enjoyment of the Purchaser's Home.

XIV. CLOSING COSTS AND ADJUSTMENTS

The estimated closing costs and expenses to be borne by each Purchaser are as follows:

(a) Fee title insurance is available from Barrister Land LLC as Agent for Stewart Title Insurance Company, at standard rates charged in the State of New York of \$6.67 per thousand for the first \$50,000 of fee title insurance, approximately \$5.43 for each additional \$1,000 of insurance up to \$100,000, approximately \$4.36 per thousand for each additional \$1,000 up to \$500,000 and \$3.98 per thousand for each additional \$1,000 up to \$1,000,000. See page 31 for the estimated cost of such insurance.

Mortgage title insurance is available at the estimated rates of \$5.55 per thousand for the first \$50,000 of mortgage title insurance, approximately \$4.59 per each additional \$1,000 of mortgage title insurance up to \$100,000, approximately \$3.64 per thousand for each additional \$1,000 up to \$500,000 and \$3.31 per thousand for each additional \$1,000 up to \$1,000,000.

In the event a Purchaser obtains both mortgages and fee title insurance, the simultaneous fee rate is based on a reduced rate of the mortgage loan.

Each Purchaser will be free to obtain title insurance from a title insurance company other than Barrister Land LLC, as agent for Stewart Title Insurance Company. Sponsor, however, makes no representation or warranty as to cost, terms or availability of such other title insurance.

(b) Fees for the recording of the deed and power of attorney are approximately \$110.00 per document.

(c) In the event the Purchaser shall obtain a purchase money first mortgage, he shall pay recording fees for the mortgage of approximately \$200.00 and mortgage tax of

¾ of 1.05% of the full amount of the mortgage requested by Purchaser, and lending institution's attorney's fees. In addition the Purchaser will be required to pay any mortgage origination fees, bank credit and appraisal fees and other expenses that the lending institution may charge incident to the making of the permanent loan. A portion of the mortgage recording tax set forth above will be computed in accordance with Section 339-ee subsection 2, of the New York Condominium Act, and shall be paid to the Sponsor in reimbursement of mortgage recording taxes which the Sponsor will have previously paid in connection with existing mortgage on the Community. There will be no mortgage closing costs pursuant to this Sub-Section (d) on Homes which are not covered by mortgages.

(d) New York State transfer tax of \$2.00 per \$500 of the purchase price and New York State Real Property Tax (New York Tax Law §1402) of 1% of consideration if the Home exceeds \$1,000,000 ("Mansion Tax").

(e) Two (2) months common charges to be paid to the Condominium as initial working capital. While Sponsor is in control of the Board of Managers the working capital fund will not be used to reduce the common charges of the Condominium. If any portion of the working capital fund is used during this period to pay for items in the budget set forth, such amounts will be repaid to such fund out of common charges collected.

(f) Each Purchaser shall pay \$850.00 to Sponsor's counsel representing a fee for services in connection with preparing the Deed, Power of Attorney, and coordinating and attending the closing.

As an example, a Purchaser of a Home in which the purchase price is \$950,000 and who procures a first mortgage in the amount of \$760,000 will pay the following approximate closing costs:

Fee Title Insurance	\$ 4,309.00
Mortgage Insurance (simultaneous rate)	\$ 891.00
Deed Recording Fee	\$ 110.00
Power of Attorney Recording Fee	\$ 110.00
Mortgage Recording Fees	\$ 200.00
New York State Transfer Tax	\$ 3,800.00
Mortgage Tax	\$ 5,960.00
Condominium Working Capital	\$ 370.00
Sponsor's Counsel Fee	<u>\$ 850.00</u>
TOTAL	\$16,600.00

In addition, if a closing takes place, at the request of Purchaser, at any location other than the office of Sponsor's attorney, Purchaser shall pay to Sponsor's attorney a travel fee in the sum of \$250.00.

In the event a closing is adjourned with Sponsor's consent, at the request of Purchaser or Purchaser's attorney within forty-eight (48) hours of the scheduled time of Closing, Purchaser shall also pay Sponsor's attorney an adjournment fee in the sum of \$150.00.

In the event the Homes have not been separately assessed for real estate tax purposes prior to the closing of title to the first Home, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against said Home for the six month period following the first closing. Said amount is to be paid by Purchaser. Alternatively, the Sponsor may place in escrow, in the name of Board of Managers, an amount equal to the real estate taxes attributable to the unsold Homes for such six month period and may collect at each closing the estimated amount of taxes attributable to such Home for the balance of the six month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable and the funder of the escrow account will be entitled to reimbursement from unit owners to the extent of the actual assessment.

If through no fault of Sponsor, Purchaser fails for any reason to close title within seven (7) days after the date originally scheduled in Sponsor's Notice of Closing or such later date (if applicable) to which Sponsor in a subsequent Notice for Closing adjourned the Closing, all of the aforementioned apportionments shall be made as of midnight of the day preceding (i) the date originally scheduled for Closing or (ii) Sponsor's adjourned Closing date (as the case may be). In addition, Purchaser shall pay to Sponsor at or prior to the actual Closing an amount equal to four one-hundredths of one percent (.04%) (which equals an annual rate of 14.6%) of the purchase price for the Home for each day beyond such originally scheduled or Sponsor adjourned Closing date, to and including the date of actual Closing, for reimbursement and defrayal of Sponsor's carrying costs and other charges.

The fee title policy premiums and the recording charges set forth above are estimates based on the rates in effect as of the date of this Offering Plan. If said premiums, charges or rates are subsequently revised by the title company, the State, or Municipality, each Purchaser shall be required to pay the title policy premiums, recording charges and closing costs in effect as of the date of the closing of title to his Home.

The Sponsor anticipates that the only items which will be apportioned at the closing of title to Homes will be real estate taxes and sewer charges, if any, and common charges, if they have been declared by the Board of Managers. The adjustments will be made as of 11:59 P.M. on the day preceding the closing date. In the event there are any other items which are to be apportioned at closing, said items will be adjusted at the closing. The Sponsor will advise the Purchaser of the closing date by giving him written notice at least thirty (30) days prior to the closing date.

XV. RIGHTS AND OBLIGATIONS OF THE SPONSOR

No bond or other security has been furnished to secure performance of the following obligations. All obligations pertaining to the common elements shall be enforceable only by the Board of Managers on behalf of the Home Owners and not by the individual Home Owners. During the time the principals of the Sponsor control the Board, it is within their sole power to enforce the obligations of the Sponsor pertaining to the common elements. Sponsor is obligated to perform the following:

1. The Sponsor has no obligation to defend any suits nor to indemnify the Board of Managers or Home Owners arising out of any act or occurrence occurring prior to the recording of the Declaration of Condominium except claims arising out of the acts, omissions or representations of the Sponsor.

2. All representations under the Offering Plan, all obligations pursuant to the General Business Law, and such additional obligations under the Offering Plan which are to be performed subsequent to the closing date will survive delivery of the deed.

3. Until title to a Home is passed to a Purchaser, the Sponsor will pay such common charges, special assessments and real estate taxes, as are assessed by the Board of Managers of the Condominium and the municipality on Homes, whether built or unbuilt, to which title has not passed. Once title is passed to a Purchaser the Purchaser shall be solely responsible for all common charges, special assessments, real estate taxes and all other costs applicable to the Home, as are assessed by the Board of Managers of the Condominium and the municipality. No bond or other security has been posted to secure such obligations. Sponsor will fund its financial obligations to the Condominium from the income derived from the sale of Homes, Sponsor's assets and construction loan proceeds. Sponsor presently has the resources to fund such obligations.

4. The Sponsor is obligated to repair any damage from a casualty or other cause that occurs before the closing of a Purchaser's Home.

5. Sponsor will initially procure fire and casualty insurance for the Condominium on the terms set forth in the budget. In the event there is insufficient funds in the Condominium to pay for such insurance, Sponsor may lend the Condominium such funds and will be repaid out of subsequent common charges collected.

6. In the event of the dissolution or liquidation of the Sponsor or the transfer of twenty percent (20%) or more of the total number of Homes in the Condominium, the Principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all the obligations of the Sponsor for those Homes under the Offering Plan, applicable laws or regulations.

7. The Sponsor will be obligated to pay off and otherwise comply with the terms of any construction loan mortgage on the entire Community. Sponsor has obtained a construction loan commitment from North Fork Bank, 275 Broad Hollow Road, Melville, New York 11747, which will enable it to construct the Condominium. After the recording of the Declaration and before the closing of title to the first Home, any construction loan mortgage will be satisfied, or released, or subdivided, extended and consolidated with the individual permanent mortgages which will be placed on the Homes of those Purchasers obtaining a purchase money mortgage. In addition, before the closing of title to the first Home, all liens and mortgages affecting the Community shall be paid and satisfied or the Home being conveyed and its appurtenant common interest shall be released therefrom by partial release duly recorded.

8. The Sponsor will diligently, expeditiously and at its own cost, complete construction of the Community substantially in accordance with the plans and specifications described herein and will diligently perform all of its obligations set forth in this Offering Plan and will deliver to the Board of Managers a copy of the "as built" plans filed with the recording of the Declaration or any amendment thereto and in addition will provide the Board with a full set of building plans filed with the local Municipality together with any "field changes" made during the course of construction. Although the Sponsor intends to use the materials, fixtures, appliances and equipment described herein and in the building plans, the Sponsor reserves the right to substitute materials, fixtures, appliances and equipment of equal or better quality or design for any of those set forth. Sponsor reserves the right to change the size, number and location of the Buildings and other improvements or common elements, provided such changes do not change or adversely affect the percentage of common interest of any Home to which title has closed or for which a purchase agreement has been executed and is in effect unless all affected Home Owners and Purchasers consent in writing to such a change. Sponsor is obligated to construct the Homes in accordance with all applicable codes and filed building plans and specifications as well as pursuant to the provisions of this Plan.

9. The Sponsor will obtain a permanent or temporary Certificate of Occupancy, and any other certificate or permit required by law for the Home before the closing of title to a Home and will, at its own cost, perform any work and supply any materials necessary to obtain the Certificates or permits. In the event a permanent certificate is not issued as of the date of closing of a Home, Sponsor must obtain the permanent certificate within two (2) years of the closing of the Home. Sponsor will obtain the permanent Certificate of Occupancy prior to the expiration of any temporary certificate of occupancy, unless the temporary certificate of occupancy is extended.

In the event a Permanent Certificate of Occupancy for a Home has not been issued as of the date of closing for said Home, the Sponsor is required to hold all deposits and funds in the special escrow account required pursuant to Section 352-e (2-b) and 352-h as described on page 22 unless Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy. Any sum of money exceeding the

amount certified by the Sponsor's engineer or architect will be released to the Sponsor. Upon the issuance of the Permanent Certificate of Occupancy, such escrow deposit will be released to Sponsor without the consent of any other party. Alternatively, Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit or post a surety bond, in accordance with regulations adopted by the Attorney General, in the amount certified by Sponsor's engineer or architect. In such event, it will disclose such fact by duly filed amendment to the Plan.

10. The Sponsor will give a Limited Warranty to the Purchaser which provides the following warranty coverages regarding the Homes:

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of the Warranty (as shown on page 1 thereon), the Home will be free from latent defects that constitute:

- (a) defective workmanship by the Sponsor, or an agent, employee or subcontractor of the Sponsor;
- (b) defective materials furnished by the Sponsor, or an agent, employee or subcontractor of the Sponsor;
- (c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Sponsor; or
- (d) defective installation of appliances sold as part of the Home by the Sponsor or an agent, employee or subcontractor of the Sponsor.

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

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six years from the Effective Date of the Warranty, the Home will be free from latent Major Structural Defects that result from:

- (a) defective workmanship by the Sponsor, or an agent, employee or subcontractor of the Sponsor;
- (b) defective materials furnished by the Sponsor, or an agent, employee or subcontractor of the Sponsor; or
- (c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Sponsor.

The Sponsor modifies the Housing Merchant Implied Warranty set forth in Article 36-B of the General Business Law such that the Sponsor is only providing a Limited Warranty, and excludes all other warranties, express or implied, other than the Limited Warranty. The Limited Warranty excludes all consequential, incidental, special and indirect damages and limits Sponsor's liability to seventy-five (75%) percent of the purchase price. See Special Risk Factor 7, at page v, and the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Schedule D-1. Article 36-B of the General Business Law is set forth in Schedule L. To the extent any coverage under this warranty applies to Common Elements of the Condominium, such coverage shall be deemed given to the Board of Managers of the Condominium.

REGARDING THE COMMON ELEMENTS:

The Sponsor will correct any defects in the construction of the Common Elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan provided and on condition that Sponsor is notified in writing of such defect(s) within twelve (12) months from the date of substantial completion of the defective portion(s) of the Common Elements.

The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications. In no event shall the Sponsor be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements; damage to walkways or other concrete areas caused by the application of salt or deicers; normal settlement cracks on patios, sidewalks, other flat work; basement leaks resulting from acts of God or alteration of landscaping or grading (whether performed by the Condominium or Unit Owner); leakage resulting from "ice dams" forming on roofs; spalling or flaking of concrete surfaces if ice melting compounds have been used; shading variations of the exterior siding and shading variations on fascias from staining. The Sponsor has no obligation to make any repair to the Common Elements except as expressly set forth in the Offering Plan.

11. The Sponsor will deliver to the Purchaser and/or the Board of Managers upon the recording of the Declaration all manufacturers' and sub-contractors' heating, electrical, plumbing, roofing and appliance warranties and bonds relating to the Purchaser's Home or the common elements respectively, if any, to the extent made by such manufacturers and subcontractors and to the extent such warranties and bonds are assignable.

12. The Sponsor will pay all contractors, subcontractors and materialmen and all others involved in the construction of the Community for work performed and fixtures, material and equipment supplied or installed in the construction of the Community and will cause all mechanics' liens arising out of the construction of the Community or the

furnishing or installation of fixtures or equipment, to be discharged or bonded promptly after the liens are filed.

The Sponsor will pay all expenses incurred prior to the establishment of the Condominium and will bear and pay all costs and expenses incurred in connection with the creation of the Condominium whenever such costs or expenses are incurred or in connection with the sale of all of the Homes held or owned by the Sponsor and will pay all selling expenses including, but not limited to, advertising and printing costs, architect fees, and costs of filing this Offering Plan and amendments thereto.

13. No bond or other security has been posted to secure Sponsor's obligations.

14. The Sponsor reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of Homes and facilities in the Condominium and, towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities and for any other materials or services necessary for the completion of the work. Sponsor also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Sponsor will be obligated to pay for the cost of any utilities it uses as a result of its use of the easements, licenses, rights and privileges of a right-of-way. Finally, the Sponsor reserves the right to continue to use the common elements and any facilities, sales offices, model homes, signs, and parking spaces located on the common elements, in its efforts to market Homes constructed in the Condominium. Sponsor will be obligated to repair any damages to the common elements and Homes caused as a result of its use of the easements, licenses, rights and privileges of a right-of-way to complete the Condominium.

15. Pursuant to Section 352-e (9) of the General Business Law, copies of all documents mentioned in this Offering Plan, including without limitation the following, are and will be kept on file at the office of Sponsor set forth on the cover page of this Offering Plan for six years from the date the Declaration is recorded for examination by any person who has purchased a condominium interest offered by this Plan or otherwise has participated in this offering: This Offering Plan; the proposed Declaration and By-Laws of the Condominium; public liability, fire and casualty policy, and Exhibits submitted to the Department of Law in conjunction with this Plan. A copy of the form of Home Owner's purchase agreement is submitted with this Offering Plan.

16. In accordance with Section 339-p of the Real Property Law, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the floor plans filed with the recording of the declaration are an accurate copy of

portions of the plans of the buildings as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings.

17. Sponsor will endeavor in good faith to market and sell the Homes in the Condominium. However, Sponsor retains the unconditional right to rent rather than sell Homes. Because Sponsor is retaining the unconditional right to rent rather than sell Homes, this Plan may not result in the creation of a Condominium in which a majority of the Homes are owned by owner-occupants or investors unrelated to the Sponsor. Due to the fact Sponsor is not limiting the conditions under which it will rent rather than sell Homes, there is no commitment to sell more Homes than the fifteen (15%) percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. See Special Risk Factor 2, at page iv.

XVI. CONTROL BY THE SPONSOR

The Sponsor, as the owner of unsold Homes, will be entitled to designate a majority of the members of the Board of Managers until all of the Homes in number have closed. As a result the Sponsor will have voting control of the Board of Managers during this period. As a result of the fact that Sponsor may retain a majority of the Board of Managers until all of the homes have closed. Purchasers for their own occupancy may never gain control of the Board of Managers under the terms of this Offering Plan. Purchasers should further note that the By-Laws do not contain any provision that provides that after Sponsor relinquishes control of the Board, a majority of the Board of Managers must be owner occupants who are unrelated to the Sponsor or its Principals. The Sponsor, during this indeterminate period, thus will have control of maintenance, facilities and services to be provided and will determine the common charges to be paid by all Home Owners, including the Sponsor and the enforcement of the Sponsor's obligations by the Board of Managers.

The first Board of Managers of the Condominium will be Demetrius a. Tsunis, Michele Lennon and Enrico Scarda. Messrs. Tsunis and Scarda are principals of the Sponsor and Ms. Lennon is an employee of Sponsor. The Sponsor shall retain the right to substitute other persons in the place of the above-named individuals until the resignation of the First Board as set forth below. Messrs. Tsunis, Scarda and Ms. Lennon will call for the First Annual Meeting of the Home Owners to elect and designate a new Board within one (1) year of the closing of the first home. Said Board will consist of five (5) managers which will include three (3) Sponsor designees and two (2) elected Home Owners to be elected by Home Owners independent of Sponsor. At such time as all of the Homes are closed, Sponsor must relinquish control of the Board of Managers. A meeting will be held to elect a new Board of Managers unrelated to Sponsor within 30 days of the expiration of the control period. Upon the election and designation of the new Board, the members of the first Board will resign. Members of the Board of Managers shall not be compensated for their services. Members of the Board of Managers may be removed for cause by an affirmative vote of a majority of the Home

Owners. Officers of the Condominium may be removed with or without cause, at anytime, by the affirmative vote of a majority of the whole Board of Managers. While the Sponsor is in control of the Board of Managers any contract with a Managing Agent will include a clause that said contract can be terminated upon 90 days written notice of any party. Special meetings may be called by the President as directed by the Board of Managers or upon a petition signed by a majority of the Home Owner presented to the Secretary.

The following paragraph applies if the Sponsor voluntarily gives up control of the Board of Managers prior to the time when it is obligated to give up control:

For a period ending not more than five (5) years after the closing of title to the first Home or whenever the unsold Homes constitute less than twenty-five (25%) percent of the common interest, whichever is sooner, the Board of Managers may not, without the Sponsor's prior written consent, (i) make any additions, alterations or improvements to the common elements or to any Home costing cumulatively more than \$5,000, the foregoing not to include necessary repairs and maintenance work; or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of the reserve for contingencies provided in Schedule B; or (iii) hire any employee in addition to the employees referred to in the Plan; or (iv) enter into any contracts not in existence on the date of the first closing of title to a Home; or (v) borrow money on behalf of the Condominium; or (vi) reduce the services or maintenance set forth in Schedule B; (vii) charge any special assessment for a non-budgeted item unless required by law, municipal agency, emergency or for the health and safety of the condominium; (viii) increase the common charges of the Condominium more than ten (10%) from the prior year's budget, unless documentation is provided to the Sponsor in the nature of a financial statement, bids from contractors or verified increases in utility rates evidencing the need for an increase greater than ten (10%) percent; or (ix) utilize Condominium funds to commence a law suit against the Sponsor or any of its Principals in connection with a matter pertaining to the Condominium..

The above provisions do not apply if there is an increase in the budget or assessment as a result of expenses required (i) to comply with applicable laws or regulations; or (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer.

The above provisions provide that significant financial decisions of the Board of Managers will be decided by the Sponsor. Examples of such decisions are, in part, the ability to borrow money, as provided in the Condominium Act (Article 9-B of the Real Property Law Section 339-j), for capital improvements all Home Owners are in favor of, and the ability to enter into a contract with an attorney and fund legal fees if the Sponsor fails to comply with provisions in the offering.

The detailed provisions for the management of the Condominium are set forth in the By-Laws attached. The By-Laws contain provisions, among others, dealing with the

election of the Board of Managers, and Condominium officers, powers of the Board of Managers, voting rights of Home Owners, assessment of common charges, foreclosure of liens for non-payment of common charges, management of the Condominium and the use of the Homes. The By-Laws provide that the Community shall be governed by the Board of Managers, but that the Board of Managers shall have the right to designate Committees or a Managing Agent to carry out such function.

XVII. BOARD OF MANAGERS

The form of the By-Laws and the Declaration of Condominium referred to in the Plan appear in Part II as Schedules H and I.

The following is a summary of certain provisions of the By-Laws and Declaration.

Board of Managers

The affairs of the Condominium shall be governed by a Board of Managers (the "Board"). Until the first annual meeting the first Board shall consist of three (3) Managers designated by the Sponsor. Sponsor has designated Demetrius a. Tsunis, Michele Lennon and Enrico Scarda, all of whom are affiliated with Sponsor, as the first Board of Managers. Thereafter the Board of Managers shall consist of a total of five (5) Managers who shall be elected or designated for staggered terms. See page 38 as to Sponsor's right to designate a majority of the Board of Managers until all of the Homes have closed. The By-Laws do not contain a provision that a majority of the Board of Managers must be owner-occupants or members of owner-occupant's household who are unrelated to the Sponsor and its Principal after the end of the Sponsor control period.

Every Home Owner shall be entitled to cast one vote on each ballot for each Home he owns. All Managers other than designees or nominees of the Sponsor shall be Home Owners and shall be elected by the Home Owners. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. Elections are to be held annually. See page 37 for details concerning Sponsor control of the Board of Managers.

Removal of Members of the Board of Managers

Managers may be removed for cause by an affirmative vote of a majority of the Home Owners. No manager other than a member of the first Board of Managers or Sponsor's designees or nominees shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner. In the event a Sponsor designee is removed for cause, the Sponsor shall have the sole right to designate a replacement.

Powers and Duties of Board of Managers

The property and business of the Condominium shall be managed by its Board of Managers. The powers of the Board of Managers include, but are not limited to, the following items:

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance.
2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Homes, Buildings, and other common elements;
3. To make repairs, restore or alter any Home or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owners as possible in connection with the maintenance, care and preservation of the property;
5. To insure and keep insured the common elements and Homes;
6. To collect delinquent assessments by suit or other wise, to abate nuisances and to enjoin or seek damages from the Home Owners of the property for violations of the house rules or rules and regulations herein referred to;
7. To make reasonable rules and regulations;
8. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of a manager in connection with the matters hereinabove set forth;
9. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation;
10. To acquire Homes in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Home so acquired and to vote as a Home Owner, offer such Home for sale or lease or take any other steps regarding such Home as shall be deemed proper by the Board of Managers;
11. To make additions, alterations, or improvements to the common elements of the Community.
12. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements,

provided, however, that (i) the consent of at least 66⅔% in number of all Home Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Home or its appurtenant interest in the common elements without the written consent of the Owners of said Home;

13. Pursuant to Section 339-y(4) of the New York Real Property Law, the Board of Managers may (but is not obligated to) act as an agent for one or more Home Owners who have given their written authorization to file a single complaint and bring a special proceeding on behalf of Home Owners who wish to contest the real estate tax assessments of their Homes. In such event, the Board could retain counsel on behalf of such Home Owners and charge each Home Owner for whom it is acting a pro rata share of expenses, disbursements and legal fees, the payment for which would be secured by a lien on each Home; and

14. To grant utility or other easements over or to the common elements as may, at any time, be required for the benefit of the Condominium and the Home Owners without the necessity of the consent thereto, or joinder therein, by the Home Owners or any mortgagee (except that if the granting of such easement impairs the ability of one or more Home Owners who have the right to use such common elements to the exclusion of any other Home Owners, the consent of all such affected Home Owners shall be required in writing before such easement shall be granted).

Liability of Board of Managers and Home Owners

In order to limit the liability of the Home Owners, any contract, agreement or commitment made by the Board of Managers or Officers of the Condominium shall state that it is made by the Board of Managers as agent for the Home Owners as a group only and that no member of the Board of Managers or Officers of the Condominium nor individual Home Owner shall be liable for such contract, agreement or commitment except that every Home Owner shall be liable to the extent that his proportionate interest in the common elements bears to the total liability under such commitment. The Board of Managers and Officers of the Condominium shall have no liability to the Home Owners in the management of the Community except for wilful misconduct or bad faith and the Home Owners shall severally indemnify all members of the Board of Managers against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties except acts of wilful misconduct or acts made in bad faith. Such several liability of the Home Owners shall, however, be limited to the extent that his proportionate interest in the common elements bears to the total liability of the member of the Board of Managers.

Officers

The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The Board of

Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Home Owners or members of the first Board of Managers.

The President shall be the chief executive officer of the Condominium, shall preside at all meetings, shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Board are carried into effect.

The Vice President shall take the place of the President and perform his duties whenever the President is unable to do so.

The Secretary shall record all votes and the minutes of all proceedings in a book.

The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Home which, among other things, shall contain the amount of each assessment of common charges against such Home, the date when due, the amounts paid thereon and the balance remaining unpaid.

Repairs, Alterations and Improvements to Common Elements

All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls of the Buildings, roof and roof members as well as all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, any portion of which is located in one Home and services another Home or more than one Home or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Homes shall be made by the Board of Managers of the Condominium and the cost thereof shall be a common expense. In addition all costs and maintenance associated with a limited common element appurtenant to a Home shall be the sole responsibility of the Board of Managers and the cost thereof shall be a common expense, except for minor repairs and general cleaning which shall be the sole responsibility of the Home Owners. All repairs to the exterior of any door, fence, building, open area or other generally visible portion of the Community must be in conformation with the style and colors initially installed by the Sponsor. The Board of Managers shall repair all plumbing stoppages and electrical repairs occurring in the common elements. The Board of Managers shall have a right of access to any Home and to all portions of the

common elements for the purpose of carrying out any of its obligations under this Offering Plan, the By-Laws or the Declaration of the Condominium.

Restoration or Reconstruction After Fire or Other Casualty

In the event of damage to or destruction of the Buildings as a result of fire or other casualty, the Board of Managers shall arrange for the prompt repair and restoration of the Building and the Board of Managers or the Insurance Trustee shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Home Owners for such deficit as part of the common charges.

If 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceeds of insurance policies shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out of the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

Insurance

The Board of Managers shall obtain and maintain, to the extent obtainable, fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements insuring the Buildings, including all of the Homes and the bathroom, kitchen and laundry equipment initially installed therein by the Sponsor, together with all heating, air conditioning equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Home which shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine.

Reports to Home Owners

All Home Owners will receive within 3 months of the end of each fiscal year, copies of an annual report of the Condominium including a balance sheet and profit and loss statement prepared by an independent public accountant, a statement regarding any taxable income attributable to the Home Owners, and a notice of the holding of the

annual Home Owners meeting. All Home Owners shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board but not more often than once a month. While Sponsor is in control of the Board of Managers, the financial statement will be certified by a Certified Public Accountant. During such time as the Sponsor retains a majority of the Board of Managers, the Board shall provide a certified annual statement at the cost of the Condominium.

Amendments

The Declaration may be amended upon a vote of 66 2/3% of the Home Owners in number held at a duly called meeting of the Home Owners, provided however, that:

- (i) No amendment shall change any condominium parcel, nor a Home Owner's proportionate share of the common charges, nor the voting rights appurtenant to any home, unless all of the record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same homes agree to such revocation by recorded instrument.
- (ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees.

The By-Laws may be amended at any duly called Home Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-six and two thirds percent (66 2/3%) of the Home Owners in number and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Home Owners' interest and the interests of holders of a mortgage encumbering a Home or Homes.

Homes Acquired by the Board of Managers

All Homes which are acquired by the Board of Managers, or its designee, shall be held by it on behalf of all Home Owners whose respective interests shall be in proportion to the common interest to such Home Owners and the votes appurtenant to such Homes shall be cast by the Board of Managers or its designee at all meetings of the Home Owners, except that the Board will not vote the votes appurtenant to such Homes in any election of members of the Board.

Termination of Condominium

This property shall not be withdrawn from the provisions of Article 9-B of the Real Property Law unless at least 80% of the Home Owners in number and in common interest and the first mortgagees, if any, of these same Homes agree to the withdrawal of this property from the provisions of such Article. The Sponsor or its nominee will not cast any of its votes for withdrawal, unless 80% of Home Owners other than Sponsor so vote.

Covenant Against Partition of Common Elements

The common elements are not subject to partition nor are they severable from the Homes except in accordance with the Real Property Law.

XVIII. RIGHTS AND OBLIGATIONS OF HOME OWNERS AND BOARD OF MANAGERS

Sale or Lease of Homes

Homes can be sold by a Home Owner, provided that he is not in arrears on the payment of common charges (except where the payment of such unpaid common charges and maintenance charges is paid by the Grantee or provided for out of the proceeds of the sale). A Purchaser is free to make a gift of his Home to anyone during his lifetime or to devise his Home by will, or to have it pass by intestacy provided the foregoing requirements are met.

In accordance with the requirements of the Village of Port Jefferson as set forth in the Declaration of Covenants and Restrictions (See Schedule O in Part II) occupancy of the Homes shall be limited to the following persons:

- (a) At least one person who is fifty-five (55) years of age or over;
- (b) A spouse greater than nineteen (19) years of age;
- (c) Children and/or grandchildren residing with their parents or grandparents where one (1) of said parents or grandparents, with whom the children or grandchildren are residing is fifty-five (55) years of age or older, provided that said children or grandchildren are over the age of nineteen (19) years;
- (d) Adults under fifty-five (55) years of age may be admitted as permanent residents if it is established that the presence of such persons is essential for the physical care or economic support of eligible older persons.

No Home can be sold without a simultaneous sale of the undivided interest in the common elements. Homes may only be leased for a minimum period of one (1) year. See Article XI of the By- Laws for complete leasing requirements.

Restrictions on Occupancy and Use

There is no restriction upon ownership of a Home. Occupancy of a Home, however, may only be for residential purposes in accordance with municipal zoning requirements which limits occupancy to persons fifty-five (55) years of age or older with certain exceptions. See Special Risk Factor 1 at page iv..

The By-Laws of the Condominium contain the following use restrictions, in addition to the occupancy restrictions set forth above: No immoral, improper, offensive

or unlawful use shall be made of the Community nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Home Owners, their families, employees, guests and any permitted pets shall not use or permit the use of the Homes and common elements in any manner that would be illegal, disturbing or a nuisance to other homeowners. No resident shall put any advertisement, poster, or signs, including for-sale signs of any kind in or on the Community without the consent of the Board of Managers. It is prohibited to hang garments, rugs, etc. from the windows or from the building or to string clothes lines on or over the common elements or to use any of the common elements for storage. No Home Owner shall paint the exterior surfaces of the windows, walls or doors opening out of his Home. The interior driveways or parking areas of the Condominium shall not be used for storage or long-term parking of any boat, trailer, camper, bus, truck or commercial vehicle. Any such parking shall be subject, in addition, to any restriction due to zoning or local ordinance requirements. See Schedule I, Article VIII for complete details.

Mortgage of Homes by Home Owners

The Home Owner may mortgage his Home at any time after he acquires title to the Home in whatever amount and under whatever terms he can obtain. A Home Owner may mortgage his Home only if all arrears for common charges, if any, are provided for at the closing of the mortgage.

Common Charges Assessment and Collection

The Board of Managers will prepare and furnish its budget to the Home Owners and their mortgagees annually. Based upon such budget and any modification thereof approved by the Board of Managers, the Home Owners will be charged for the cost of the operation of the Condominium in accordance with their interest in the common elements. Any special assessments will be charged to the Home Owners in accordance with their interest in the common elements. The charges assessed by the Board of Managers ("Common Charges"), in addition to the cost of repairing and maintaining the common elements, assessments and other normal operational costs, may include, in the discretion of the Board of Managers, reserves, working capital and other sums necessary to carry on the affairs of the Condominium. In addition common charges may have to be increased as a result of Home Owners not paying their common charges.

The estimate of Condominium expenditures in Schedule B were made by and passed upon by Schiffer Management Group, 10 Mitchell Road, Westhampton Beach, New York. Although the Sponsor is of the opinion that such estimates are accurate and reasonable, they are not intended and cannot be construed as an assurance of the actual expenses and are merely based upon information available at this time. Actual costs may be lesser or greater than as set forth herein.

It is presently anticipated that the common charges are to be used primarily to pay for fire and other casualty insurance on the Buildings and the common elements, public liability and property damage insurance as set forth on pages 50 through 52, and legal and accounting expenses. The common charges do not include maintenance, repairs or decoration of interior of the Homes or portions thereof, payments required pursuant to the terms of Home Owners' mortgages or real estate taxes covering the individual Homes.

The common charges which may be collected monthly by the Board of Managers and other costs of maintenance of the Homes are set forth on Schedule A. See Schedule C for estimated heating and other utility costs for a Home. However, additional services which the Home Owners may desire or other factors can increase these charges. The initial Board of Managers may commence the collection of common charges upon the closing of title to the first Home or at any subsequent date as in its sole discretion it may determine. Prior to the collection of common charges, sponsor shall be obligated to provide all the services disclosed in the first year budget at its sole expense. The Board's collection of common charges will be in an amount necessary to carry out the duties of the Board of Managers as is set forth in this Offering Plan and such common charges shall be paid by the Home Owners and the Sponsor as owner of the unsold Homes in accordance with the common interest set forth herein.

Where a Home is damaged by casualty and the proceeds of insurance are not sufficient to cover the repair of the damage, the amount necessary to restore the Home over and above the proceeds from any fire insurance on the Homes will be a common charge to all Home Owners. In order to protect the Home Owner against the possibility of such common charges, the Board of Managers determines the amount of blanket casualty insurance covering all Homes (the cost of such insurance is part of the common charges) and reviews the amount of such coverage annually.

The Sponsor shall be liable for the common charges, special assessments, real estate taxes and individual utility costs of all Homes to which title has not been transferred to a Purchaser commencing when common charges are first collected by the Board of Managers. Once title has passed to a Purchaser, the Purchaser shall be solely responsible for all costs associated with the Home including but not limited to common charges, any special assessments, real estate taxes and all individual utility costs.

Liens for the Non-Payment of Common Charges

Under Section 339-z of the Real Property Law of the State of New York, the Board of Managers shall have a lien against each Home for its unpaid common charges and legal interest thereon prior to all other liens except liens for the payment of taxes and all sums unpaid on a first mortgage of record. The lien shall continue in force even after resale of a Home except that the Board shall, in accordance with the Declaration, release the lien and right to collect unpaid common charges against any Purchaser of a

Home where such purchase arises out of a foreclosure of a first institutional mortgage when the Board of Managers has been made a party to the foreclosure action.

The Board of Managers may foreclose the lien in the same manner as a mortgage on real property and in doing so shall be entitled to recover all costs incurred including reasonable attorney's fees or may take legal action against the Home Owner to collect such delinquent charges and costs. The liability of each Home Owner for the payment of common charges thereafter assessed against his Home shall terminate upon a sale, transfer or conveyance of such Home in accordance with the provisions of the Condominium Declaration and By-Laws. Further, any Home Owner may convey his Home to the Board of Managers or its nominee, on behalf of all other Home Owners, without any compensation and in accordance with the Declaration and By-Laws, and in such event he shall be exempt from any common charges thereafter assessed, but not relieved of his obligation to pay his mortgage. However a Home Owner may not exempt himself from liability for his common charges by waiver of the use or enjoyment of any of the common elements or by abandonment of his Home.

Upon a resale, the Purchaser of a Home shall be liable for the payment of unpaid common charges assessed against such Home prior to the acquisition of such Home by the Purchaser, except that a mortgagee who acquires title to a Home or a Purchaser at a foreclosure sale shall not be liable and the Home shall not be subject to a lien for the payment of common charges assessed prior to the acquisition of title to such Home by the mortgagee or Purchaser at a foreclosure sale. In such event and in the event of a foreclosure by the Board of Managers of its lien on any Home for unpaid common charges where the proceeds of the foreclosure sale are not sufficient for the payment of such unpaid common charges, the unpaid balance shall be charged to all Home Owners as a common expense.

During the period of time the Sponsor retains a majority of the seats of the Board of Managers, the Sponsor will cause the board of managers to file a lien as provided for in Section 339-aa of the Real Property Law on units in which Sponsor is more than 30 days in arrears of common charges, unless a majority of the Managers, other than Sponsor designated Managers, decide otherwise.

Section 339-kk of the Real Property Law

Pursuant to the provisions of Section 339-kk of the Real property Law of the State of New York, any non-occupying owner who rents any Home in the condominium to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such Home within sixty (60) days of the expiration of any grace period after they are due is subject to the following: Upon notice in accordance with the statute, all rental payments from the tenants shall thereafter be directly payable to the condominium association. Annexed hereto as Schedule M, is a complete copy of Section 339-kk of the Real Property Law.

Repairs, Alterations and Improvements to Homes

The Home Owner can make any interior alterations or improvements to the Home he desires without obtaining the consent of the Condominium so long as such alterations or improvements do not affect the Building in which the Home is located or any other common element. Repairs to common elements shall be the responsibility of the Board of Managers of the Condominium and the cost of such repairs shall be a common expense. Minor repairs, general cleaning and snow removal of any limited common element that is appurtenant to a unit shall be the sole responsibility of the Home Owner. All other costs associated with the limited common elements shall be the responsibility of the Board of Managers and the cost of such repair shall be a common expense. See page 43 for repairs, alterations and improvements to common elements. In the event such alterations or improvements affect the structural soundness of the Building in which the Home is located, the Home Owner must first obtain the written consent of the Board of Managers. All maintenance (including electrical repairs and plumbing stoppages in the Homes, painting and decorating of the Homes), repairs and replacements to the Homes including windows and doors abutting a Home (except painting or maintenance of the exterior surface of windows and doors which open from a Home, which are performed by the Board of Managers) and repairs to the heating/air conditioning system, pipes, wires and conduits located within and without the Home and servicing the same Home other than as set forth in the Condominium By-Laws shall be made by the respective Home Owners at their own expense.

In the event that the Home Owner fails to make any repair or creates any condition which affects the Building in which his Home is located, the common elements, the limited common elements or any other Home, the Board of Managers, may, upon notice given in accordance with the provisions of the By-Laws, make such repair or correct such condition and charge the Home for the cost of such service.

In the event it becomes necessary for the Board of Managers to bring any lawsuit or other proceeding to enforce its right to make such repair or correct such condition or to collect any sum due on account thereof, the Board of Managers shall also be entitled to collect reasonable attorney's fees in connection with such suit or proceeding.

Insurance

The Board of Managers shall obtain and maintain, to the extent obtainable, fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements insuring the Building, including all of the Homes and the bathroom, kitchen and laundry equipment initially installed therein by the Sponsor, together with all heating, air conditioning equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each Home Owner is listed as an additional insured. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Home which shall provide that the loss, if any, thereunder

shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine.

In addition to the insurance set forth herein, the Purchaser may desire to insure his personal effects and the interior of the Home itself for fire and liability. Such insurance, if taken by the Purchaser, will be payable by the Purchaser directly.

The proceeds of all policies of physical damage insurance carried by the Board shall be payable to the Board of Managers in the event of a loss amounting to \$100,000 or less, and to the Insurance Trustee if the loss shall amount to more than \$100,000 to be applied for the purpose of repairing, restoring or rebuilding the Buildings unless otherwise determined by the Home Owners, as hereinafter set forth.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by the Home Owners or of the invalidity arising from any acts of the insured or any Home Owners and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Homes. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums shall be delivered to all mortgagees of Homes at least ten (10) days prior to expiration of the then current policies.

The amount of fire insurance to be maintained on the Condominium upon the transfer of title to all Homes and until the first meeting of the Board of Managers following the first annual meeting of the Home Owners will be on a replacement cost basis. The Board of Managers shall review the amount of fire insurance annually.

A New York Bank or Trust Company shall be the Insurance Trustee unless or until replaced by a bank or trust company in the State of New York, designated by the Board of Managers. In the event that the Insurance Trustee shall resign or not qualify, the new Insurance Trustee shall also be a bank or trust company in the State of New York designated by the Board of Managers. The Insurance Trustee shall hold all proceeds of insurance policies in accordance with Section 254.4 of the Real Property Law.

The cost of all such insurance and the fees and expenses of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a common expense. The Board of Managers shall also obtain and maintain, to the extent obtainable: (1) fidelity insurance covering all employees of the Condominium who handle Condominium funds; (2) Worker's Compensation insurance; and (3) in order to limit the liability of Home Owners for personal injury and tort, public liability insurance covering each member of the Board of Managers and each Home Owner, in such limits

as the Board of Managers may deem proper. The Board of Managers shall review such limits once each year.

The public liability insurance policy to be maintained until the first meeting of the Board of Managers following the first annual meeting of the Home Owners will be a minimum of \$1,000,000 per occurrence, covering all claims for bodily injury and for property damage arising out of any one occurrence in the common elements.

Home Owners shall not be prohibited from carrying other insurance for their own benefit provided such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any Home Owner's other insurance.

THE CONDOMINIUM INSURANCE COVERAGE DOES NOT COVER FIRE AND LIABILITY INSURANCE FOR THE PURCHASER'S PERSONAL EFFECTS AND INTERIOR OF THE HOME. PURCHASERS ARE ADVISED TO SECURE SUCH COVERAGE.

The insurance the Sponsor will initially procure for the Condominium will contain officers and directors liability or fidelity bond insurance.

The Board will arrange for repair of the Homes in the event of casualty loss. In the event the insurance proceeds are not sufficient to cover the cost of repairs to the Homes, the balance of the cost of such repairs will be assessed against all Home Owners. For further provisions regarding repair or reconstruction of Homes, after fire or casualty and condemnation provisions see Article VII and XII of the By-Laws. In the event of a casualty loss, the Home Owners will continue to pay the common charges on his Home.

Although there is no requirement for annual appraisals to ascertain whether the insurance coverage is adequate, such appraisals are required prior to renewal of any fire policy. See Schedule B for the estimated insurance costs of the Condominium.

Access by Board of Managers

The Board of Managers and its agents, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under the Declaration and By-Laws.

Compliance with Terms of Declaration, By-Laws and Rules and Regulations

Ownership of a Home in the Condominium subjects the Home Owner to compliance with the provisions of the Declaration and By-Laws as well as any rules and regulations contained in the Declaration or By-Laws or established by the Condominium in accordance therewith. The rules and regulations set forth in the By-Laws and

Declaration can be found in Part II of the Plan Schedule H, Article Seventeenth and Schedule I, Article VIII for the Condominium. The Board of Managers can institute legal actions to enforce compliance with the provisions of the Declaration and By-Laws as well as the rules and regulations established therewith.

The provision of the Declaration and By-Laws that requires written consent of the Board of Managers prior to a Home Owner making an alteration that would impair the structural soundness of the Building does not apply to the Sponsor.

The provisions of the By-Laws which requires members of the Board of Managers to be Home Owners will not apply to the first Board of Managers or any Sponsor designees to the Board of Managers.

Easements

Each Home Owner will have an easement in common with all other Home Owners for the use, maintenance and repair of all pipes, wires, conduits and public utility lines located in the common elements or located in other Homes and servicing his Home. Further, each Home Owner will have an easement for the continuance of any encroachment by his Home on any adjoining Home or common element now existing or which may come into existence hereafter as a result of the settling of the Homes or repair or alteration of the Home by the Board of Managers, after damage by fire or other casualty or as a result of condemnation or eminent domain proceedings, or by reason of an alteration made by the Board to the common elements so that any such encroachment may remain undisturbed so long as the Home stands. Each Home will be subject to such encroachments and easements in favor of all other Homes.

The Board of Managers, its agents and employees shall have a right of access to the Homes and to the common elements (irrespective of the restricted nature of such common element) to inspect, maintain or repair the common elements or any pipe, wire, or conduit therein or to make repairs to the Home to prevent damage to the common elements or any other Home.

Allocation of Common Interest

The common interest of the Condominium establishes the Home Owners percentage of ownership in the common elements and percentage of liability for the payment of common charges. Each Home Owner has the percentage of common interest in the Condominium set forth on Schedule A. Such allocation has been based upon equal percentages - one for each Home as of the recording of the Declaration.

The percentage of the undivided interest in the common elements shall not be changed except with the consent of all of the Home Owners affected expressed in a duly recorded amendment to the Declaration.

Copies of both the Declaration and By-Laws are contained in Part II of the Offering Plan.

XIX. REAL ESTATE TAXES

In accordance with the New York State Condominium Act, real estate taxes applicable to each Home will be separately assessed. The estimated monthly costs and charges to be incurred by the owner of each Home in the first year in which the property will be fully subject to real estate taxes together with estimated insurance costs for the fire and liability insurance on each Home and other carrying costs are set forth on Schedule A. The estimated assessed value of the Homes is \$3,100. The 2006/2007 General Tax Rate is \$168.17 per \$100 of assessed value and the 2006 Village Tax rate is \$16.22 per \$100 of assessed value. The estimated real estate taxes for each Home is \$5,732.24. Real Estate Tax estimates are based on information received from the Assessor of the Town of Brookhaven, in a letter dated February 29, 2007 and include the basic Star exemption. The basic Star exemption is available for owner occupied, primary residences and exempts the first \$30,000 of assessed value of a Home from School taxes.

The tax assessment for each Home may be allocated on a basis that differs from the allocation of common interest.

In the event the Homes have not been separately assessed for real estate tax purposes prior to the closing of title to the first Home, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the real estate taxes attributable to the unsold Homes for such six month period and may collect at each closing the estimated amount of taxes attributable to such Home for the balance of the six month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable and will be entitled to reimbursement from unit owners to the extent of the actual assessment. There are no tax certiorari proceedings pending for the property. The By-Laws empower the Board of Managers to bring such proceedings on behalf of the Home Owners.

The Sponsor anticipates that the real estate tax rate will vary in future years rather than remain constant. The estimates of projected real estate taxes in this Offering Plan have been prepared by the Sponsor's counsel and cannot be construed as an assurance of the final tax costs, but are merely estimates based upon information available at this time. In no event will the Sponsor or Sponsor's Counsel be liable to any Purchaser under this Plan, nor will any Purchaser have the right to rescind his Purchase Agreement, in the event the amount of the taxes differ from those projected.

XX. INCOME TAX DEDUCTIONS TO HOME OWNERS AND TAX STATUS OF THE CONDOMINIUM

The Sponsor has been advised by its counsel, Certilman Balin Adler & Hyman, LLP, that each Home Owner will be entitled under present law to a deduction for Federal and New York State income tax purposes for the real estate taxes paid by him covering his Home and, provided the Home is used as the Home Owner's primary residence or one (1) other residence that he selects pursuant to Section 163(h) of the Internal Revenue code of 1986, for the interest paid by him on any mortgage covering his Home. See the Opinion of Counsel at page 56. Similarly, the Sponsor has been advised by counsel that certain Home Owners who are veterans of the United States Armed Forces may be entitled to deductions covering part of the real estate taxes applicable to their respective Homes and certain Home Owners may be entitled to the Star Exemption.

The Sponsor has been advised by its counsel that the Condominium will be eligible to be treated as a tax exempt organization under Section 528 of the Internal Revenue Code. Pursuant to Section 528, the Condominium will be taxed on any excess of income over expenses from unrelated sources. Examples of unrelated source income include interest earned on reserve and other invested funds, income from concessions and income from dues or fees received from persons other than the Home Owners. If the Condominium is required to pay taxes, the amount thereof will be levied as an additional common charge. See the Opinion of Counsel, set forth at page 56, for details.

IRA J. ADLER
PARTNER
DIRECT DIAL 516.296.7099
iadler@certilmanbalin.com

XXI. OPINION OF COUNSEL

April 27, 2007

Liberty Meadows, LLC
1 Rabro Drive, Suite 100
Hauppauge, New York 11788

Re: VILLAGE VISTAS CONDOMINIUM

Gentlemen:

We note that the Offering Plan for the above-captioned Condominium states that it is believed that the monthly payments of interest on any mortgage which becomes a lien on a condominium Home and real estate taxes payable by a Home Owner which are assessed against his Home by any governmental taxing authority, are a proper deduction in connection with Federal and New York State Income Taxes payable by the owner of such Condominium Home.

We have given this matter careful study, and it is our opinion that, pursuant to the provisions of the Internal Revenue Code of 1986 (the "Code") (See Revenue Ruling 64-31, C.B. 1964-300) and the corresponding provision of the New York State Law (See Section 615 of the Tax Law), such interest payments and the aforesaid real estate payments are proper deductions by the owner of a Condominium Home, in connection with his Federal and New York State income taxes. Similarly, we are of the opinion that each Condominium Home Owner whose Home is either his principal residence or the one other residence he selects pursuant to Section 163(h)(5)(A)(i)(II) of the Code will be entitled, under Section 216(a)(2) of the Code and Section 615(a) of the State Law, to deduct interest paid or accrued by him on any mortgage which becomes a lien on a Condominium Home. The Home may be so selected if the Home Owner either uses it as a residence within the meaning of Code Section 280A(d)(1) (i.e., he uses it for personal purposes for a number of days which exceed the greater of 14 days, or 10% of the number of days during the year for which the Home is rented at a fair rental), or neither rents nor uses the Home at any time during the year. In addition, certain Home

Owners who are veterans of the United States Armed Forces may be entitled to deductions covering part of the real estate taxes applicable to their Homes and certain Home Owners may be entitled to the Star Exemption.

Section 528 to the Code affords certain Condominiums, substantially all of whose Homes are used for residences, the opportunity to elect to be treated as tax exempt organizations. In order to qualify, sixty percent or more of the gross income of each must consist of amounts received as membership dues, fees or assessments from the Home Owners and ninety (90%) percent or more of the expenditures of each must be for the acquisition, construction, management, maintenance and care of the Condominium Properties, which properties, as defined in Section 528 of the Code, include property held by the Condominium, property commonly held by the members of the Condominium, or property within the Condominium held by the members of the Condominium. Based upon our examination of the Offering Plan and subject to the Condominium actually satisfying the minimum percentage income and expenditure criteria set forth above, it is our opinion that the Condominium will be eligible to be treated as a tax exempt organization under Section 528 of the Code.

Such an election will exempt from Federal and New York State Income Taxation all amounts received by the Condominium from the Home Owners as membership dues, fees or assessments. The Condominium will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the Home Owners. In the event the Condominium fails to qualify for and elect Section 528 taxation status in any year, it may, to the extent it has any income from unrelated sources or from accumulated revenues received by virtue of dues, fees and assessments received from Home Owners not expended in any taxable year, be subject to Federal and New York State Income Taxation (see Rev. Ruling 74-99, 1974-1 C.B. 131).

We have examined the exceptions to title set forth on pages 29 through 30 of the Offering Plan, and we are of the opinion that none of such exceptions of title are contrary to the terms of the purchase agreement nor do they interfere with the quiet use or enjoyment of the Purchaser's home as set forth in the Offering Plan.

We have examined the Declaration and By-Laws pertaining to the proposed Condominium. It is our opinion that the Declaration and By-Laws, when recorded, will validly create a Condominium in accordance with Article 9-B of the Real Property Law of the State of New York.

In our opinion, the Condominium will be eligible for tax exempt status, if it so elects and Unit Owners will be entitled to the above-mentioned income tax deductions. However, this opinion is not a guarantee; it is based on existing rules of law applied to the given facts and document referred to above. No assurances can be given that the

tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the Board of Managers of the Condominium, the selling agent or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied which cause the Condominium to cease to meet the requirements of Section 528 of the Code, or the New York State tax law, as amended and Home Owners not to be entitled to income tax deductions.

It is our understanding that this letter will be made a part of the Offering Plan of Village Vistas Condominium.

Very truly yours,

CERTILMAN BALIN ADLER & HYMAN, LLP.

By: 
IRA J. ADLER, Partner

XXII. RESERVE FUND

The Condominium budget includes as a line item a reserve fund for major capital improvements of \$10,000.00, to be collected out of the maintenance charges paid by the Home Owners. See Footnote 19 to Schedule B for complete details.

No representation is made that the reserve fund will be adequate for future replacements of common elements. If additional funds are required over and above the reserve fund, it may be necessary to increase the maintenance charges or common charges payable by the Home Owners or to collect a special assessment from each Home Owner.

During the period Sponsor is in control of the Board of Managers, the reserve fund will not be used to reduce the estimated common charges.

Neither the Department of Law nor any other Governmental Agency has passed upon the adequacy of the reserve fund.

XXIII. WORKING CAPITAL FUND

At closing the Sponsor will collect two months common charges from each Purchaser to be paid to the Condominium as initial working capital. While Sponsor is in control of the Board of Managers of the Condominium the working capital funds will not be used to reduce the maintenance charges. If any portion of the working capital funds are used during this period to pay for items in the budgets set forth as Schedule B, such amounts will be repaid to such fund out of common and maintenance charges collected.

Neither the Department of Law nor any other Governmental Agency has passed upon the adequacy of such funds.

XXIV. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

The Condominium will enter into a Management agreement with Northwind Management Group, 1 Rabro Drive, Hauppauge, New York.. The term of the Agreement shall be for a term of two (2) years from the closing of title to the first Home. The Agreement provides for a fee of \$30,000 per annum, as set forth in Schedule B. The Agreement may be cancelled on thirty (30) days notice. The Condominium must reimburse the Managing agent for expenses and indemnify the Managing Agent against liability for acts properly performed by it pursuant to the Agreement. The Managing Agent is an affiliated entity of Sponsor.

The Managing Agent shall perform the following services: bill and collect Condominium Common Charges, prepare budgets/cash-flow analysis and long range planning; bookkeeping; record keeping; generate contract specifications; negotiation of

contracts; schedule maintenance activities; plan and organize Home Owners meetings channel customer service inquiries to the Sponsor; channel routine maintenance requests; and generally perform the duties of a Managing Agent of a Condominium.

XXV. IDENTITY OF PARTIES

Sponsor and Selling Agent

The Sponsor and Selling Agent is Liberty Meadows, LLC, a New York Limited Liability Company, with an address at 1 Rabro Drive, Suite 100, Hauppauge, New York 11788. The members of such Sponsor are Demetrius A. Tsunis and Enrico Scarda.

Demetrius A. Tsunis is a community developer, real estate broker and managing member of The Northwind Group. Mr. Tsunis was a principal of the Sponsor of Setauket Meadows Condominiums I and II, a 150 unit Condominium community for active adults. Mr. Tsunis is also a principal of the Sponsor of Maple Square Condominium, which consists of 39 homes located in the Village of Westbury. In 2004 the Northwind Group won the Long Island Builders Institute award for "active adult design and build" senior condominiums. Mr. Tsunis manages and owns multi-family dwellings, retail and professional centers and has built commercial and residential properties throughout Long Island. He has managed commercial real estate since 1982, and is a licensed real estate broker at Coldwell Banker Commercial. Mr. Tsunis is a 1981 graduate of Bryant College in Smithfield, Rhode Island, where he earned a business administration degree in accounting. The Northwind Group is a member in good standing of the Long Island Builders Institute. Mr. Tsunis was the founder of the Melville/East Farmingdale Chamber of Commerce. He was a founding board member of Long Island Seaport and Eco Center and is currently a board member of the Long Island Children's Maritime Museum in Port Jefferson.

Enrico Scarda is an attorney whose professional area of concentration has been land use, real estate investment, management and development. Mr. Scarda owns and manages a real estate portfolio consisting of residential apartments, industrial properties as well as a retail shopping center. He is a principal of the Sponsor of Setauket Meadows Condominiums I and II. Mr. Scarda, under several family owned New York partnerships has developed and built residential single family homes throughout Long Island and industrial buildings in the Town of Babylon. He attended New York University and obtained his Juris Doctor degree from New York Law School. He was admitted to the New York State Bar in 2000 and practices law at 38 Kings Highway, Hauppauge, New York at the Law firm of Enrico Scarda, PC.

The Sponsor and its principals do not own more than 10% of the units in any condominium, cooperative or home owners association in the State of New York, except for Setauket Meadows Condominium II. The Sponsor of such offering Plan is current on its obligations with regard to such project.

Attorneys

All legal matters in connection with the establishment of the Condominium, the tax opinion of counsel contained herein and the preparation of this Offering Plan have been passed upon for the Sponsor by Certilman Balin Adler & Hyman, LLP, 90 Merrick Avenue, East Meadow, New York 11580. The individual partner in said firm responsible for the preparation of the Offering Plan is Ira J. Adler. Scott Zamek, Esq., 1326 Expressway Drive South, Hauppauge, New York, will represent the Sponsor in connection with the individual Home closings and will act as the Escrow Agent for such Homes, as described on page 23.

Neither Certilman Balin Adler & Hyman, LLP., nor Scott Zamek, Esq., are affiliated with the Sponsor.

Managing Agent

Northwind Management Group, 1 Rabro Drive, Hauppauge, New York, is the Managing Agent. The Managing Agent is an affiliated entity of Sponsor. The Managing Agent is experienced in the management of condominiums and is currently the manager of Setauket Meadows Condominiums I and II in East Setauket, New York.

Insurance

The estimated insurance rates have been passed upon by Three Village Bennett Agency Inc., 300 Main Street, East Setauket, New York 11737. The aforementioned estimate has been included in this Offering Plan in reliance upon the opinions of said agency and upon its authority as an expert but the Sponsor has no knowledge that this estimate is not correct.

Architect

The Architect who prepared the report in Part II and who executed the Certification in Part II is Campani and Schwarting Associates, 105-3 East Main Street, Port Jefferson, New York 11755.

Campani and Schwarting Associates has no financial interest in the Property, the Sponsor or any other party involved in this transaction, except for their fee for services rendered in connection with this Development.

XXVI. REPORTS TO HOME OWNERS

It is the obligation of the Board of Managers of the Condominium to give all Home Owners annually:

- (i) a financial statement of the Condominium prepared by a certified public accountant by a specific date; such statement shall be certified while the Sponsor is in control of the Board of Managers;
- (ii) prior notice of the annual Home Owners' meeting; and
- (iii) a copy of the proposed annual budget of the Condominium. While Sponsor is in control of the Board of Managers, the amendment to the Offering Plan disclosing the then current budget will contain a Certification of the Adequacy of the budget prepared by an independent expert who has experience in the management of condominiums.

XXVII. DOCUMENTS ON FILE

Sponsor shall keep copies of the Plan, all documents referred to in the Plan and all Exhibits submitted to the Department of Law in connection with the filing of the Plan, on file and available for inspection without charge and copying at a reasonable charge at Sponsor's office for six years from the date of first closing. The Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the closing of the first Home.

XXVIII. GENERAL

Pending Litigation

As of the date of this Offering Plan, there is no litigation or administrative proceedings pending against the Condominium or the Sponsor or any other party which would affect their ability to perform their obligations relating to this offering, or which would in any way affect this offering except that an Article 78 proceeding entitled Coalition to Save Cedar Hill et.al. against the Planning Board of the Incorporated Village of Port Jefferson et.al., was commenced in the Supreme Court, Suffolk County (Index No. 07-1811). The proceeding seeks to declare the December 14, 2006 resolution of the Planning Board approving the subdivision application for Village Vistas null and void. Although Sponsor is of the opinion that this proceeding is without merit, no representation is or can be made as to the eventual outcome. This Offering Plan will be amended to disclose the outcome of such proceeding.

Prior Offerings

This property has not been the subject of any prior public offerings. No contracts or agreements have been entered into and no deposits or advances of funds have been accepted as of the date this Plan is accepted for filing. All of the Homes offered in the Plan are vacant.

Non-Discrimination

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his or her race, creed, sex, color, disability, marital status, sexual orientation, national origin or ancestry in the sale of Homes under this Plan.

Amendment of Plan

The Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Plan which adversely affects Purchasers, then anyone who has theretofore executed a Purchase Agreement shall be given not less than thirty days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor to cancel the Purchase Agreement and to obtain a refund, in full, of the down payment made therewith with interest, if any. No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

XXIX. SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION

Sponsor adopts the Description of Property set forth in Part II of the Plan. Sponsor represents that it has no knowledge of any material defects or need for major repairs to the property except as may be set forth in the Description of Property.

Dated: July 5, 2007
East Meadow, New York

LIBERTY MEADOWS, LLC
SPONSOR

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OFFERING STATEMENT

VILLAGE VISTAS CONDOMINIUM

Liberty Avenue
Village of Port Jefferson
Town of Brookhaven, Suffolk County
State of New York

PART II

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SCHEDULE D

PURCHASE AGREEMENT

VILLAGE VISTAS CONDOMINIUM

PURCHASE AGREEMENT

AGREEMENT made and dated _____, 200____, between LIBERTY MEADOW, LLC., a New York Limited Liability Company, having an office at 1 Rabro Drive, Suite 100, Hauppauge, New York 11788, hereinafter called the Seller or Sponsor and _____, having an address at _____, hereinafter called the Purchaser.

WHEREAS, the Seller has promulgated a Condominium Plan and desires to offer for sale, pursuant to Article 9-B of the Real Property Law of the State of New York, Condominium Homes to be situated on the land owned by it located in The Village of Port Jefferson, Town of Brookhaven, County of Suffolk, New York and the Purchaser is desirous of purchasing a Condominium Home therein;

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth in this Purchase Agreement, the parties mutually agree as follows:

1. Sale of Home. The Purchaser hereby agrees to purchase and the Seller agrees to sell the Condominium Home designated as No. _____, Model Type: _____, as shown on the plot plan which forms a part of the Offering Plan attached hereto, together with a 1/43rd undivided interest in the common elements appurtenant thereto.

2. Delivery of Deed: Adjustments. The Closing of Title shall take place at an office to be designated by Seller or by the lending institution at 10 o'clock A.M. on or about _____ or at another date and time designated by the Seller upon ten (10) days' written notice mailed to the Purchasers at their address hereinabove set forth. The Seller shall be entitled to a reasonable adjournment in the closing of title as set forth in Paragraph 27 in the event of delay by reason of weather conditions, strikes or material shortages, or delays in inspections, construction and reports thereon, or other requirements. If the Purchaser is not ready to close title at the date and time fixed pursuant to the contract, any adjournment exceeding seven (7) days granted at the request of the Purchaser shall be upon the condition that (a) interest on the balance of the purchase price computed from the date originally fixed for closing to the actual date of closing, shall be paid to Seller at closing at a rate equal to the rate of interest charged to Seller on the building loan/acquisition loan mortgage, if any, or at 12% per annum, whichever is greater, and (b) all adjustments shall be made as of the date originally fixed for the closing of title and the Purchaser also agrees to apportion with Seller such taxes, electricity, heating, security costs, insurance and Common Charges as may be determined to be due at the time of

closing. Nothing herein contained shall be construed to require Seller to grant any adjournment beyond seven (7) days from the date originally fixed for closing.

3. Purchase Price. The purchase price is \$_____ payable as follows:

\$_____ on the signing of this Agreement, the receipt of which is hereby acknowledged (10%);

\$_____ certified or bank cashier's check drawn on a New York bank (payable directly to the order of Seller or Sellers designee) on closing of title;

Any payment made by check is accepted by Seller subject to collection. If any check tendered is not honored, Purchaser shall provide a certified check or bank cashiers check payable directly to Seller within 72 hours after demand for replacement therefore.

Notwithstanding the foregoing, if for any reason whatsoever the check given by Purchaser as the downpayment hereunder is dishonored, Seller shall have the right to cancel this Agreement. Seller's election to cancel shall not be deemed a waiver by Seller of its right to pursue other remedies.

THE PAYMENT DUE AT CLOSING IN ACCORDANCE WITH THIS PURCHASE AGREEMENT ON ACCOUNT OF THE PURCHASE PRICE MUST BE MADE BY PURCHASER'S PERSONAL CERTIFIED CHECK OR OFFICIAL TELLERS CHECK ON A NEW YORK CLEARINGHOUSE BANK PAYABLE DIRECTLY TO SELLER OR SELLER'S DESIGNEE. IF PAYMENT SHALL BE MADE TO SELLER'S DESIGNEE, SELLER SHALL GIVE PURCHASER PRIOR INSTRUCTIONS. UNCERTIFIED CHECKS OF FUNDING COMPANIES, ATTORNEY'S ESCROW CHECKS AND CHECKS PAYABLE TO PURCHASER FOR ANOTHER PARTY AND ENDORSED TO SELLER WILL NOT BE ACCEPTED AND TENDER OF SAME WILL NOT CONSTITUTE COMPLIANCE BY PURCHASER OF THEIR OBLIGATIONS HEREUNDER.

4. Condominium Declaration. The Declaration and By-Laws will be recorded in the Office of the Clerk, County of Suffolk prior to the closing of title to the first Home. If not already filed, the Seller shall amend the Declaration prior to the closing date and file at such time a verified statement of a registered architect or licensed professional engineer certifying that the plans theretofore filed or being filed simultaneously with such amendment fully and fairly depict the layout, location, Condominium Home designation and approximate dimensions of the Condominium Homes as built. The

Declaration and By-Laws, as recorded, will be substantially in the form and substance of the Declaration and By-Laws delivered to the Purchaser and any changes made thereto will not substantially adversely affect the Purchaser.

5. Seller's Failure to Convey. It is specifically understood and agreed that in the event the Seller shall be unable to deliver or cause to be delivered a deed to the premises to the Purchaser in accordance with this Agreement because of the inability of the Seller to complete the filing of the premises as part and parcel of a Condominium plan in accordance with the Offering Plan of Village Vistas Condominium and any amendments thereto, and/or to complete the intended improvements or deliver title for any reason, then the Seller shall immediately notify the Purchaser and thereupon this agreement shall terminate and the sole liability between the parties shall be the return by the Seller to the Purchaser of the Purchaser's down payment with interest, if any, under this agreement. Seller shall not be required to bring any action or proceeding or otherwise incur any expense to render title to the premises marketable or to cure any objections to title.

6. Construction of Condominium. The Seller has or will apply for a building permit from the Village of Port Jefferson which will permit the Seller to erect the Condominium Homes as residential dwellings on the property. Prior to the closing of title set forth herein, the Seller will declare the property and the Condominium Homes erected thereon to be a Condominium pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York.

7. Purchaser Bound by Offering Plan, etc. The Seller has exhibited and delivered to the Purchaser and the Purchaser acknowledges receipt of the Offering Plan at least 72 hours prior to the execution of this Purchase Agreement and has read and agrees to be bound by the proposed Declaration, By-Laws and Offering Plan of the said Condominium (and the Schedules, Plans and Exhibits attached thereto) all of which are incorporated by reference and made a part of this agreement with the same force and effect as if set forth in full herein. Defined terms not defined within this Purchase Agreement but defined in the offering Plan shall have the meaning ascribed in the offering Plan. Any conflict between the Offering Plan and the Purchase Agreement is to be resolved in favor of the Offering Plan. The Purchaser acknowledges that he is purchasing a Condominium Home in a Condominium that is to be formed, and that, except as stated in this agreement (and as set forth in the Declaration, By-Laws, Exhibits and Offering Plan), he has not relied on any representations or other statements of any kind or nature made by the Seller, any representatives of Seller, or otherwise, including but not limited to any relating to the description, size or dimensions of the Home or rooms therein, and the estimated common charges or other expense in connection herewith.

8. Closing Costs and Adjustments. The Purchaser shall pay the fee of his own attorney, and a travel fee to Seller's attorneys in the amount of \$250.00 if the closing of title is held at an office other than that of Seller's attorney, and \$850 to Seller's Attorney for preparation and review of Unit Deed, Power of Attorney, and for coordinating and attending the closing. The Purchaser further agree to pay at the closing of title, the actual cost of title examination, cost of mortgage title insurance, bank attorneys' fees for preparation of the documents necessary for the mortgage loan, bank credit and appraisal fees, origination fee, commitment fees, New York State transfer taxes, recording and filing charges paid or payable to public officials, private mortgage insurance premiums, if applicable, mortgage recording taxes and other bank or governmental charges assessed on the loan or on the transfer of title. In the event Purchaser obtains fee title insurance from any company other than Barrister Land LLC as agent for Stewart title Insurance Company, and such other title company raises title exceptions which were previously examined, cleared and insured when Seller acquired title to the premises, then Purchaser agrees to reimburse Seller at closing of title the sum of \$250 for additional and extra title review and clearance charges which Seller will actually incur.

9. Additional Closing Costs and Adjustments. The Purchaser agrees to pay two months Common Charges to the Condominium, at the closing of title, as initial working capital. The Purchaser also agrees to apportion with Seller such taxes, gas, electricity, and Common Charges as may be determined to be due at the time of closing.

10. Sellers Right to Mortgage Tax Credit. The Purchaser agrees that any mortgage tax credit received pursuant to Section 339-ee of the Real Property Law will inure to the benefit of the Seller.

11. Trust Funds. All deposits, downpayments or advances towards the purchase price made by purchasers prior to closing shall initially be held in a segregated escrow account held by Scott Zamek, Esq., 3124 Expressway Drive South, Islandia, New York, pursuant to an Escrow Agreement between Seller and the Escrow Agent, in the form set forth in Schedule M of the Offering Plan and pursuant to the provisions of Sections 352-h and 352-e (2-b) of the New York State General Business Law and the escrow regulations promulgated thereunder by the Department of Law of the State of New York as disclosed in Section XII of the Offering Plan. Said funds shall be held in an interest-bearing account entitled "Scott Zamek, Esq., Escrow Account for Liberty Meadows LLC", at North Fork Bank, 120 Commerce Drive, Hauppauge, New York. All instruments shall be made payable or endorsed to the Order of Scott Zamek, Esq., as Escrow Agent. The deposit by the Escrow Agent of the Purchaser's downpayment into the escrow account shall not be deemed acceptance of the Purchase Agreement. The Purchase Agreement shall only be deemed accepted when countersigned by the Seller or his authorized agent. In addition, although all funds received by Seller for upgrades, options or extras to the Home will initially be placed in the Escrow Account, such funds may be released from the escrow account as long as the Sponsor uses the funds for such upgrade or extra. At closing, the downpayment shall be paid to Seller upon

consummation of the closing, and execution of this Purchase Agreement shall be deemed in writing executed by both Seller and Purchaser authorizing the Escrow Agent to release said funds to Seller at closing. In the event of default by the Purchaser under such Purchase Agreement, which default continues for thirty (30) business days after notice of such default from the Seller to the Purchaser, the downpayment of 10% of the purchase price plus the cost of any optional items ordered may be released to the Seller from such account as liquidated damages, and thereafter neither party shall have any rights or obligations to or against the other.

12. Subordination of Purchase Agreement to Mortgages. The Purchaser agrees that all terms and provisions of this agreement are and shall be subject and subordinate to the lien of any institutional mortgages on the Condominium property heretofore or hereafter made and any advances heretofore or hereafter made thereon, and any payments or expenses already made or incurred or which may hereafter be made or incurred, and any purchase money mortgages, pursuant to the terms thereof, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the schedule of payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. The Seller shall satisfy all such mortgages or obtain a release of the Home from the lien of such mortgages at or prior to the closing date, except for the individual mortgage of Purchaser thereon.

13. Construction of Home by Seller. The Seller agrees, at its own cost and expense to erect and complete the aforementioned Home in accordance with the requirements as to materials and workmanship of the Building Department of the Village of Port Jefferson and with the requirements of the lending institution which shall make the mortgage loan herein set forth and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department. The issuance of a temporary or permanent Certificate of Occupancy shall mean that the Home is substantially complete, in which event the Purchaser agrees to accept a letter agreement from the Seller wherein the Seller shall agree to complete all unfinished items within ninety (90) days from the date of the closing of title, weather permitting. Any such incomplete items shall not constitute an objection to closing provided Seller executes and delivers to Purchaser, a letter agreement in accordance with the foregoing.

Purchaser shall permit Seller, its agents, servants and/or employees to enter upon the Premises and shall provide reasonable access thereto subsequent to closing to complete any incomplete items. In the event Seller is required to make any repair or complete any item of work to be performed by Seller after closing, the limit of Seller's liability shall be to make said repair and/ or to complete such item. This Paragraph shall survive the delivery of the deed.

14. Personal Property Included in Sale: Excluded Items. All articles of personal property, fixtures and equipment as set forth in the Offering Plan for the Model Type Condominium Home referred to herein are included in this sale, and same will be delivered free and clear of all liens and encumbrances except the lien of the mortgage applied for by Purchasers herein. Decorative fixtures, furniture, furnishings, paint, wall paper, carpeting, ceramic floors, mirrors, shelves, wall and window treatments, built-ins, burglar alarm system, electric fixtures on site lighting, intercom systems, mirrored bar cabinet doors, wooden bar cabinet doors, wood vanity doors, mirrored vanity doors, high back splash on kitchen cabinets, ceiling high kitchen cabinets, radius ends on vanities and kitchen cabinet counters, wall mounted vanities, special landscaping installed at the model homes, special kitchen cabinets, central vacuum systems, whirlpool bathtubs, Belgium Block curbing along driveways, sky lights, fireplace, wood ceiling treatments, high hat lighting, additional fixtures and switches added for decorative purposes exhibited in the Model Homes, excepting those specifically set forth herein or in the Offering Plan, are for display purposes only and are not included in this sale.

15. Selection of Colors. It is further agreed that wherever the Purchaser has the right to make a selection of colors, fixtures and/or materials from Seller's designated samples, he shall do so within seven (7) days after written demand therefor. The selections are to be made at Seller's sales and display offices. Monday thru Friday excluding holidays all between the hours of 10:00 a.m. and 5:00 p.m. In the event the Purchaser fails to make such selection within such period, the Seller shall have the right to use its own judgment in the selection of colors, fixtures and materials and the Purchaser shall accept the same. Such written demand shall be by ordinary mail addressed to the Purchaser at the address herein set forth. Seller shall not be responsible for variations in the color of siding, appliances, plumbing fixtures, carpeting or tiles from the samples due to manufacturers variations, nor shall such variations constitute an objection to closing or entitle Purchaser to compensation therefor.

16. Sellers Right to Make Changes in Materials, etc. The Seller reserves the right to: (a) make changes or substitutions of materials or construction for items as set forth in the Offering Plan or Building Plan, provided any such changes are of comparable value and quality; (b) determine the exterior color and design, location of buildings, landscaping, grading, elevation and design (including reversal of the Home and building layout) of all plots and dwellings to fit into the general pattern of the Community; and (c) determine elevation of front, rear and sides of buildings, and elevation, size and location of foundations, walkways, stairs, patios, balconies, windows and roadway; (d) determine the ultimate house mix and color of Homes in the Condominium; (e) modify entry walks, relocate parking stalls and garbage dumpsters, etc.; (f) determine location of electric and gas meters, air conditioning units, electronic transformers, heat pump units, mail boxes, speed bumps, hose bibs, and leaders and gutters. In addition to the foregoing, the building exteriors, exterior elevations and location of foundations, entrances, window

fenestration, balconies and buildings may vary; (g) alter the elevation and roof details where elevation of adjacent lot warrants such change; (h) alter the exterior materials or placement thereof where alignment of adjacent homes so warrant; (i) determine the type of home to be constructed on a particular lot; (j) to fix the location of a house (including setbacks) within the lot lines; (k) determine the ultimate number of Homes and house type mix to be constructed in the Development; (l) add or remove retaining walls on the lots or Common Areas where required by grade conditions; (m) determine the size of decks to be constructed on a particular Home; (n) vary the number of steps into house from front, rear and garage due to topographical conditions; (o) relocate parking spaces; (p) make any other changes required by the Village of Port Jefferson; (q) change appliances as long as they are equal to or better than originally offered; (r) determine the type of siding to be used on the exterior of the Home.

17. Closing Deed: Power of Attorney. The closing deed shall be in proper statutory form for recording; shall be Bargain and Sale with covenant; shall be duly executed and acknowledged by the Seller at the Seller's expense and shall contain such a description of the premises as shall be acceptable and/or approved so as to validly convey under the Condominium Act, the Home and the undivided interest in the common elements referred to herein and shall also contain the covenant required by subdivision 5 of Section 13 of the Lien Law. At the closing of title the Purchaser agrees to execute and deliver to Seller the Power of Attorney in the form annexed hereto (and made a part hereof) and designated "Schedule A".

18. Marketable Title, Subject To. The Seller shall give and Purchaser shall accept a good and marketable title (subject to the terms of the Declaration and By-Laws as filed and of the Offering Plan), free and clear of all liens and encumbrances except the lien of the mortgage applied for by Purchaser herein and except as set forth in the Offering Plan; and such title as Barrister Land LLC, as agent for Stewart Title Insurance Company will approve and insure for mortgages and/or fee title insurance. Fee title insurance, if ordered by Purchaser, shall be purchased at Purchasers own cost and expense. Purchaser shall deliver to Sellers attorney at least ten (10) days prior to closing, a written notice setting forth each objection to title, if any (other than those specifically set forth herein subject to which the Premises are being sold), and a copy of Purchasers title report. Seller shall have the right to a reasonable adjournment of Closing not to exceed sixty (60) days for the purpose of curing any title defect; however, no such action taken by Seller shall be deemed an admission by Seller that such defect is one that would entitle Purchaser to cancel this Agreement.

19. Completion of Construction - Purchaser's Inspection. Purchaser shall accept title (without abatement in or credit against the purchase price or provision for escrow) notwithstanding that construction of (a) minor details of the Home or the building in which it is located or (b) other Homes or (c) the landscaped areas or (d) the open parking spaces or (e) other portions of the Common Elements or Common Areas have not been completed. Purchaser will inspect his Home with a representative of the Seller

during normal business hours prior to the closing date and will sign and deliver to Seller on or before closing date a Pre-Title Inspection Statement supplied by Seller, acknowledging the condition in which he has received his Home.

20. Acceptance of Deed - Full Compliance by Seller: Waiver of Jury Trial. Anything to the contrary herein contained notwithstanding, it is specifically understood and agreed by the parties hereto that the acceptance of the delivery of the deed at the time of the closing of title hereunder shall constitute full compliance by the Seller with the terms of this agreement and none of the terms hereof, except as otherwise herein expressly provided, shall survive the delivery and acceptance of the deed. All representations contained in the Offering Plan shall survive delivery of the deed. The parties hereto do hereby agree that trial by jury in any action, proceeding or counterclaim arising out of or from this Agreement is hereby waived.

21. LIMITED WARRANTY. SELLER HEREIN MAKES NO HOUSING MERCHANT IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE PURCHASE AGREEMENT OR HOME COVERED HEREBY AND ALL SUCH WARRANTIES ARE EXCLUDED, EXCEPT AS PROVIDED IN THE LIMITED WARRANTY ANNEXED HERETO AS EXHIBIT "1". THE TERMS OF THE LIMITED WARRANTY ARE HEREBY INCORPORATED INTO THIS PURCHASE AGREEMENT AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE THEREOF. PURCHASER HEREBY ACKNOWLEDGES THAT A WRITTEN COPY OF THE TERMS OF THE ANNEXED LIMITED WARRANTY HAS BEEN PROVIDED BY SELLER TO PURCHASER FOR PURCHASER'S EXAMINATION AND THAT A REASONABLE PERIOD OF TIME FOR ITS EXAMINATION BY PURCHASER HAS BEEN AFFORDED TO PURCHASER PRIOR TO THE TIME OF PURCHASER'S EXECUTION OF THE PURCHASE AGREEMENT. PURCHASER UNDERSTANDS AND ACCEPTS THE ANNEXED WARRANTY TO THE PURCHASE AGREEMENT IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES IN CONNECTION WITH THIS TRANSACTION. THE ANNEXED WARRANTY WILL BE FULLY EFFECTIVE WITHOUT THE EXECUTION OF ANY OTHER DOCUMENT BY EITHER PURCHASER OR SELLER ON THE DATE THAT PURCHASER OR ITS FAMILY SHALL FIRST OCCUPY THE HOME WHICH IS THE SUBJECT OF THIS AGREEMENT AS A RESIDENTIAL HOME OR THE DATE THAT THE DEED TO SUCH HOME SHALL BE DELIVERED TO PURCHASER, WHICHEVER OCCURS FIRST. IN ADDITION TO THE ANNEXED LIMITED WARRANTY, PURCHASER WILL RECEIVE ANY MANUFACTURERS' WARRANTIES APPLICABLE TO THE APPLIANCES INSTALLED IN THE HOME. The provisions of this Paragraph shall survive the delivery of the deed.

22. Lack of Labor/Materials: Seller's Right to Cancel. The parties hereto do hereby agree that the Seller may cancel this Agreement by forwarding its check in the full amount paid by the Purchaser, with interest, if any, together with a notice in writing, addressed to the Purchaser, at their addresses hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or subdivision thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials necessary in the construction of residential housing and such restriction shall prevent the Seller from obtaining such materials from its regular suppliers or from using same in the construction and/or completion of the dwellings; or (2) that the Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies, or the installation of public utilities is restricted or curtailed.

23. Lien of Deposit; Risk of Loss. All sums paid on account of this Agreement and the reasonable expense of the examination of the title to the Home are hereby made liens hereon, but such liens shall not continue after default by the Purchasers under this Agreement. The risk of loss or damage to the Home by fire or any other cause until the delivery of the deed or possession by the Purchaser is assumed by the Seller. In the event a substantial portion of the Home or Community shall be destroyed or damaged prior to closing, Seller shall be entitled to cancel this Agreement by written notice to Purchaser, together with a check in the full amount paid by Purchaser, with interest, if any. The parties shall thereafter be released from any further liability hereunder.

24. Liens Satisfied at Closing. The existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided the Seller shall deposit a sufficient amount with a title company so that said company shall be willing to insure against collection of same from the property herein described. The parties agree that the Seller may pay and discharge any liens and encumbrances upon the property, not provided for in this Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

25. Possession Prior to Closing. It is expressly understood and agreed that the Purchaser shall in no event take possession of the premises prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this Agreement nor shall Purchaser enter the home or have their contractors or agents enter the home to perform work prior to closing without prior authorization of Seller and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove them from the premises as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and upon such election, the amount paid hereunder shall belong to the Seller as liquidated damages. It is further understood and agreed that the Seller will not be responsible for damage or loss to any

property belonging to Purchaser whether same is delivered to the property on or after the closing of title herein.

26. Execution of Required Documents. Purchasers agree to perform all acts required by the Seller to carry out the provisions of the Offering Plan, establish the Condominium and conform to the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

27. Delay in Closing Purchaser's Option to Cancel. In the event the Seller shall be unable to schedule the closing of title to the home or convey title to the Condominium Home on or before nine months after the date of delivery of title set forth herein and except for delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing Sponsor from obtaining necessary supplies and/ or materials, in which event the period shall be extended to twelve months, except for the Purchaser's default, the Purchaser shall have the option to cancel this agreement and to have the down payment advanced by him returned to the Purchaser with interest, if any. Seller must receive Purchaser's written notice of his intention to exercise such option to cancel no later than ten (10) days after nine (9) or twelve (12) months, whichever applicable, from the date set forth herein for the delivery of title. Failure to so notify Seller shall be deemed a waiver of this provision, and Purchaser shall continue to be bound by the terms of this Agreement. The Seller has the option not to close title to the Condominium Home described herein if less than 80% of all of the Condominium Homes to be constructed as part of the Condominium are sold, so long as title to any Condominium Home has not been conveyed, and the Declaration has not been filed at such time. In the event Seller exercises such option, it shall forthwith return the Purchaser's down payment with interest, if any. Purchaser shall notify Seller in writing of its intention to exercise such option within ten (10) days after receipt of notification from Seller of its inability to convey title. Failure to so notify Seller shall be deemed a waiver of this provision, and Purchaser shall continue to be bound by the terms of this Agreement.

28. Options Ordered by Purchaser. Any special work ordered or changes ordered by Purchaser shall be signed by the Purchaser and must be paid for in full at the time of such order. If for any reason the Sponsor fails to install said special work in accordance with the work order, the limit of the Sponsors liability is a refund of the amount of the charge, and same shall not be deemed an objection to title. In the event Purchaser orders upgraded or optional items other than the standard provided by Seller, Seller shall not be responsible or liable for any defects in quality of materials or workmanship in installation. It is expressly agreed and understood that all deposits on account of extra's or charges are non-refundable. All extra's must be ordered prior to commencement of construction and must not delay construction. Once extra's are ordered they cannot be changed.

29. Breach of Purchase Agreement. Should Purchaser violate, repudiate, fail to perform any of the terms of this Agreement, fail to close title, or fail to make any payment required hereunder in a timely manner, which default remains uncured for ten (10) days after written notice of such default from Seller, Seller may at its option, retain all of the moneys paid on account plus the cost of optional extras ordered hereunder as liquidated damages, in which event the parties shall be discharged of all further liability hereunder, or Seller may otherwise avail itself of any legal or equitable rights which it may have under this Agreement. Seller shall not be required to tender a deed to enforce this provision. This provision shall apply whether or not construction has commenced and regardless of any sale of the Home subsequent to Purchaser's default.

30. Binding Nature of Purchase Agreement, Assignability: Notice. The parties agree that the stipulations and agreements herein contained shall be binding upon them, their respective heirs, executors, administrators and/or assigns. The Purchasers agree that they will not record or assign this Agreement or any of their rights hereunder without the written consent of the Seller. In the event Seller, in its discretion, permits an assignment of this Purchase Agreement it may elect to impose an assignment fee. In no way should this be construed as a requirement that Seller must consent to an assignment and Seller reserves the right to refuse to permit an assignment of this Purchase Agreement. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address above given or at such address as either party may hereafter designate to the other in writing.

31. Prohibition Against Advertising of Home for Sale. The placing of an advertisement for the sale of this Home in any newspaper prior to closing will constitute a material breach of this Agreement entitling Sponsor to retain all monies paid on account of this Agreement (including the cost of extras) as liquidated damages.

32. Broker. The parties agree that no broker other than _____, brought about this sale and Purchaser agrees to indemnify Seller against any claim brought for brokerage based upon Purchasers act.

33. Purchasers - Agents for Each Other. If two or more persons are named as the Purchaser herein, any one of them is hereby made agent for the other in all matters of any and every kind or nature affecting the premises herein or this Agreement.

34. Delivery of Purchase Agreement. This Purchase Agreement shall not be binding on Purchaser until it is accepted, by endorsement hereon by the Seller, and a fully signed copy thereof shall have been delivered or mailed to Purchaser. If this Agreement shall not be accepted within twenty (20) days of the date hereof by the delivery or mailing to Purchaser of such endorsed and fully signed copy, this Purchase Agreement shall be deemed to be rejected and canceled and Purchasers deposit shall

be promptly refunded within ten (10) days thereafter, provided Purchaser returns the Offering Plan to Seller in good condition.

35. Municipal Certificates. At the closing of title the Seller will deliver a temporary or permanent certificate of occupancy covering the Home.

36. Purchaser's Income. Purchaser hereby represents that their annual income is _____, not including overtime and they make this representation knowing that Seller herein relies upon the truth thereof.

37. Purchaser May Not Erect Signs on Home. Purchasers shall not place any sign, other than a house number sign, anywhere on the Home or Property at any time within three (3) years after Closing without Seller's prior written consent. This paragraph shall survive delivery of the deed.

38. Inspection During Construction. Unless specifically agreed to by Seller, Purchaser shall not visit the construction site except the Sales Office. Purchaser acknowledges that unsupervised visits to the construction site present a dangerous circumstance and could incur liability to Seller. Purchaser hereby releases and agrees to indemnify, defend and hold Seller harmless for all claims and liabilities incurred by Seller resulting from the presence of Purchaser or Purchaser's family members or invitees on the Premises or Seller's other property during the term of this Agreement.

39. Restrictions on Sale. Purchaser covenants and agrees to retain ownership in the Condominium Home for a period of one (1) year from the date Purchaser acquired the Condominium Home, except in the case of the death of Purchaser or spouse. Failure to abide by this requirement shall result in the Purchaser paying the Seller a sum equal to 25% of the difference between the new purchase price of the Condominium Home and the purchase price set forth in Paragraph 3 of this Purchase Agreement but in no event less than 10% of the purchase price set forth in Paragraph 3 of this Purchase Agreement. The provisions of this Paragraph shall survive delivery of the deed and the closing of title."

40. Entire Agreement. This agreement states the entire understanding of the parties and the Seller shall not be bound by any oral representations and/or agreements made by Seller, its agents, or representatives. Any conflict between this Purchase Agreement and the Plan shall be resolved in favor of the Plan.

THIS AGREEMENT STATES THE ENTIRE UNDERSTANDING OF THE PARTIES AND THE SELLER SHALL NOT BE BOUND BY ANY ORAL REPRESENTATIONS AND/ OR AGREEMENTS MADE BY SELLER, ITS AGENTS, OR REPRESENTATIVES.

LIBERTY MEADOW, LLC.

By: _____, Member

By: _____ (L.S.)

By: _____ (L.S.)

"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."

SCHEDULE D-1

LIMITED WARRANTY

RIDER TO PURCHASE AGREEMENT DATE _____, 20 ____ BY AND
 BETWEEN **LIBERTY MEADOWS, LLC**, AS SELLER, AND _____
 _____, AS PURCHASER.

LIMITED WARRANTY

NAME OF PURCHASER(S): _____

ADDRESS OF PURCHASER(S): _____

DESIGNATION OF HOME WARRANTED: _____

NAME OF SELLER:

LIBERTY MEADOWS, LLC

ADDRESS OF SELLER:

1 Rabro Drive, Suite 100

Hauppauge, New York 11788

EFFECTIVE DATE OF THIS LIMITED
 WARRANTY:

The date that Purchaser or its family shall first occupy the home warranted or the date of delivery of the deed to such home to Purchaser, whichever occurs first.

SELLER'S LIMIT OF TOTAL
 LIABILITY:

Seventy-five (75%) percent of the purchase price of the home set forth in the Purchase Agreement to which this Warranty is annexed as a rider less any insurance proceeds received by Purchaser.

THIS LIMITED WARRANTY EXCLUDES AND PRECLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL, AND INDIRECT DAMAGES.

THIS LIMITED WARRANTY IS IN LIEU OF AND REPLACES ALL OTHER WARRANTIES ON THE CONSTRUCTION AND SALE OF THE HOME AND ITS COMPONENTS, BOTH EXPRESS AND IMPLIED (INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF. THE PURPOSE OF THIS LIMITED WARRANTY IS TO IDENTIFY THE SELLER'S RESPONSIBILITIES FOR CONSTRUCTION DEFECTS OF A LATENT OR HIDDEN NATURE THAT COULD NOT HAVE BEEN FOUND OR DISCLOSED ON FINAL INSPECTION OF THE HOME.

1. To Whom Given. This Limited Warranty is given to the Purchaser named on page I while the Purchaser owns the Home. IT DOES NOT EXTEND TO SUBSEQUENT OWNERS, HEIRS, TENANTS OR MORTGAGEES IN POSSESSION OF THE HOME, ANY ONE WHO MAY SUCCEED TO THE RIGHTS OF PURCHASER OR ANY OTHER PERSONS.

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

3. Final Inspection of the Home. Before the Purchaser moves into the Home or accepts the deed, the Seller will schedule an appointment for final inspection of the Home with the Purchaser. The purpose of this final inspection is to discover any defects of a visible, obvious or patent nature, or any other unfinished work.

All defects found on final inspection of the Home will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Home or delivery of the deed.

4. Warranty Coverages and Periods. The Warranty Period for all of the following coverage begins on the Effective Date of this Warranty shown on page I of this warranty.

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

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

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller;

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller; or

(d) defective installation of appliances sold as part of the Home by the Seller or an agent, employee or subcontractor of the Seller.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

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

The Plumbing System refers to the 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 refers to all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.

The Heating, Cooling and Ventilation System refers to all duct work, steam, water and refrigerant lines, registers, convertors, radiation elements and dampers.

Except by reason of a defect in installation by Seller, this major system coverage does not include defects in appliances, fixtures and items of equipment.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six years from the Effective Date of this warranty, the Home will be free from latent Major Structural Defects that result from:

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

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller; or

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller.

A Major Structural Defect is a defect resulting in actual physical damage to the following 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 are not covered by this six-year 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; and insulation.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

In all coverages under this Paragraph 4, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Home is located, in effect on the date that the building permit for the Home was issued, as supplemented by the annexed locally accepted building standards and practices.

ALL TIME PERIODS FOR THESE COVERAGES ARE OF THE ESSENCE AND WILL NOT BE EXTENDED.

5. Exclusions From All Coverages. The following are not covered by this warranty:

(a) patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to the Effective Date of this warranty ought to have revealed;

(b) defects in detached garages and carports; swimming pools and other recreational facilities, if any; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); and any other improvements not a part of the Home itself;

(c) raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves), and on facias from staining; doors and windows sticking because of weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or other blemishes in windows, sliding doors, screens, electric fixtures and globes, woodwork and doors; dented appliances; broken screens; and minor chips (nicks) to cultured marble floors and countertops;

(d) defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors and for incidental or consequential damages resulting from such work or materials;

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

(f) damage caused by the misuse, abuse, or interference by Purchaser or anyone other than Seller or its employees, agents and subcontractors with the Seller's original construction or installations;

(g) additional damage caused by the failure of the Purchaser to give notice to the Seller of any defects or damage in a timely manner as provided in this warranty;

(h) damage caused by changes in grade made by anyone other than the Seller, its employees, agents or subcontractors and damage caused by changes in grade made by Seller's agents and subcontractors if such work was ordered directly by Purchaser;

(i) damage caused by changes, alterations or additions made to the Home by anyone other than Seller or its employees, agents or subcontractors after the Effective Date of this warranty;

(j) damage caused by changes, alterations or additions made to the Home by Seller's agents and subcontractors if such work was ordered directly by Purchaser after the Effective Date of this warranty;

(k) damage or mold caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation or in areas partially or wholly below grade, to employ dehumidifiers; or air conditioning;

(l) 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, mud slide, earthquake, volcanic eruption, wind-driven water, soil movement and changes in the underground water table;

(m) loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect;

(n) any damage which Purchaser has not taken timely action to minimize;

(o) normal wear and tear and normal deterioration;

(p) insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests;

(q) bodily injury, death, or damage to personal property;

(r) costs of shelter, transportation, food, moving, storage or other expenses related to relocation during repair or replacement;

(s) consequential, incidental, special and indirect damages;

(t) any claim not filed in a manner set forth in paragraph 7 of this warranty;

(u) damage which arises while the home is being used for nonresidential purposes; and

(v) damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

6. What Seller Will do in the Event of a Defect Covered by This Warranty. If a defect occurs in an item covered by this warranty, the Seller will repair, replace, or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s), within sixty (60) days after the Seller's inspection or testing discloses the problem, subject to weather conditions, acts of God, availability of materials, and other events beyond Seller's control. The choice among repair, replacement or payment is solely that of the Seller. In making any repairs or replacements, Seller shall have the right to select the method and materials to be used in performing such repairs or replacements.

Seller's liability under this warranty is limited in the aggregate to the amount listed on page I of the warranty.

Repair of damage to the load-bearing portions of the Home will be limited to that which is necessary to restore their load-bearing function. Repair of other Major Structural Defects will be limited to repair of those defects which made the Home unsafe, unsanitary or otherwise unlivable.

7. 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 the Seller no later than the tenth (10th) day after the expiration of the applicable warranty period. Such notice must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If this form shall not properly be completed and received by the Seller by that deadline, the Seller will have no duty to respond to any complaint or demand contained in such form, and any or all claims may be rejected. COMPLETION AND DELIVERY OF SUCH NOTICE OF WARRANTY CLAIM IN A TIMELY MANNER IS NECESSARY TO PROTECT THE RIGHTS OF THE PURCHASER UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Warranty. No steps taken by the Seller in response to an improperly completed or untimely notice of a warranty claim will give rise to any liability of Seller to Purchaser in connection with such claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of the Purchaser, the Seller and the 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 the Seller and the Seller's agents during normal business hours, Monday through Friday, to complete

inspection, testing and repair or replacement. Failure by Purchaser to provide such access shall invalidate this warranty with respect to the defect(s) set forth on the Notice of Warranty Claim.

(d) The Seller will complete inspection and testing within a reasonable time under the circumstances after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, the Seller will determine whether to accept or reject the claim. If the Seller rejects the claim, the Seller will give written notice of that decision to the Purchaser at the address shown on the Notice of Claim Form. If the Seller accepts the claim, the Seller will take corrective action within a reasonable time under the circumstances. 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 necessary are subject to weather conditions, availability of materials, and other events beyond the Seller's control.

8. Legal Actions. (a) No claim under this warranty may be commenced or asserted against Seller in any lawsuit unless a properly completed Notice of Warranty Claim Form has been received by the Seller in the time period set forth in paragraph 7 of this warranty.

(b) No lawsuit against the Seller under this warranty may be commenced more than thirty (30) days after the expiration date of the applicable warranty coverage, or thirty (30) days after Seller has given written notice of its rejection of Purchaser's claim with respect to such claim, or thirty (30) days after Builder has substantially completed corrective action for a defect with respect to such defect.

9. Miscellaneous Provisions. (a) To the extent any coverage under this warranty applies to common elements of a condominium, such coverage shall be deemed given to the Board of Managers of the condominium.

(b) This warranty may not be amended in any way without Seller's prior written consent in each instance.

(c) If any provision of this warranty will not be enforced by an appropriate court, the determination will not affect the enforceability of the remaining provisions.

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

(e) This warranty shall be governed in accordance with the laws of the State of New York.

(f) The annexed Building Standards, as the same may be amended by the Long Island Builders Institute, establishes the standards by which it will be determined whether the home has a problem which is covered by this Limited Warranty and the obligation of the Seller to correct such problem. If an item is not covered in the Building Standards, standard industry practice shall govern.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

(date)

(signature)

(date)

(signature)

This completed and signed form must be sent to Seller at its address listed on the first page of the Warranty by certified or express mail, return receipt requested.

**ACCEPTED BUILDING
STANDARDS
EFFECTIVE JANUARY 1, 2007**



1757-8 Veterans Memorial Highway
Islandia, NY 11749
Tel: 631-232-2345 Fax: 631-232-2349
www.libi.org Email: evp@libi.org

Purchaser: _____

Address: _____

Builder: _____
Job No: _____
Date: _____

Receipt of the Long Island Builders Institute's Accepted Building Standards January 1, 2007
Booklet is Hereby Acknowledged.

Acknowledgements

The Long Island Builders Institute (LIBI) gratefully acknowledges the leadership and commitment of the National Association of Home Builders (NAHB) in developing their Residential Construction Performance Guidelines for Professional Builders & Remodelers (Third Edition). The LIBI Standards are closely modeled after the NAHB Guidelines but have been adjusted for local practices.

We also acknowledge the contribution of the LIBI Accepted Building Standards Committee: Richard L. Raskin, Chairman, Ray Accettella, John Barrows, Gary Cannella, Larry Davis, Cliff Fetner, Paul Martino and Robert Wieboldt, LIBI EVP.

Purpose of the Book

A Level of Expectation

Homeowners, contractors, builders and remodelers are constantly seeking a measurable benchmark that deals with the quality and their expectations of performance in the goods and services provided by the residential construction industry. Quality is a term that is often used but is seldom defined, particularly in relation to construction; these Standards are an attempt to supply a benchmark for quality. Building codes and local regulations address matters of health, safety, and welfare and are the mandated responsibility of those codes and regulations but there is a greater likelihood of matching the “other” dimension of a consumer’s expectations by the acceptance of objective criteria regarding performance and building standards. On this premise, the two prior editions of LIBI Accepted Building Standards were developed to offer achievable minimum levels of workmanship and quality for the products delivered. LIBI first developed its own standards in 1988 and this current effort represents the second time that we have updated, refined and expanded our Standards.

It should be noted that the core of these standards were first established as a basis of coverage under insured warranty programs, which were initially offered some 30 years ago. More than 20 years ago, the Remodelers Council of the National Association of Home Builders embraced a similar compilation of guidelines, which led to the published editions of Quality Standards for the Professional Remodeler. The joint effort of the Remodelers Council and the Single Family Small Volume Builders Committee of NAHB culminated in their first edition in 1996. As such, many of the individual guidelines have remained as time-honored measures. LIBI’s Standards are closely modeled after the NAHB Guidelines but have been adjusted for local conditions and practices.

In certain geographical locations across the country the Residential Construction Performance Guidelines of NAHB have grown in acceptance to become the basis for evaluating performance by parties under residential construction contracts when dispute may lead to litigation or arbitration. Here on Long Island LIBI’s Standards have been accepted by many of the towns and villages for evaluating quality and performance and are acknowledged by Nassau and Suffolk counties as important benchmarks.

Review Procedure

The 2007 edition of the LIBI Standards not only follows the 3rd edition of the NAHB’s guidelines but was also reviewed by over 200 Long Island builders, remodelers and many specialty trades people and by consumer groups including the Long Island Housing Partnership. Advertisements to the trade were published in “Builders and Remodelers” and “Hammer” magazines and to the public and consumers in “Newsday” soliciting comments on the Standards.

Written comments were received by Mr. Peter Elkowitz, President of the Long Island Housing Partnership and Mr. Joseph Valdini, Valdini Drywall Corp. Those comments were carefully reviewed and evaluated and some Guidelines were modified as a result of these comments. We thank the commentators for their time and effort and their thoughtful contributions.

The review has resulted in a manual that builders, remodelers, sub contractors and homeowners can reference with confidence in their communications.

Scope of the Accepted Building Standards

These standards are intended for use as a reference and should be interpreted with common sense. They should be applied only within the scope of the particular project to which they apply and are not intended to answer all questions pertaining to quality of construction that might arise in the course of a typical construction project. The guidelines published herein deal with the most frequently raised issues between contractors and homeowners. Although many contractors routinely build to higher standards, this is a collection of generally accepted performance criteria and should be interpreted as such.

The Accepted Building Standards construction performance guidelines do not constitute a warranty, nor are they intended as a substitute for a warranty. However, both parties may agree to incorporate them by reference within a warranty. They are separate and distinct from any manufacturer's warranty that may apply to materials and products used in the project.

The use and applications of these standards with regard to residential and remodeling work is strictly optional and at the discretion of the individuals. These standards are not intended to be a Homeowner's Manual. Although they sometimes mention homeowner's responsibilities and maintenance requirements, no attempt has been made to address all facets of homeownership.

Standards Not Always Applicable

The standards, items, components, etc. mentioned in this booklet will not apply to all homes, as all items, components, etc. are not in every home. Furthermore, when these standards are referred to as part of a Contractor's Warranty, the warranty may specifically exclude some of the items, components etc. referred to in this booklet.

Scope of Responsibilities

Typically, numerous parties are involved in a residential construction project, whether it is building a new home or remodeling an existing one. Each of these parties has specific responsibilities to fulfill. The Contract Documents should provide a clear statement of the agreement between the contractor and the homeowner. In addition to the specific provisions of any contract, the following general responsibilities should be noted:

The Contractor: For the purposes of this book, the contractor is the entity named in the contract that has primary responsibility for completing the project. The contractor often employs others to assist him or her. In most cases, the contractor is responsible for all work assigned in the contract regardless of who actually performs the work. If the contractor is acting in a special role (for instance, as a construction manager), or the consumer selects others to work on the project who are outside the contractor's control, then the responsibility for evaluation and remedy of proposed problems may fall to other parties.

The Owner: The owner is the buyer of the product or service named in the contract; as such, the owner is responsible for carefully reviewing the contract to ensure it accurately represents his or her expectations for the final product. Once the owner accepts the project and moves into the

home or occupies the newly renovated space, then he or she is responsible for routine maintenance and upkeep. Homes require a certain amount of care that is generally the owner's responsibility. Additionally, owners should note that in some of the standards contained in this publication, the contractor is not obligated to make repairs to items that fall within the owners' maintenance responsibilities.

Manufacturer or Fabricator: Manufacturers and fabricators warrant many residential construction components that may fall outside the scope of the contractor's responsibilities, such as kitchen appliances, furnaces, air conditioners, and the like. Other less obvious items may include certain types of siding, roofing, or flooring. If there is a warranty question with one of these components, the owner should be aware that the contractor might not be responsible for the performance of the product once it is installed. If a problem occurs, the owner will often deal directly with the manufacturer or fabricator to have the problem evaluated and, if necessary, rectified unless otherwise specified in a contract. The contractor's responsibilities may end once he or she provides the appropriate information on how to contact the manufacturer or fabricator, unless otherwise specified in the contract.

Remodeling Projects

Remodeling is the process of expanding or enhancing an existing structure. There are inherent difficulties in melding the new and old in a way that meets the owner's needs and is also aesthetically pleasing. Therefore, there are circumstances that call for the suspension of the application of these standards in order for the remodeling project to be successfully completed. These include, but are not limited to: the meeting of old, out-of-plumb or out-of-level structures with new structures; the appearance of new materials near weathered, existing materials; and the practical considerations for new projects to work within the limitations of existing buildings.

Because of the unique challenges of joining new with old, a remodeling contractor may build part of or the entire project outside the scope of these guidelines to achieve the contract objectives. When it is reasonable, the contractor may note and discuss a condition with the owner before construction. It is also normal for a contractor (in the course of construction) to discover and accommodate conditions in the old structure that require solutions different from those the standards suggest. In these circumstances, the governing factor is meeting the needs of the owner as outlined in the contract and complying with the local building code. ***Note: Remodeling-specific items are in italics.***

How to Use This Manual

This manual is divided into chapters generally organized according to the usual sequence of events in the construction process. Nearly every chapter has major categories or sections; some also have smaller subsections. Each chapter contains individual construction standards.

The standards in this book are numbered according to the following sequence: Chapter Number—Section Number—Guideline Number

Please note that the guideline numbering restarts under each new section within a chapter. Smaller subsections within chapters do not affect the numbering system.

Each construction performance guideline has three parts, with an optional fourth part:

Observation: A description of a particular construction condition, defect or potential problem.

Performance Guideline: The specific criterion for acceptable workmanship.

Corrective Measure: A description of the work required by the contractor to meet the performance guideline if any is required and/or the owner's maintenance responsibility.

Discussion: (optional) Occasionally, when more information would be helpful, there appears an additional part called Discussion; an explanation of unique factors pertinent to the observation, performance guideline, or corrective measure.

The guidelines are supplemented by a glossary and an alphabetical subject index. The subject index is a comprehensive listing of applicable guidelines. Most guidelines are referenced by several listings that generally capture both contractor terminology and a typical owner's description of a condition.

General Instructions

In many areas, construction is covered by a process that requires all work to be done in compliance with locally approved, applicable building and related codes or locally approved or adopted guidelines.

If any conflict arises between these guidelines and applicable requirements of locally approved codes or locally approved or accepted guidelines, as a matter of law, the code requirements or performance criteria may take precedence over these guidelines.

These performance guidelines apply only to contracting work as specified in the contract documents for the project. They do not apply to designs, plans, materials, or workmanship that is supplied by the owner or is outside the scope of the particular project. They are also designed to apply only to the part of the job addressed in each guideline.

Explanation of Terminology in This Manual

Substantial completion of the project - A project has met **substantial completion** where the areas are functional for their intended use as stated by the contract (except for items noted prior to final presentation), and clean-up on the site has been completed.

Warranty period is defined as the duration of the applicable warranty provided by the contractor or any other period agreed to by the parties.

How to Incorporate These Guidelines into a Warranty or Dispute Resolution Program

The warranty, like the contract, should clearly express the intent of the parties. The limited warranty describes the problems for which the contractor will be responsible after completion of the project, and specifies the time period during which the warranty is in force. Moreover, if a builder or remodeler warrants workmanship and materials in a warranty, he or she will want to provide some means of determining whether he or she is complying with the terms of the

warranty. Without guidelines referenced, the parties run the risk of having to follow specified dispute resolution procedures where an arbitrary standard may be imposed.

Accordingly, the contract and/or warranty might include a statement such as the one that follows:

All workmanship shall conform to the guidelines found in the publication Long Island Builders Institute "Accepted Building Standards Effective January 1, 2007". If an item is not covered in that publication, standard industry practice shall govern. This may include the dispute resolution process as specified in the contract documents or by applicable laws.

If there are particular guidelines within this publication that the contractor or owner does not feel are reasonable, they should be specifically excluded from all warranty or contract documents. Likewise, if there are particular guidelines that are not addressed, then by agreement, the contractor and consumer should add these to be part of the warranty and/or contract documents as referenced.

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Long Island Builders Institute

Performance Standards

SITE WORK

–Coverage 1st Year Only, Workmanship and Materials

1-0-1 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 provided final grading, upon request by the owner, one time only the contractor will fill areas that settle more than 6 inches and that affect proper drainage. The owner will be responsible for removal and replacement of shrubs, grass, other landscaping, pavement, sidewalks, or other improvements affected by placement of such fill.

1-0-2 Observation: The site does not drain properly.

Performance Guideline: The necessary grades 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 than 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 the ground or while the ground is saturated or before any lawn or plantings are established.

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.

Discussion: Grass and other landscaping are integral components of the storm water management practice needed to minimize erosion from the site. It is the owner's responsibility to maintain such grass and other landscaping to help ensure proper functioning of the site drainage system. The owner is responsible for maintaining such grades and swales once the contractor has properly established them. If a homeowner, their landscaper or another subcontractor changes the contractor grades or if they create

impediments to the original drainage scheme, such as walkways, patios, decks, etc., the contractor is no longer responsible for proper drainage in the areas so affected.

1-0-3. Observation: The site has soil erosion.

Performance Guideline: The contractor shall grade the disturbed areas of the property in accordance with municipal requirements. Contractor is not responsible for soil erosion due to acts of God, or other conditions beyond the contractor's control.

Corrective Measure: No action required. The contractor is not responsible for erosion due to acts of God, site alterations by the owner, lack of maintenance by the owner, or other conditions beyond the contractor's control.

1-0-4 Observation: Water from a nearby or adjacent property flows onto the owner's lot.

Performance Guideline: The contractor is responsible for providing a means of draining water (rain, melting snow or ice) that originates from the lot he is working on (1-0-2). The contractor is not responsible for water flowing from a nearby or adjacent property that he does not own or control, onto the disturbed portions of the owner's lot. The contractor is obliged only to make a reasonable effort in accordance with the municipal requirements to control water flowing from another lot that he does not own or control or on which no dwelling has been erected by providing proper slopes around the newly erected dwelling.

Corrective Measure: It is the contractor's responsibility to control water only in the area immediately surrounding a new dwelling and in the areas he has disturbed.

1-0-5 Observation: Existing trees, shrubs, or other vegetation are damaged in the course of construction.

Performance Guideline: The contractor is only required to make a reasonable and cost effective effort to preserve and protect existing trees, shrubs, other vegetation and landscaping, if any, that he is trying to save. No attempted savings are guaranteed.

Corrective Measure: No contractor action is needed.

Foundation and Slabs - Coverage 1st Year Only Workmanship and Materials

General

2-1-1 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 more or less than 20 feet. *Remodeling Specific: A contractor and owner 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.*

Corrective Measure: The contractor will make necessary modifications to the foundation to comply with the performance guidelines for squareness to provide a satisfactory appearance. The contractor may square the first-floor deck or walls by cantilevering over the foundation or locating the deck or walls inset from the outside face of the foundation.

Discussion: Squareness is primarily an aesthetic consideration. The corrective measure emphasizes the primarily aesthetic nature of squareness and makes the criterion for correction "a satisfactory appearance." This allows the contractor to make either a structural change or some cosmetic modification as most appropriate. There are many instances in which the squareness of a foundation is not of consequence because subsequent construction provides an opportunity to make corrections.

2-1-2 Observation: The foundation is not level.

Performance Guideline: This guideline applies only when the levelness of the foundation adversely impacts subsequent construction. As measured at the top of the foundation wall, no point shall be more than 1/2 inch higher or lower than any point within 20 feet. *Remodeling Specific: 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.*

Corrective Measure: The contractor will make necessary modifications to any part of the foundation or to subsequent construction to meet the performance guideline for levelness. This can be affected by leveling the sills with shims, mortar, appropriate fillers, or other methods.

Discussion: There are many instances in which the levelness of a foundation is not of consequence because subsequent construction provides an opportunity to make corrections.

Interior Concrete Slab

2-2-1 Observation: There is a crack in a concrete footing.

Performance Guideline: Cracks greater than 1/4-inch in width are considered unacceptable.

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

2-2-2 Observation: A concrete slab within the structure has separated or moved at control (expansion and contraction) joints.

Performance Guideline: Concrete slabs within the structure are designed to move at control joints.

Corrective Measure: Because this is normal, no corrective action is required.

2-2-3 Observation: Efflorescence is present on the surface of the basement floor.

Performance Guideline: This is a typical condition caused by moisture reacting with the soluble salts in concrete and forming harmless carbonate compounds.

Corrective Measure: Because efflorescence is a typical chemical reaction within concrete, no corrective measures are required of the contractor.

Discussion: Efflorescence is evidenced by the presence of a white film on the surface of the concrete. It is a particularly common occurrence where masonry or concrete are in contact with high moisture levels as may be found in basements.

2-2-4 Observation: Concrete floor or slab is 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 3/8 inch in 32 inches.

Corrective Measure: The contractor will correct or repair the floor to meet the performance guideline. Proper repair can be affected by thoroughly cleaning, filling, and troweling the surface level using a latex-fortified cement mixture or other materials designed to fill cracks and bond with concrete.

2-2-5 Observation: The concrete floor slab is cracked.

Performance Guideline: Minor cracks in concrete floor slabs are normal. Cracks exceeding 3/16-inch in width or 1/8-inch in vertical displacement shall be repaired if the slab is in conditioned space or basements or the crack interferes with the installation of finish flooring which is part of the contractor's responsibility.

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

Discussion: Repairs can be made by using a material designed to fill cracks in concrete.

2-2-6 Observation: Interior concrete work is pitting or spalling. Pitting is evidenced by concrete that has flaked or peeled from the outer surface. Spalling is evidenced by concrete that has chipped.

Performance Guideline: Interior concrete surfaces shall not pit, spall or disintegrate. Aggregate pops are normal; minor scaling is not controllable. Exterior surfaces may not be warranted.

Corrective Measure: The contractor will repair defective concrete surfaces using materials designed for this purpose. The contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the contractor's control on interior or exterior concrete surfaces.

2-2-7 Observation: The interior concrete slab has a loose or sandy surface.

Performance Guideline: The surface shall not be so loose or sandy that it shows obvious deterioration.

Corrective Measure: The contractor will repair defective concrete surfaces using materials designed for this purpose. The contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the contractor's control on interior or exterior surfaces.

Concrete Block Foundation Walls

2-3-1 Observation: A concrete block foundation wall is cracked.

Performance Guideline: Cracks in concrete block foundation walls shall not exceed 1/4-inch in width.

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

Discussion: Shrinkage cracks are common in concrete block masonry and should be expected in crawl space and basements walls. Cracks may be vertical, diagonal, horizontal, or stepped-in masonry joints. Repairs can be made by using a material designed to fill cracks in concrete.

2-3-2 Observation: A concrete block wall is out of plumb or bowed.

Performance Guideline: Concrete block walls shall not be out of plumb greater than 1 inch in 8 feet when measured from the base to the top of the wall or bowed more than 1 inch in 20 feet when measured horizontally. *Remodeling Specific: If tying into an existing foundation that is out of plumb, the contractor and owner will review the existing conditions and scope of work. The contractor will make a reasonable and cost-effective effort to meet the performance guideline while complying with the existing building code.*

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.

Poured Concrete Foundation Walls

2-4-1 Observation: A poured concrete foundation wall is out of plumb or bowed.

Performance Guideline: Poured concrete walls shall not be out of plumb greater than 1 inch in 8 feet when measured vertically or bow more than 1 inch in 20 feet when measured horizontally. *Remodeling Specific: If tying into an existing foundation that is out of plumb or bowed, the contractor and owner will review the existing conditions and scope of work. The contractor will make a reasonable and cost-effective effort to meet the performance guideline while complying with the existing building code.*

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.

2-4-2 Observation: An exposed concrete wall has pits, surface voids, or similar imperfections in it.

Performance Guideline: Surface imperfections larger than 1 inch in diameter or 1 inch in depth are considered unacceptable.

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

Discussion: Proper repair can be affected by thoroughly filling the holes and voids in concrete surfaces. The repaired area will not match the color of the surrounding area.

2-4-3 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. Shrinkage cracks (cracking caused by external or internal restraints as reduction in moisture content develops) are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired.

Corrective Measure: The contractor will repair cracks that do not meet the performance guideline when leaks are present or if cracks exceed 1/8 inch in width.

Discussion: Shrinkage cracks are not unusual and are inherent in the drying process. They should be expected in basement walls due to the nature of concrete. Cracks may be vertical, diagonal or horizontal. The only cracks considered under warranty claims are cracks, which permit water penetration or those that exceed 1/8-inch in width.

2-4-4 Observation: A cold joint is visible on exposed poured concrete foundation walls.

Performance Guideline: A cold joint is a visible joint that indicates where the pour terminated and continued. Cold joints are normal and should be expected to be visible. Cold joints should not be an actual separation or a crack that exceeds 1/4-inch in width.

Corrective Measure: The contractor will cosmetically repair any cold joint that exceeds 1/4-inch in width by parging with a material intended for that purpose.

Basement Floor and Walls

Moisture and Leaks

2-5-1. Observation: Dampness is evident on basement wall or floor.

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

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

Discussion: The owner's failure to maintain a proper grade (ground level and pitch of said ground) away from the house can contribute to dampness. Condensation of humidity, which is an owner's responsibility, also contributes to dampness.

2-5-2 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. The owner will be responsible for removal and replacement of shrubs, fences and equipment, and other landscaping if they have to be moved so that the contractor may effect the repairs.

Crawl Space

2-5-3. Observation: Flowing or trickling water appears on interior crawl space surfaces.

Performance Guideline: Crawl spaces should be graded and drained properly to prevent water from accumulating deeper than 3/4 inch and larger than 9 square feet in

the crawl space area. The contractor is not responsible if the exterior grading was provided by the owner or the owner failed to maintain grades established by the contractor.

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.

2-5-4. Observation: Condensation is evident on the floor or crawl space surfaces.

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: Temporary conditions may cause condensation that cannot be eliminated by ventilation and or 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 and dehumidifying the houses.

Columns

2-6-1 Observation: An exposed wood column is bowed or is out of plumb.

Performance Guideline: When installed, exposed wood columns shall not be bow or be out of plumb more than 1/2-inch in 8 feet.

Corrective Measure: Exposed wood columns out of plumb in excess of 1/2-inch in 8 feet when measured vertically shall be replaced or repaired.

Discussion: Wood columns may become distorted as part of the drying process. Bows and other imperfections that develop after installation cannot be prevented or controlled by the contractor.

- 2-6-2 Observation:** An exposed concrete column is installed bowed or out of plumb.
Performance Guideline: Exposed concrete columns shall not be installed with a bow in excess of 1 inch in 8 feet. They should not be installed out of plumb in excess of 1 inch in 8 feet.
Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.
- 2-6-3 Observation:** A masonry column is out of plumb.
Performance Guideline: Masonry columns should not be constructed out of plumb in excess of 1 inch in 8 feet.
Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.
- 2-6-4 Observation:** A steel column is out of plumb.
Performance Guideline: Steel columns shall not be out of plumb in excess of 3/8-inch in 8 feet when measured vertically.
Corrective Measure: The contractor shall repair any deficiencies in excess of the performance guideline.

Wood Floor Framing Floor Systems **-Coverage 1st Year Only, Workmanship and Materials**

Floor Systems

- 3-1-1 Observation:** Springiness, bounce, shaking, or visible sag is present in the floor system.
Performance Guideline: All beams, joists, 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:** 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 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). Structural members are required to meet standards for both stiffness and strength. When an owner's preference is made known before construction, the contractor and the owner may agree upon a higher standard.

Beams, Columns, and Posts

3-2-1 Observation: An exposed wood column or post is split.

Performance Guideline: Sawn wood columns or posts shall meet the grading standard for the species used. Splits that exceed 3/8-inch in width and more than 4 inches in length at time of installation or that develop during the warranty period are considered unacceptable.

Corrective Measure: The contractor will repair or replace any beam or post that does not meet the guideline. Filling splits is acceptable to have structural members meet the guideline.

Discussion: 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.

3-2-2 Observation: An exposed wood beam is split.

Performance Guideline: Sawn wood beams shall meet the grading standard for the species used. Splits that exceed 3/8-inch in width and 4 inches in length at time of installation or that develop during the warranty period are considered unacceptable.

Corrective Measure: The contractor will repair or replace any sawn wood beam that does not meet the guideline. Filling splits is acceptable to have structural members meet the guideline.

Discussion: 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.

3-2-3 Observation: An exposed wood beam or post is twisted or bowed.

Performance Guideline: Exposed wood posts and beams shall meet the grading standard for the species used. Posts and beams with bows and twists exceeding 3/4-inch in an 8-foot section shall not be installed, and those that develop bows and twists exceeding 3/4-inch in an 8-foot section are considered unacceptable.

Corrective Measure: The contractor will repair, sister, or replace any beam or post with a defect that exceeds the guideline.

Discussion: 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 after milling or installation. Twisting or bowing is usually not a structural concern if posts and beams have been sized according to manufacturers' specifications or local building codes.

3-2-4 Observation: An exposed wood beam or post is cupped.

Performance Guideline: Cups exceeding 1/4-inch in 5-1/2 inches are considered unacceptable.

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

Discussion: Cupped lumber is lumber that has warped or cupped across the grain in a concave or convex shape. 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 after milling or installation.

Subfloor and Joists

3-3-1. Observation: Floor squeaks or the sub floor appears loose.

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

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

Discussion: Floor squeaks may occur when a sub floor that has come loose from the joists is deflected by the weight of a person and rubs against the nails that hold it in place. The sub floor 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 sub floor 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 sub flooring with casing nails into the carpet surface and countersinking the head is an acceptable practice.

3-3-2. Observation: Sub floor is uneven.

Performance Guideline: Floors shall not have more than a ¼-inch ridge or depression within any 32-inch measurement. Allowable floor and ceiling joist deflections are governed by the local approved building codes. Measurements should not be made at imperfections that are characteristic of the code-approved material used. This guideline does not cover transition points between different materials.

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

3-3-3. Observation: Sub floor is out of square.

Performance Guideline: The diagonal of a triangle with sides of 12 feet and 16 feet along the edges of the floor shall be no more than ½ inch plus or minus 20 feet. *Remodeling Specific:* The owner and the contractor may agree to build a wood floor out of square in order to match or otherwise compensate for pre-existing conditions.

Corrective Measure: The contractor will make the necessary modifications to any floor not complying with the performance guideline for squareness. The modification will produce a satisfactory appearance and may be either structural or cosmetic.

Discussion: 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 ½ 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 of square house. The corrective measure emphasizes the primarily aesthetic nature of squareness and makes the criteria for correction “a satisfactory appearance.” This criterion 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.

3-3-4. Observation: A floor is out of level.

Performance Guideline: The floor should not slope more than 1/2-inch in 20 feet. Crowns and other lumber characteristics that meet the standards of the applicable grading organization for the grade and species used are not defects. Allowable floor joist deflections are governed by the applicable building codes. Deflections due to overloading by the owner are not the contractor's responsibility. *Remodeling Specific:*

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, or to compensate for some other pre-existing condition.

Corrective Measure: The contractor will make a reasonable and cost-effective effort to modify the floor that does not comply with the performance guideline. Allowances should be allowed for shrinkage, cantilevers, and concentrated loads.

Discussion: Sloped floors have both an aesthetic and functional consideration. Measurements for slope should be made across the room, not in a small area.

- 3-3-5 Observation:** Deflection is observed in a floor system constructed of wood I-joists, floor trusses, or similar products.

Performance Guideline: All wood I-joists and other manufactured structural components in the floor system and its components shall be sized and installed as provided in the manufacturers' instructions and code requirements.

Corrective Measure: The contractor will reinforce or modify as necessary any floor component not meeting the performance guideline.

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

- 3-3-6 Observation:** *Remodeling Specific: Wood flooring is not level at the transition of an existing floor to a room addition floor.*

Performance Guideline: Flooring at a 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 owner, shall not exceed 1-1/8 inches. Variations caused by seasonal or temperature changes are not a defect.

Corrective Measure: The flooring transition shall be corrected to meet the performance guideline. The contractor may 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: All wood members shrink and expand seasonally, with variations in temperature and humidity, and with aging. After installation, 2x dimensional lumber can shrink up to 1/2-inch. If the flooring, sub floor, or underlayment was not purposely overlapped onto the existing floor, the resulting irregularity is not a defect, but a natural result and characteristic of the wood's aging process. The drier the house becomes, the more shrinkage may be experienced. Either the old or the new floors may slope along

the floor joist span. Joists in older homes may have deflected under load. This and other conditions may cause a hump at the juncture of the old to new.

3-3-7 Observation: *Remodeling Specific: The floor pitches to one side in the door opening between the existing construction and the addition.*

Performance Guideline: If the pitch is the result of the floor of the existing dwelling not being level, then in most situations a transition threshold may be the most appropriate and acceptable means of addressing the condition.

Corrective Measure: The contractor will make a reasonable and cost-effective effort to meet the performance guidelines.

Walls

-Coverage 1st Year Only, Workmanship and Materials

Rough Carpentry

4-1-1. Observation: Wood framed wall is out of plumb.

Performance Guideline: Wood framed walls shall not be more than 1/4-inch out of plumb for any 32 inches in any vertical measurement. *Remodeling Specific: The owner and contractor may agree to intentionally build walls out of plumb to match the existing structure to accommodate or compensate for inaccuracies in the existing structure, and to disregard the performance guideline to match a pre-existing structural condition of the existing structure.*

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

4-1-2 Observation: The wall is bowed.

Performance Guideline: Walls shall not bow more than 1/2-inch out of line within any 32-inch horizontal measurement, or 1/2-inch out of line within any 8-foot vertical measurement. *Remodeling Specific: If new wall cladding is installed on existing framed walls, the owner and contractor may agree to straighten the wall as part of scope of work, to install new cladding over existing framing, and to disregard the performance guideline to match a pre-existing structural condition of the existing structure.*

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

Discussion: All interior and exterior walls have slight variances in their finished surface. On occasion, the underlying framing may warp, twist, or bow after installation.

4-1-3. Observation: Exterior wall leaks because of inadequate caulking or failure of the caulking material.

Performance Guideline: Joints and cracks in exterior wall surfaces and around penetrations 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.

Insulation

4-2-1 Observation: Wall insulation is insufficient.

Performance Guideline: The contractor shall install insulation according to R-values designated in the contract documents or local code, as applicable. Insulation shall be installed according to locally accepted practices.

Windows, Mirrors

4-3-1 Observation: A window is difficult to open or close.

Performance Guideline: Windows should require no greater operating force than that described in the manufacturer's instructions. *Remodeling Specific: The contractor is not responsible for inoperable windows not covered by the remodeling contract.*

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

4-3-2 Observation: Window grids (muntins) fall or become out of level.

Performance Guideline: Window grids shall not disconnect, fall, or become out of level.

Corrective Measure: Window grids will be repaired or replaced at the contractor's discretion one time only.

4-3-3 Observation: Mirror or glass surfaces are scratched.

Performance Guideline: Glass or mirror surfaces shall not have scratches visible from 10 feet under normal lighting conditions at the time of substantial completion of the project. *Remodeling Specific: This guideline does not apply to existing windows unless they are part of the remodeling contract or are damaged by the contractor. The owner and contractor should examine existing windows prior to contract execution.*

Corrective Measure: The contractor shall replace any scratched glass or mirror surface if noted prior to substantial completion of the project.

4-3-4. Observation: During rains, water appears on interior corner of glazed window unit.

Performance Guideline: Water leakage from improper installation is unacceptable.

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

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

4-3-5 Observation: Window glass is broken and/or a screen is missing or damaged.

Performance Guideline: Glass should not be broken and screens should not be damaged at the time of substantial completion of the project. Screens required by the contract shall be installed.

Corrective Measure: Broken glass and/or missing or damaged screens reported to the contractor before closing will be installed or replaced. Broken glass and/or screens not reported prior to substantial completion of the project are the owner's responsibility.

4-3-6 Observation: A mirror backing is deteriorating.

Performance Guideline: While looking at the mirror, from 10 feet away there should be no noticeable imperfections in the mirror as a result of damage to the mirror backing at the time of substantial completion of the project.

Corrective Measure: The contractor will replace or repair the mirror.

Exterior Doors

4-4-1 Observation: An exterior door is warped.

Performance Guideline: Exterior doors shall not warp to the extent that they become inoperable or cease to be weather-resistant. A 1/4-inch tolerance as measured diagonally from corner to corner is acceptable.

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

Discussion: 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. The contractor is not responsible for warpage if painting of doors is not within contractor's scope of work.

4-4-2 Observation: Raw wood shows at the edges of inset panel on exterior door.

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.

4-4-3 Observation: A wooden door panel is split.

Performance Guideline: A split in a panel shall not allow light to be visible through the door.

Corrective Measure: One time only, the contractor will repair, paint, or stain the split panel that does not meet the performance guideline. Caulking and fillers are acceptable. The repainted area may not match the remainder of the door or other doors on the house.

Discussion: Wooden inserts are loosely fitted into the door to allow the inserts to move; this minimizes splitting of the panel or other damage to the door. On occasion, a panel may become "locked" by paint or expansion of the edges with changes in temperature and humidity and no longer "float" between the rails. This may result in the panel splitting.

4-4-4 Observation: An exterior door sticks.

Performance Guideline: Exterior doors shall operate smoothly, except that doors may stick during occasional periods of high humidity or with variations in temperature.

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

Discussion: Exterior doors may warp or bind to some degree because of the difference in the temperature and/or humidity between inside and outside surfaces. The contractor is not responsible for warpage if painting of doors is not within the contractor's scope of work or if the door is repainted by the owner in a color other than those recommended by the door manufacture.

4-4-5 Observation: An 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: Exterior doors may warp or bind to some degree because of the difference in the temperature and/or humidity between inside and outside surfaces. The contractor is not responsible for warpage if painting of doors is not within the contractor's scope of work or if the door is repainted by the owner in a color other than those recommended by the door manufacture.

- 4-4-6 Observation:** The plastic molding on the primary door behind the storm door melts from exposure to sunlight.

Performance Guideline: The plastic moldings behind storm doors should not melt if the storm panel is removed and reinstalled by the owner as a part of normal seasonal maintenance operations (i.e., removed in the spring and reinstalled in the fall).

Corrective Measure: No corrective action is required.

Discussion: Plastic moldings may melt or deform if the exterior door is covered by a storm door panel during a warm season, or if it faces the sun. This is not a defect of the door, but a problem caused by the trapping of heat between the storm panel and the door. The owner is also cautioned to follow the manufacturer's recommendations on painting the moldings with a dark color, with or without the use of a storm panel. Dark colors should be avoided.

- 4-4-7 Observation:** Caulking or glazing on the primary door behind the storm door cracks or peels.

Performance Guideline: Glazing or caulking behind storm doors should not crack or peel if the storm panel is removed and installed by owner as part of seasonal maintenance operations (i.e., removed in the spring and reinstalled in the fall).

Corrective Measure: No corrective measure is required.

Discussion: High temperatures may cause glazing and caulking to harden and/or fail prematurely if the door is covered by a storm panel during a warm season or if it faces the sun. This is not a defect of the door caulking, or glazing, but a problem caused by the trapping of heat between the door and the storm panel. The owner is reminded that dark colors tend to accumulate heat and are more likely to cause problems.

- 4-4-8 Observation:** A 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. *Remodeling Specific: 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 from swinging open or closed by the force of gravity.

- 4-4-9 Observation:** Gaps are visible around an exterior door edge, doorjamb, and/or threshold.

Performance Guideline: Gaps between adjacent components shall not vary by more than 3/16-inch. *Remodeling Specific: This applies unless the existing building is out of square or plumb.*

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

Discussion: Doors must have gaps at their perimeter to accommodate expansion/contraction due to variations in temperature and/or humidity and to enable the door to operate over a wide range of environmental conditions.

- 4-4-10 Observation:** Exterior door hardware or kick plate has tarnished.

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

Corrective Measure: The owner should contact the manufacturer.

- 4-4-11. Observation:** Sliding patio door or screen will not stay on track.

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

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

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

- 4-4-12. Observation:** Sliding patio door does not roll smoothly.

Performance Guideline: Sliding patio doors shall roll smoothly at the time the job is accepted. The use, cleaning and maintenance necessary to preserve proper operation are an owner responsibility.

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

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

- 4-4-13 Observation:** A doorknob, deadbolt, or lockset does not operate smoothly.

Performance Guideline: A doorknob, deadbolt, or lockset should not stick or bind during operation.

Corrective Measure: One time only during the warranty period, the contractor will adjust, repair, or replace knobs that are not damaged by abuse.

Exterior Finish

Wood and Manufactured Siding

4-5-1 **Observation:** Siding is bowed.

Performance Guideline: Bows exceeding 1/2-inch in 32 inches are considered unacceptable. *Remodeling Specific:* If new wall covering is installed on existing framed walls, the owner and contractor may agree to straighten out the walls as part of the scope of work. Alternatively, the parties may agree to install new wall covering over existing framing and disregard the performance guideline to match a pre-existing structural condition of the existing structure.

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

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

4-5-2 **Observation:** An edge or gap is visible between adjacent pieces of siding or siding panels and other materials.

Performance Guideline: Gaps wider than 3/16-inch or in excess of the manufacture's standard are considered unacceptable. This guideline does not apply to adjacent pieces or panels that have shiplap or similar joints.

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

Discussion: Proper repair can be affected by providing joint covers or by caulking the gap. This is important if the gaps were intentionally made for expansion joints. If the siding is painted, the contractor will paint the new caulking to match the existing caulking as closely as practical, but an exact match cannot be ensured.

4-5-3 **Observation:** Lap siding is not parallel with the course above or below.

Performance Guideline: A piece of lap siding may not be more than 1/2 inch off parallel with contiguous courses in any 20-foot measurement, unless the owner and the contractor have previously agreed to disregard the performance guideline to match a pre-existing condition. *Remodeling Specific:* The owner and contractor may agree to

install siding to match existing conditions on existing structure and to disregard the performance guideline for this item.

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

Discussion: *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.*

4-5-4 Observation: Face nails are driven below the surface of the hardboard siding.

Performance Guideline: Siding nails should not be driven below the surface of hardboard siding such that visible fiber of the siding is exposed.

Corrective Measure: The contractor shall repair as necessary to meet performance guideline. The following repairs are appropriate in most instances: If visible fiber of hardboard siding is exposed, paint surface to coat fiber. If nail is 1/16 to 1/8-inch below the surface, fill or caulk and touch-up paint. If nail is more than 1/8-inch below the surface, fill or caulk and add an additional nail flush to the surface.

Tongue and Groove Wood Siding

4-5-5 Observation: Siding boards have buckled.

Performance Guideline: Boards that project more than 3/16-inch from the face of adjacent boards are considered unacceptable.

Corrective Measure: The contractor will repair or replace any boards that don't meet the performance guideline.

Discussion: Buckling is caused by wood expanding as a result of increased temperature and/or relative humidity. It can be minimized by leaving space between the tongues and grooves to allow room for expansion and by storing the product outside for a few days to allow it to adjust to the ambient conditions prior to installation.

Wood Shake Siding

4-5-6 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 shakes or shingles are unacceptable. This performance guideline does

not apply if “natural weathering” or semi-transparent stain, or other similar products, are 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 prevent further bleeding.

Plywood or Other Veneer Siding

4-5-7 Observation: Siding has delaminated (layers have separated from one another).

Performance Guideline: Siding shall not delaminate.

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

4-5-8 Observation: Joints between sidings have separated.

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

Discussion: Plywood siding, like all wood products, will expand and contract with changes in temperature and/or humidity.

4-5-9 Observation: Siding is bowed.

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

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

Aluminum or Vinyl Lap Siding

4-5-10 Observation: Aluminum or vinyl siding is bowed or wavy.

Performance Guideline: Some waviness in aluminum or vinyl lap siding is to be expected because of bows in studs. Waves or similar distortions in aluminum or vinyl lap siding are considered unacceptable if they exceed 1/2- inch in 32 inches.

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

Discussion: This problem is often 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.

4-5-11 Observation: Siding color is faded.

Performance Guideline: Any color siding, when exposed to the ultra-violet rays of the sun, will fade and this condition cannot be prevented by the contractor.

Corrective Measure: The owner should contact the siding manufacturer.

Discussion: Color warranties are provided by the siding manufacturer. The owner should contact the manufacturer with questions or claims regarding changes in color of vinyl or aluminum siding. Color and fade imperfections beyond an expected degree may be covered by the manufacturer's warranty, except where siding is shaded differently from the rest of the wall, such as under shutters or behind vegetation.

4-5-12 Observation: Aluminum or vinyl lap siding trim is loose from house.

Performance Guideline: Trim shall not separate more than ¼-inch from the house.

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

4-5-13 Observation: Aluminum or vinyl lap siding courses are not parallel with eaves (the horizontal edge at the low side of a sloping roof) or wall openings.

Performance Guideline: Any piece of aluminum or vinyl lap siding more than ½-inch off parallel in 20 feet with contiguous courses, or contiguous break such as a soffit line, is unacceptable. *Remodeling Specific: The owner and contractor may agree to disregard the performance guideline to match a pre-existing 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: *Remodeling Specific: 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.*

4-5-14 Observation: Aluminum or vinyl lap siding nail shows under window, door, or eave.

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

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

Discussion: Vinyl siding generally should not be face nailed. However, there are appropriate and typical occasions when a single face nail may be needed to reinforce a joint or hold the siding to the wall when it is cut to fit around window frames, doors, roofs, or other obstructions on the wall.

In most cases (the only exception would be the top piece on a gable end), vinyl siding should never need to be face nailed when proper accessory products are used. For example, under a window application the trim (J- channel) can be utilized in conjunction with utility trim and snap-punching the top of the modified vinyl siding. If face nailing is the only option, a 1/8-inch diameter hole should be pre-drilled to allow for expansion and contraction.

4-5-15 Observation: Aluminum or vinyl lap siding trim accessory is 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 once during the warranty period to eliminate the separation.

4-5-16 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. *Remodeling Specific: The owner and contractor may agree to install siding to match conditions on the existing structure and to disregard the performance guideline for this item.*

Corrective Measure: The contractor will repair or replace siding, which has visible crooked cuts.

Discussion: Cut edges of vinyl siding should never be visible when proper trim and accessories are used.

4-5-17 Observation: Aluminum or vinyl lap siding is not correctly spaced from moldings.

Performance Guideline: Prescribed spacing between siding and accessory trim is typically 1/4-inch, or should comply with the manufacturer's installation instructions. *Remodeling Specific: The owner and contractor may agree to install siding to match*

conditions on existing structure and to disregard the performance guideline for this item.

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

Masonry Cement and Veneer Board Siding

4-5-18 Observation: Cement board siding is cracked or chipped.

Performance Guideline: A cement product, this siding is susceptible to the same characteristic limitations as other cement products. Cracks more than 2 inches in length and 1/8-inch in width are considered unacceptable. Chips or dents not reported at time of substantial completion of the project are not covered.

Corrective Measure: Cracked or chipped cement board will be repaired or replaced as necessary, as determined by the contractor.

4-5-19 Observation: Cement board siding is improperly fastened.

Performance Guideline: Siding shall be nailed flush and perpendicular per the manufacturer's instructions. Staples shall not be used.

Corrective Measure: Overdriven nail heads or nails driven at an angle shall be filled with cementitious patching compound to match the existing area as closely as possible.

Discussion: The manufacturer's instructions include guidelines to reduce chipping or cracking of siding.

4-5-20 Observation: Masonry or veneer wall is cracked.

Performance Guideline: Cracks visible from distances in excess of 20 feet or larger 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 (removing deteriorated mortar from the surface of the existing wall, and inserting fresh mortar), patching, or painting. The contractor will not be responsible for color variations between original and new mortar.

Discussion: Small hairline cracks resulting from shrinkage are common in mortar (a substance used to join masonry units, consisting of cementitious materials, fine aggregate and water) joints in masonry construction.

4-5-21. Observation: Exterior cut bricks (less than full) 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. The smallest dimension of a cut brick should be greater than 1 inch.

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

Discussion: Bricks are cut to achieve required dimensions at openings and ends of walls when it is not possible to match unit/mortar coursing.

4-5-22 Observation: A masonry or brick veneer course is 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. *Remodeling Specific: The owner and contractor may agree to install brick veneer to match conditions on the existing structure and to disregard the performance guideline for this item.*

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

Discussion: Dimensional variations of the courses depend upon the variations in the brick selected.

4-5-23 Observation: Brick veneer is spalling.

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

Corrective Measure: The contractor will repair or replace newly manufactured bricks that have spalled. An exact match of brick and mortar cannot be assured.

4-5-24 Observation: Mortar stains are observed on exterior brick or stone.

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 mortar stains to meet the performance guideline.

4-5-25 Observation: Efflorescence is present on the surface of masonry or mortar.

Performance Guideline: This is a common condition caused by moisture reacting with the soluble salts in the mortar.

Corrective Measure: No corrective actions are required of the contractor.

Discussion: Efflorescence is evidenced by the presence of a white film on the surface of masonry or mortar. It is a particularly common occurrence where masonry or concrete are in contact with high moisture levels as may be found in basements.

Stucco and Parge

4-5-26 Observation: An exterior stucco wall surface is cracked.

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

Corrective Measure: One time only, the contractor will repair cracks exceeding 1/8-inch in width. Caulking and touch-up painting are acceptable. An exact color or texture match may not be unattainable.

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

4-5-27 Observation: The 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, nor is it expected that exact matches will be attained for the same material that is applied on different days or under differing environmental conditions (e.g., temperature, humidity, etc.).

Corrective Measure: No corrective measure is required. Because of the unique nature of stucco finishes, exact match of color may not be possible.

Discussion: Coloring of stucco is affected by a number of variables. It is impractical to achieve a color match between stucco coatings applied at different times.

4-5-28 Observation: The textures of exterior stucco wall finishes do not match.

Performance Guideline: Texture of new exterior stucco walls applied at different times may not perfectly match the textures of old exterior stucco walls. *Remodeling Specific: The texture of new exterior stucco walls may not perfectly match the textures of old exterior stucco walls.*

Corrective Measure: No corrective measure is required. Because of the unique nature of stucco finishes, exact match of texture finish may not be possible.

Discussion: "Stucco" includes cementitious coatings and similar synthetically based finishes. Approved samples prior to installation can minimize misunderstandings about color and texture.

4-5-29 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.

4-5-30 Observation: Lath is visible through stucco.

Performance Guideline: Lath should not be visible through stucco, nor should the lath protrude through any portion of the stucco surface.

Corrective Measure: The contractor will make necessary corrections so that lath is not visible. The finish colors may not match.

4-5-31 Observation: Rust marks are observed on the stucco finish coat.

Performance Guideline: Rust marks on the stucco surface are considered unacceptable if more than 5 marks measuring more than 1 inch long occur per 100 square feet.

Corrective Measure: The contractor may repair or replace affected subsurface components, or seal the rusted areas and recolor the wall.

4-5-32 Observation: There is water damage to interior walls as a result of a leak in the stucco wall system.

Performance Guideline: Stucco walls should be constructed and flashed to prevent water penetration to the interior of the structure under normal weather and water conditions. Damage to the stucco system caused by external factors out of the contractor's control that result in water penetration is not the contractor's responsibility.

Corrective Measure: If water penetration is the result of a system failure and doesn't result from external factors, the contractor will make necessary repairs to prevent water penetration through the stucco wall system.

Discussion: Water penetration resulting from abnormal external factors, such as windblown moisture or sprinkler systems, are not the contractor's responsibility.

Exterior Trim

- 4-6-1. 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 ¼-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.

- 4-6-2 Observation:** Exterior trim board is split.

Performance Guideline: Splits wider than 1/8-inch are considered unacceptable.

Corrective Measure: The contractor will repair splits by filling with a durable filler. Touch-up painting may not match the surrounding area.

- 4-6-3 Observation:** Exterior trim board is bowed or twisted.

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

Corrective Measure: The contractor will repair defects that do not meet the performance guideline by refastening or replacing deformed boards. Touch-up painting may not match the surrounding area.

- 4-6-4 Observation:** Exterior trim board is cupped.

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

Corrective Measure: The contractor will repair defects that do not meet the performance guideline by refastening or replacing deformed boards. Touch-up painting may not match the surrounding area.

Paint, Stain, and Varnish

- 4-7-1 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.

Discussion: Touch-up painting, staining, or refinishing may not match the surrounding area.

4-7-2 Observation: Exterior paint or stain has peeled, flaked, 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, developed an alligator pattern, or blistered, 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 piece of trim or wall area, the contractor will refinish the entire wall.

4-7-3 Observation: Exterior paint or stain has faded.

Performance Guideline: Fading of exterior paints and stains is common. The degree of fading depends on environmental conditions.

Corrective Measure: Because fading is a common occurrence in paint and stains, no corrective action is required.

4-7-4 Observation: Varnish or lacquer finishes have deteriorated.

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

Corrective Measure: Heat and sunlight can cause rapid deterioration of clear finishes. Maintenance is the owner's responsibility. No corrective action is required of the contractor.

4-7-5 Observation: There is paint or stain overspray on surfaces not intended for paint or stain.

Performance Guideline: Paint or stain overspray on surfaces not intended for paint or stain that is visible at a distance of 6 feet under normal natural lighting conditions is not acceptable.

Corrective Measure: The contractor shall clean affected surfaces without damaging the surface.

4-7-6 Observation: Cabinet stain is uneven. Cabinet paint is not uniform or is mismatched.

Performance Guideline: Uneven stain color on wood cabinets is considered acceptable and is a result of the natural wood grain. Painted cabinets should appear uniform under normal lighting conditions at a distance of 6 feet.

Corrective Measure: The contractor will repaint or replace painted cabinets that do not meet the performance guideline.

4-7-7 Observation: Mildew or fungus is visible on exterior painted surfaces.

Performance Guideline: Painted or finished surfaces shall be free of observable mildew and fungus at the time of substantial completion of the job. 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 substantial 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.

ROOFS

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5-1-1 Observation: The roof ridge beam has deflected.

Performance Guideline: Roof ridge beam deflection greater than 1 inch in 8 feet is considered unacceptable. *Remodeling Specific: If this is not in the scope of work, the guideline will be disregarded.*

Corrective Measure: The contractor shall repair affected ridge beams that do not meet the performance guideline.

5-1-2 Observation: A rafter or ceiling joist bows (up or down).

Performance Guideline: Bows greater than 1 inch in 8 feet are unacceptable. *Remodeling Specific: If this is not in the scope of work, the guideline will be disregarded.*

Corrective Measure: The contractor shall repair affected rafters or joists that bow in excess of the performance guideline.

Roof Sheathing

5-2-1 Observation: Roof sheathing is wavy or appears bowed.

Performance Guideline: Roof sheathing shall not bow more than 1/2-inch in 2 feet. *Remodeling Specific: If new sheathing is installed over existing rafters, the sheathing will follow the bows of the existing rafters. The owner and contractor should agree on whether or not the rafters are to be straightened. If they are not to be straightened, the performance guideline for this item will be disregarded.*

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

Discussion: In rare instances, the contractor might have to install blocking between the framing members to straighten the sheathing.

Roof Vents

5-3-1 Observation: An attic vent or louver leaks.

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.

Discussion: Properly installed louvers or vents may at times allow penetration of rain or snow under strong wind conditions and are not deficiencies.

Roof Installation and Leaks

Asphalt Shingles

5-4-1 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. It is the owner's responsibility to keep the roof drains, gutters, and downspouts free of debris.

5-4-2 Observation: Ice builds up on the roof.

Performance Guideline: During prolonged cold spells ice is likely to build up on a roof, especially at the eaves. This condition naturally can occur when snow and ice accumulates.

Corrective Measure: No action is required of the contractor. Prevention of ice build-up on the roof is a owner maintenance item.

Discussion: In the event ice builds up on the roof and then melts causing damage, this consequential damage is also the owner's responsibility.

5-4-3 Observation: Shingles have blown off.

Performance Guideline: Shingles shall not blow off in winds less than stated in the manufacturer's warranty or applicable building codes.

Corrective Measure: If shingles were not installed properly, they will be repaired or replaced in the affected area.

5-4-4 Observation: Shingles are not horizontally aligned.

Performance Guideline: Shingles should be installed according to the manufacturer's instructions. *Remodeling Specific: The owner and the contractor may agree prior to installation that the horizontal line of shingles on the roof of an addition need not 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.*

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

Discussion: The bottom edge of dimensional shingles may be irregular; the irregularity is an inherent part of the design.

5-4-5 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.

5-4-6 Observation: Asphalt shingle edges or corners are curled or cupped.

Performance Guideline: Asphalt shingle edges and corners shall not curl or cup more than 1/2-inch.

Corrective Measure: No corrective action is required of the contractor. Cupping in excess of 1/2-inch should be reported to the manufacturer.

5-4-7 Observation: Asphalt shingles do not overhang the edges of the roof, or hang too far over the edges of the roof.

Performance Guideline: Asphalt shingles shall overhang roof edges by not less than 1/4-inch and not more than 3/4-inch unless the manufacturer's instructions indicate otherwise.

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

5-4-8 Observation: Shading or a shadowing pattern is observed on a 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 the manufacture's standards.

5-4-9 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 unacceptable. *Remodeling Specific: If an owner elects to re-roof over an existing roof owner must be aware that the new roof will follow the contours of the underlying roof.*

Corrective Measure: The contractor will repair or replace the affected shingles to meet the performance guideline.

5-4-10 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.

Discussion: It is not uncommon for nails to "work themselves out" due to variations in temperature. The contractor can re-drive or remove and replace fasteners that withdraw from the framing. Any resulting holes should be sealed or the shingle should be replaced (a perfect color/shade match cannot be assured).

5-4-11 Observation: Roofing nails are exposed at the ridge or hip of a roof.

Performance Guideline: Nail heads shall be sealed.

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

5-4-12 Observation: Holes from construction activities are found in asphalt shingles.

Performance Guideline: Holes from construction activities shall be flashed or sealed below the asphalt shingle tab to prevent leakage. If the patch is visible from the ground, the shingle should be replaced.

Corrective Measure: The contractor will repair or replace the affected shingles to meet the performance guideline.

5-4-13 Observation: *Remodeling Specific: Existing roof shingles are telegraphing through new asphalt shingles.*

Performance Guideline: *Remodeling Specific: Some telegraphing is common when re-roofing over existing roofing.*

Corrective Measure: Because this is a common occurrence, no corrective action is required.

Roll Roofing

5-4-14 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.

5-4-15. 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.

5-4-16 Observation: Water is standing on a flat roof.

Performance Guideline: Water shall drain from a flat roof except for minor ponding within 24 hours of a rainfall. Minor ponding shall not exceed 3/8-inch in depth.

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

Chimney

5-5-1 Observation: A crack in a masonry chimney cap or crown causes leakage.

Performance Guideline: It is common for caps to crack due to expansion and contraction. As a result, leaks may occur.

Corrective Measure: If cracking causes leakage the contractor will repair the cap or crown. Caulking or other sealant is acceptable.

5-5-2 Observation: New chimney flashing leaks.

Performance Guideline: New chimney flashing shall not leak under normal conditions.

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

Discussion: The accumulation of ice and snow on the roof is a natural occurrence and cannot be prevented by the contractor.

Gutters and Downspouts

5-6-1 Observation: The gutter or downspout leaks.

Performance Guideline: Gutters and downspouts shall not leak.

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

5-6-2 Observation: The gutter overflows during a heavy rain.

Performance Guideline: Gutters may overflow during a heavy rain.

Corrective Measure: The contractor shall repair the gutter if it overflows during normal rains.

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

5-6-3 Observation: Water remains in the gutter after a rain.

Performance Guideline: The water level shall not exceed 1/2-inch in depth if the gutter is unobstructed by ice, snow, or debris.

Corrective Measure: The contractor will repair the gutter to meet the performance guideline. The owner is responsible for maintaining gutters and downspouts and keeping them unobstructed.

Discussion: Contractors usually install residential gutters with minimal slope in order to maintain an attractive appearance. Installing gutters with 1/32-inch drop in 1 foot generally will prevent water from standing in the gutters. Even so, small amounts of water may remain in some sections of the gutter for a time after a rain. In areas with heavy rainfall and/or ice build-up, a steeper pitch or additional downspouts may be desirable.

Skylights

5-7-1 **Observation:** Skylight leaks.

Performance Guideline: Skylights shall be installed in accordance with manufacturer's specifications. Leaks resulting from improper installation 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.

Discussion: Leaks are often caused by other factors such as improper flashing of vents, chimneys or vertical walls. These defects often show up at the skylight opening. Before deeming the skylight to be defective other possible causes should be ruled out by careful examination and a thorough water test.

Plumbing

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Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

Water Supply System

6-1-1 **Observation:** Condensation appears on pipes, fixtures and plumbing supply lines.

Performance Guideline: Condensation on pipes, fixtures, and plumbing supply lines may occur at certain combinations of temperature and indoor humidity. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The owner is responsible for controlling humidity in the home.

Discussion: The owner may insulate pipes and supply lines.

Plumbing Fixtures

6-1-2 **Observation:** A faucet or valve leaks.

Performance Guideline: No faucet or valve shall leak because of defects in material or workmanship. *Remodeling Specific: See Note at beginning of chapter.*

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

Discussion: Leakage caused by worn or defective washers or seals is homeowner maintenance item.

6-1-3. Observation: Water pipe is 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" (noise occurring in a water pipe when air is trapped in the pipe).

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."

Plumbing Fixtures

6-2-1 Observation: A plumbing fixture, appliance, or trim fitting is defective.

Performance Guideline: Plumbing fixtures, appliances, and trim fittings shall not be damaged or defective at the time of substantial completion of the project. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: If the fixtures, appliances or trim were supplied by contractor and they are not in accordance with the manufactures guidelines they must be repaired or replaced. If supplied and or installed by the owner no action is required of the contractor. Defective trim fittings, appliances, and fixtures are covered under manufacturers' warranties.

6-2-2 Observation: The surface of a plumbing fixture is cracked or chipped.

Performance Guideline: Cracks, scrapes and chips in surfaces of bathtubs and sinks are considered unacceptable if they are visible from 3 feet away in normal lighting conditions. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: If the fixtures were supplied by the contractor and they do not meet the performance guideline they must be repaired or replaced. If supplied and or installed by the owner no action is required of the contractor. The contractor is not responsible for repairs unless the damage is reported to the contractor prior to substantial completion of the project. Defective fixtures are covered under manufacturers' warranties.

Discussion: Fiberglass and acrylic fixtures often may be repaired.

6-2-3 Observation: A fiberglass tub or shower enclosure base flexes.

Performance Guideline: The tub or showers are to be installed according to the manufacturer's instructions. *Remodeling Specific: See Note at beginning of chapter.*

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

6-2-4 Observation: A vanity top is cracked.

Performance Guideline: Vanity tops shall not have cracks at drain connections when installed. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor shall repair or replace the vanity top to meet the performance guidelines. Cracks must be noted prior to substantial completion of the project.

6-2-5 Observation: Staining of plumbing fixtures due to high iron content in water.

Performance Guideline: None.

Corrective Measure: None. High iron content in the water supply system will cause staining of plumbing fixtures.

Discussion: Maintenance and treatment of the water is the owner's responsibility.

Electrical

-Coverage 1st Year Only, Workmanship and Materials

Fuses and Circuit Breakers

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

7-1-1 Observation: A fuse blows or a circuit breaker trips.

Performance Guideline: Fuses and circuit breakers shall not be tripped by normal usage. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will check wiring circuits and components for conformity with applicable electrical code requirements. The contractor will correct noncompliant elements.

Discussion: Blown fuses and tripped breakers are symptoms of a problem in some part of the electrical system in the home or some consumer product connected to the system. Although defective components are possible, most electrical malfunctions are caused by consumer-owned fixtures and appliances. The consumer should unplug or disconnect fixtures and appliances on the circuit and then replace the fuse or reset the breaker. If the problem recurs, the contractor should be notified.

7-1-2 Observation: A ground fault circuit interrupter (GFCI) or arc fault circuit interrupter (AFCI) trips frequently.

Performance Guideline: Ground fault and arc fault circuit interrupters shall perform as designed. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will install ground fault and arc fault circuit interrupters in accordance with applicable electrical codes. Tripping is to be expected and is not covered unless it is caused by a component failure or incorrect installation.

Discussion: Both ground fault and arc fault circuit interrupters are very sensitive devices and are easily tripped. GFCI's protect outlets in wet areas (for example, bathrooms, kitchens, garages, exterior, etc.). Outlets protected by GFCIs may be connected in series; it may not be readily apparent that an inoperative convenience outlet is the result of a tripped GFCI in another room (and not necessarily in the electrical panel). AFCIs sometimes are installed to protect bedroom circuits. The most common cause of tripping by AFCIs is damaged cords or plugs on owners' lamps, small appliances, or other devices. AFCIs are usually found in the electrical panel.

7-2-1 Observation: A light fixture is tarnished.

Performance Guideline: Finishes on light fixtures may be covered under the manufacturer's warranty. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor. Owner should contact manufacturer.

7-2-2 Observation: Receptacle or switch covers protrude from the wall.

Performance Guideline: Receptacle or switch covers should not be more than 1/16-inch from the adjoining wall surface. *Remodeling Specific: See Note at beginning of chapter.*

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

7-2-3 Observation: The owner's 220-volt appliance cord does not fit the outlet provided by the contractor.

Performance Guideline: The contractor shall install electrical outlets required by applicable electrical code. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor.

Discussion: The owner is responsible for obtaining an appliance cord that fits the outlets provided by the contractor.

7-3-1 Observation: A ceiling fan vibrates and/or is noisy.

Performance Guideline: The contractor shall install ceiling fans in accordance with the manufacturer's instructions (including blade balances). *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor shall correct any fan installation not in accordance with the performance guideline if the fan was supplied and installed by the contractor.

7-3-2 Observation: An exhaust fan discharges into attic or crawl space.

Performance Guideline: Fans shall discharge as required by applicable codes. *Remodeling Specific: See Note at beginning of chapter.*

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

7-4-1 Observation: A smoke detector "chirps."

Performance Guideline: A smoke detector should not "chirp" at substantial completion of the project. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair or replace the smoke detector to eliminate chirping.

Discussion: Most smoke detectors are powered by both the home's electrical power and a backup battery. "Chirping" is an indication that the battery is weak or is not installed. If the chirping occurs on a new smoke detector, the contractor will check the battery, verify that the detector is wired correctly, and replace the device if necessary. Safety officials recommend that owners change the batteries in smoke detectors semi-annually when daylight-saving time begins and ends.

7-5-1 Observation: Electrical outlets, switches, or fixtures malfunction.

Performance Guideline: All electrical outlets, switches, and fixtures shall operate as designed. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair or replace malfunctioning electrical outlets, switches, and fixtures, if supplied and installed by the contractor.

7-5-2 Observation: Carbon monoxide alarm goes off excessively.

Performance Guideline: Carbon monoxide sensors shall be installed in accordance with manufacturer's standards and applicable codes.

Corrective Measure: None. The contractor is responsible to properly install the sensor.

Interior Climate Control

-Coverage 1st Year Only, Workmanship and Materials

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

Air Infiltration and Drafts

8-1-1 Observation: Air infiltrates around exterior doors or windows.

Performance Guideline: Some infiltration is usually noticeable around doors and windows, especially during high winds. No daylight shall be visible around the frame when the window or door is closed. *Remodeling Specific: See Note at beginning of chapter.*

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

Discussion: Proper repair can be performed by adjusting or installing weather stripping around doors and windows. In high-wind areas, the owner may elect to have storm windows and doors installed to further reduce drafts.

8-1-2 Observation: A draft comes through an electrical outlet.

Performance Guideline: Electrical outlets and switch boxes on exterior walls may allow cold air to flow through or around an outlet into a room. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor. The owner may elect to install foam insulation pads under switch and outlet plates to help decrease drafts.

Humidity Control and Condensation

8-2-1 Observation: Water, ice, or frost is observed on a window.

Performance Guideline: Windows will be installed in accordance with the manufacturer's instructions and applicable building code, *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor unless the water, ice, or frost is directly attributed to faulty installation (i.e., that deviates from the manufacturer's instructions and/or applicable building code).

Discussion: Condensation usually results from conditions beyond the contractor's control. Moisture in the air can condense into water and collect on cold surfaces, particularly in the winter months when the outside temperature is low. Blinds and drapes can prevent air within the building envelope from moving across the cold surface and picking up the moisture. Occasional condensation (water) in the kitchen, bath, or laundry area is common. It is the owner's responsibility to maintain proper

humidity by properly operating heating and cooling systems and allowing moving air within the home to flow over the interior surface of the windows.

8-2-2 Observation: There is moisture between the panes of a double glazed window.

Performance Standard: Moisture between the panes of double glazed windows during the manufacturer's warranty period is unacceptable.

Corrective Measure: The owner should contact the manufacturer.

Air Distribution and Ventilation

8-3-1 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.

8-3-2 Observation: There is airflow noise at a register.

Performance Guideline: The register should be correctly installed according to the manufacturer's instructions. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required unless registers are not installed in accordance with manufacturer's instructions.

Discussion: Under certain conditions, some noise may be experienced with the normal flow of air, even when registers are installed correctly. See the manufacturer's instructions.

8-3-3 Observation: There are gaps between HVAC (Heating, Ventilating and Air Conditioning) vent or register cover and the wall or ceiling.

Performance Guideline: This is a normal condition beyond the contractor's control. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: None.

Discussion: It is the inherent nature of the heating and cooling system to cause vents and registers to bend over time. This can result in gaps occurring between the vent or register cover and the wall. As long as the vent or register is securely attached, this is not a warranty item.

8-3-4 Observation: A condensate drain line is clogged.

Performance Guideline: The contractor will provide unobstructed condensate lines at the time of substantial completion of the project. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor shall unclog any clogged condensate line at the time of substantial completion of the project. Condensate lines will eventually clog under normal use and they must be kept free of all clogs to operate properly. The owner is responsible for maintaining them in proper condition.

8-3-5 Observation: There is condensation on the outside of air handlers and ducts.

Performance Standards: Air handlers and ducts will collect condensation on their exterior 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 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.

Discussion: Condensation usually results from conditions beyond the contractor's control. Moisture in the air can condense (to form water) and collect on cold duct surfaces, particularly in the summer months when the outside humidity is high.

8-5-5 Observation: Kitchen or bath fans allow air infiltration.

Performance Guideline: Bath and kitchen fans shall be installed in accordance with the manufacturer's instructions and code requirements. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor if fans meet the guideline.

Discussion: It is possible for outside air to enter the house through a ventilation fan. The dampers in most fans do not seal tightly. It is possible for the damper to be lodged open due to animal activity (including nesting in the outside opening), or the accumulation of grease, lint, and other debris. Maintenance of ventilating fans is the owner's responsibility.

INTERIOR

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

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Interior Doors

9-1-1. Observation: Interior door is warped.

Performance Guideline: Interior doors (full openings) shall not warp in excess of ¼-inch. *Remodeling Specific: see Note at beginning of chapter.*

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: In bathroom or utility areas, exhaust fans or an open window must be used to remove moisture to eliminate or limit warpage of door units. If customer is responsible for painting the door, the contractor is not responsible if the door is not painted to manufacturer's specifications.

9-1-2 Observation: Bifold doors come off their tracks during normal operation.

Performance Guideline: Bifold doors shall slide properly on their tracks at the time of substantial completion of the project. Cleaning and maintenance necessary to preserve proper operation are owner responsibilities. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair any bifold door that will not stay on its track during normal operation.

Discussion: Proper operation should be verified by the owner and the contractor at the time of substantial completion of the project.

9-1-3 Observation: A pocket door rubs in its pocket during normal operation.

Performance Guideline: Pocket doors shall not rub in their pockets during normal operation if they are installed according to the manufacturer's instructions. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair the pocket door to meet the performance guideline.

Discussion: Pocket doors commonly rub, stick, or derail due to the inherent nature of the product. It is common, however, for the door to operate against the guides provided by the manufacturer.

9-1-4 Observation: A wooden door panel has shrunk or split.

Performance Guideline: Wooden door panels shall not split to the point that light is visible through the door. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will fill splits in the door panel with wood filler and will match the paint or stain as closely as practical.

9-1-5 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.

9-1-6 Observation: A door edge is not parallel to the doorjamb.

Performance Guideline: When the contractor installs the doorframe and door, the door edge shall be within 3/16-inch of parallel to the doorjamb. *Remodeling Specific: Where the contractor installs the door in an existing frame that is out of square, the guideline does not apply. See Note at beginning of chapter.*

Corrective Measure: The contractor will adjust the door as necessary to meet the guideline one time.

9-1-7 Observation: A 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. *Remodeling Specific: This guideline does not apply where a door is installed in an existing wall that is out of plumb. See Note at beginning of chapter.*

Corrective Measure: The contractor shall repair door operation to meet the performance guideline one time.

9-1-8 Observation: Interior doors do not operate smoothly.

Performance Guideline: Doors shall move smoothly with limited resistance. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor shall repair door operation to meet the performance guideline one time.

Interior Stairs

- 9-2-1. Observation:** Interior stair tread deflects too much.

Performance Guideline: The maximum vertical deflection of an interior stair tread shall not exceed 1/8-inch within a 36-inch span at 200 pounds of static weight.

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

- 9-2-2 Observation:** Gaps exist between interior stair risers, treads, and/or skirts.

Performance Guideline: Gaps between adjoining parts that are designed to meet flush shall not exceed 1/8-inch in width.

Corrective Measure: The contractor will fix the gap with filler or replace parts as necessary to meet the performance guideline.

- 9-2-3. 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 or treads 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: 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. Using trim screws to fasten the tread to the riser from above will sometimes reduce squeaking. If there is no ceiling below, gluing or renailing the riser to the tread or shimming will reduce squeaks but the total elimination of squeaks is practically impossible. The performance guideline requires the contractor to make a reasonable attempt to eliminate squeaks without requiring removal of treads or ceiling finishes. Note: Most cellar stairs are not designed to be squeak resistant.

- 9-2-4 Observation:** Gaps exist between interior stair railing parts.

Performance Guideline: Gaps between interior stair railing parts shall not exceed 1/8-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.

- 9-2-5. **Observation:** Interior stair railing lacks rigidity.

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.

Trim and Moldings

- 9-3-1 **Observation:** There are gaps at non-mitered trim and molding joints.

Performance Guideline: Openings at joints in trim and moldings, and at joints between moldings and adjacent surfaces, shall not exceed 1/8-inch in width at the time of installation.

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

Discussion: Separation of trim and moldings in excess of the performance guidelines may be caused by lack of control of indoor relative humidity. Joints that separate under these conditions are not considered defective. It is the owner's responsibility to control temperature and humidity in the home.

- 9-3-2. **Observation:** Nails are not properly set or, where puttied, nail holes are not properly filled.

Performance Guideline: Setting nails or filling nail holes are considered part of painting and finishing. After painting or finishing, except stained or natural finished woodwork, nails and nail holes shall not be readily visible from a distance of 6 feet under normal lighting conditions at the time of substantial completion of the project.

Corrective Measure: Where the contractor is responsible for painting, the contractor shall take action necessary to meet the performance guideline.

- 9-3-3. **Observation:** Inside corner is not coped or mitered.

Performance Guideline: Trim edges at inside corners shall be coped or mitered. However, square edge trim may be butted.

Corrective Measure: The contractor will finish inside corners to meet the performance guideline.

- 9-3-4. **Observation:** Trim or molding miter edges do not meet.

Performance Guideline: Gaps between miter edges in trim and molding shall not exceed 1/8-inch at time of installation.

Corrective Measure: The contractor will repair gaps that do not meet the performance guideline. Caulking or puttying with materials compatible to the finish is acceptable.

9-3-5 Observation: Interior trim is split.

Performance Guideline: Splits, cracks, and checking greater than 1/8-inch in width are considered unacceptable.

Corrective Measure: One time only, the contractor will repair the affected area to meet the guideline.

9-3-6 Observation: Hammer marks are visible on interior trim.

Performance Guideline: Hammer marks on interior trim shall not be readily 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.

Cabinets and Counter Tops

9-4-1 Observation: Cabinets do not meet the ceiling or walls.

Performance Guideline: Gaps greater than 1/4-inch in width are considered 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.

Discussion: *Remodeling Specific: When installed in rooms with out-of-plumb walls or out-of-level floors and ceilings, "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, and then plumbs the first cabinet, one corner of the cabinet will leave the line, and the bottom 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 a plumb wall. The contractor should explain the aesthetic options to the owner and select the best option with the owner.*

9-4-2 Observation: Cabinets do not line up with each other.

Performance Guideline: Cabinet faces more than 1/8-inch out of line, and cabinet corners more than 3/16-inch out of line, are considered unacceptable, unless the owner

and the contractor agree to disregard the guideline in order to match or otherwise compensate for pre-existing conditions.

Corrective Measure: The contractor will make necessary adjustments to meet the performance guideline.

Discussion: *Remodeling Specific: In remodeling projects, many times the rooms are out of square, walls are not plumb, and floors are not level. Cabinets and countertops may have to be shimmed or otherwise adjusted to make the cabinets and countertops fit together properly. Cabinets may not fit flush against the walls on the ends or bottoms and may not fit flat against the floor the contractor should explain the aesthetic options to the owner and select the best option with the owner. In rooms with out of plumb walls or out of level floors and ceilings, "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 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 to the owner and select the best option with the owner.*

9-4-3. **Observation:** Cabinet is warped.

Performance Guideline: Cabinet warpage shall not exceed 1/4-inch as measured from the face frame to the point of furthest 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.

9-4-4. **Observation:** Cabinet door or drawer binds.

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.

9-4-5 **Observation:** Cabinet door 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.

9-4-6 Observation: Cabinet doors or drawers are cracked.

Performance Guideline: Panels and drawer fronts shall not crack.

Corrective Measure: The contractor may replace or repair cracked panels and drawer fronts. No contractor action is required if the cracked drawer fronts or panels result from the owner's abuse.

Discussion: Paint or stain on the repaired or replaced panel or drawer front may not match the paint or stain on the existing panels or drawer fronts.

9-4-7 Observation: A cabinet door is warped.

Performance Guideline: Cabinet door warpage shall not exceed 1/8-inch as measured diagonally from corner to corner.

Corrective Measure: The contractor may replace or repair warped doors to meet the performance guideline.

9-4-8 Observation: Cabinet doors do not align when closed.

Performance Guideline: Gaps between doors should not exceed 1/8-inch.

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

9-4-9 Observation: Shrinkage of insert panels of cabinet doors and drawers show raw wood edges.

Performance Guideline: Panels will shrink and expand and may expose unpainted or unfinished surface.

Corrective Measure: None.

Countertops

9-5-1 Observation: High-pressure laminate on a countertop is delaminated.

Performance Guideline: Countertops fabricated with high-pressure laminate coverings shall not delaminate.

Corrective Measure: The contractor will repair or replace delaminated coverings, unless the delamination was caused by the owner's misuse or negligence.

Discussion: Owners should refrain from leaving any liquids near the countertop seams or allowing the surface to become excessively hot.

- 9-5-2. Observation:** The surface of high-pressure laminate on countertop is cracked or chipped.

Performance Guideline: Countertops shall be free of cracks and chips at the time of substantial completion of the job. 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.

- 9-5-3 Observation:** Solid surface countertops are visibly scratched.

Performance Guideline: At the time of substantial completion of the project, solid surface countertops shall be free of scratches visible from 6 feet away under normal lighting conditions.

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

- 9-5-4 Observation:** A countertop is not level.

Performance Guideline: Countertops shall be no more than 3/8-inch in 10 feet out of parallel with the floor. *Remodeling Specific: For projects where the floor is out of level, the countertop may be installed proportionately out of level.*

Corrective Measure: The contractor will make necessary adjustments to meet the performance guideline.

Discussion: *Remodeling Specific: In remodeling projects, many times the rooms are out of square, walls are not plumb, and floors are not level. Cabinets and countertops may have to be shimmed or otherwise adjusted to make the cabinets and countertops fit together properly. Cabinets may not fit flush against the walls on the ends or bottoms and may not fit flat against the floor. The contractor should explain the aesthetic options to the owner and select the best option with the owner.*

- 9-5-5 Observation:** A tile countertop has uneven grout lines.

Performance Guideline: Grout lines should be straight and fairly consistent in width. However, if working with hand made tiles or tiles with broken edges grout lines may vary in width and straightness.

Corrective Measure: If applicable the contractor shall make corrections as necessary to bring the grout lines into compliance with the performance guideline.

Discussion: Different tiles require different widths of grout lines. Some tiles are designed to have varied-width grout lines.

9-5-6 Observation: Tile countertop grout lines are cracked.

Performance Guideline: Tile grout is a cement product and is subject to cracking. Cracks that result in loose tiles or gaps in excess of 1/16-inch shall be repaired.

Corrective Measure: The contractor will repair the grout lines by adding grout, caulking, or replacing grout one time. New grout may not perfectly match previously grouted areas.

9-5-7 Observation: A granite, marble, stone, or solid surface countertop is cracked at the time of substantial completion of the project.

Performance Guideline: Cracks at the time of substantial completion are considered unacceptable.

Corrective Measure: If the crack is found to be caused as a result of faulty installation or product, the contractor will repair or replace the countertop.

Discussion: Some granite, marble or stone have natural cracks and crevices these are allowed within the Performance Guideline and are not to be considered a defect. Some granite, marble and stones may develop cracks and crevices after substantial completion of the project and are not to be considered defects if properly installed.

9-5-8 Observation: A granite, marble, stone, or solid surface countertop has texture or color variations.

Performance Guideline: Color variations are acceptable. The contractor has no responsibility for countertop texture or color variations when the owner selects the material.

Corrective Measure: No action is required of the contractor.

9-5-9 Observation: A granite, marble, stone, or solid surface countertop is chipped at the time of substantial completion of the project.

Performance Guideline: Chips greater than 1/32-inch in width are considered unacceptable.

Corrective Measure: The contractor will repair or replace affected areas to meet the performance guidelines.

9-5-10 Observation: The surface of countertop tile has unacceptable lippage of adjoining tile.

Performance Guideline: Lippage greater than 1/16-inch is considered unacceptable, except for materials that are designed with an irregular height (such as hand-made tile).

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

- 9-5-11 Observation:** A solid surface or laminate countertop has a bubble, bum, stain, or other damage.

Performance Guideline: Solid surface or laminate countertops shall be free of bubbles, bums, or stains at the time of substantial completion of the project.

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

Discussion: Solid surface and laminate products may be subject to damage by hot surfaces placed on or near the product. The owner is responsible for maintaining the countertop and protecting it from damage.

Interior Wall Finish

Lath and Plaster

- 9-6-1 Observation:** Cracks are visible on a finished wall or ceiling.

Performance Guideline: Cracks shall not exceed 1/16-inch in width. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair cracks exceeding 1/16-inch in width. The contractor will touch up paint on repaired areas if the contractor was responsible for the original interior painting. A perfect match between original and new paint cannot be expected and the contractor is not required to paint an entire wall or room.

Gypsum Wallboard

- 9-6-2. Observation:** Nail pop, blister, or other blemish is visible on finished wall or ceiling.

Performance Guideline: Slight “imperfections” such as nail pops, seam lines and cracks not exceeding 1/16-inch in width are common in gypsum wallboard installations and are considered acceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair such blemishes only once during the warranty period. The contractor will touch up paint-repaired areas if the contractor was responsible for the original interior painting. A perfect match between original and new paint cannot be expected, and the contractor is not required to paint an entire wall or room. The contractor is not required to repair defects that are covered by wallpaper or other wall coverings.

Discussion: When drywall has been placed on lumber surfaces which are subject to shrinkage and warpage and which are not perfectly level and plumb, problems often occur through stress and strain placed on drywall during the stabilization of the lumber, which is inherent in the construction of the home. Due to the initial stabilization problem that exists with the new home, it is impossible to correct each defect as it occurs, and it is essentially useless to do so. The entire house will tend to stabilize itself. Some imperfections will not be visible under normal lighting but will become apparent under strong, high or diagonal lighting or strong sunlight. These imperfections are not to be considered defects. Nail and screw pops, showing seam lines and spackle cracks result from wood shrinkage, normal settlement and changes in temperature and humidity. These factors are normal and beyond the contractor's control, they should not be considered defects or unusual.

- 9-6-3 Observation:** Cracked corner bead, excess joint compound, trowel marks, or blisters in tape joints are observed on the drywall surface.

Performance Guideline: Defects resulting in cracked corner bead, trowel marks, excess joint compound or blisters in tape are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor shall repair the affected area of the wall to meet the performance guideline one time within the warranty period.

- 9-6-4 Observation:** Joints protrude from the surface.

Performance Guideline: Any joints that are visible from a distance of 6 feet under normal lighting conditions are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair affected areas.

Discussion: Joints often occur in long walls, stairwells, and areas of two-story homes where framing members have shrunk and caused the drywall to protrude.

- 9-6-5 Observation:** The texture of gypsum wallboard does not match.

Performance Guideline: Any variations that are readily visible from a distance of 6 feet under normal lighting conditions are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter.*

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

Discussion: There will usually be some variation in texture between the wall board and the joint compound.

9-6-6 Observation: Angular gypsum wallboard joints are uneven.

Performance Guideline: This is a natural condition that occurs with randomly applied materials. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor. This is a common condition.

9-6-7 Observation: Drywall is cracked.

Performance Guideline: Drywall cracks greater than 1/16-inch in width are considered unacceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: One time only, the contractor will repair cracks and touch up paint in affected areas. The texture and paint color may not exactly match the existing texture and paint color.

9-6-8 Observation: Blown or textured ceilings have uneven textures.

Performance Guideline: This is a common condition that occurs with randomly applied materials. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: No action is required of the contractor. This is a common condition.

Paint, Stain, and Varnish

9-6-9 Observation: 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. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will recoat affected areas as necessary to meet the guidelines as closely as practical.

9-6-10 Observation: An interior surface is spattered with paint.

Performance Guideline: Paint spatters shall not be readily visible on walls, woodwork, floors, or other interior surfaces when viewed from a distance of 6 feet under normal lighting conditions. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will remove paint spatters to meet the performance guideline.

- 9-6-11 Observation:** Brush marks show on interior painted surface.
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.
Remodeling Specific: See Note at beginning of chapter.
- Corrective Measure:** The contractor will refinish as necessary to meet the performance guideline and match affected areas as closely as practical.
- 9-6-12 Observation:** Lap marks show on interior painted or stained areas.
- Performance Guideline:** Lap marks shall not be readily visible on interior painted or stained areas when viewed from a distance of 6 feet under normal lighting conditions.
Remodeling Specific: See Note at beginning of chapter.
- Corrective Measure:** The contractor will refinish as necessary to meet the guideline and match affected areas as closely as practical.
- 9-6-13 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. *Remodeling Specific: See Note at beginning of chapter.*
- Corrective Measure:** Where the majority of the wall or ceiling area is affected, the area will be painted from break line to break line. The contractor is not required to paint an entire room.
- Discussion:** The contractor is only responsible if he or she painted the home as part of the original contract.
- 9-6-14 Observation:** Resin has bled through the paint on interior trim.
- Performance Guideline:** This is a common condition that can be expected to occur with natural materials such as wood. *Remodeling Specific: See Note at beginning of chapter.*
- Corrective Measure:** No action is required of the contractor. This is a common condition.
- 9-6-15 Observation:** Varnish or clear lacquer finishes have deteriorated.
- Performance Guideline:** Clear finishes on interior woodwork shall not deteriorate during the warranty period.

Corrective Measure: The contractor will retouch affected areas of clear-finish interior woodwork and match the original finish as closely as practical; provided the owner has not used improper cleaning materials, including ammonia, or other improper methods.

Discussion: Finishes on window sills with south facing exposure may deteriorate due to climatic conditions.

Wallpaper and Vinyl Wall Coverings

9-6-16 Observation: The wall covering has peeled.

Performance Guideline: The wall covering shall not peel off the walls. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will reattach or replace the loose wall covering if the contractor installed the covering.

Discussion: Wallpaper applied in high moisture areas is exempted from this guideline because the problem results from conditions beyond the contractor's control.

9-6-17 Observation: Patterns in wall covering are mismatched.

Performance Guideline: Patterns in wall coverings shall match. Irregularities in the patterns themselves are the manufacturer's responsibility. *Remodeling Specific: See Note at beginning of chapter. The guideline does not apply if material is installed on existing out-of-plumb walls or where trim is not square with corners.*

Corrective Measure: The contractor shall correct the wall covering to meet the performance guidelines.

FLOOR FINISHES

-Coverage 1st Year Only, Workmanship and Materials

Carpeting

10-1-1 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 considered unacceptable.

Corrective Measure: If the carpet was installed by the contractor, the contractor will eliminate visible gaps at carpet seams.

10-1-2 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 attachment.

Corrective Measure: If the carpeting was installed by the contractor, the contractor will restretch or resecure the carpeting, once during the first year, as necessary to meet the guidelines.

10-1-3 Observation: Carpeting is faded or discolored.

Performance Guideline: Fading or discoloration of carpet is a manufacturer's responsibility.

Corrective Measure: No action is required of the contractor.

Discussion: Fading or discoloration may result from the owner spilling liquids on the carpet, exposure to sunlight, or the owner's failure to properly maintain the carpet.

10-1-4 Observation: Dead spots are observed in padding areas below the carpet surface.

Performance Guideline: Carpeted areas shall have full coverage of padding consistently throughout the flooring area.

Corrective Measure: The contractor will repair/replace padding in the affected areas to meet the performance guidelines.

Roll Vinyl and Resilient Tile Flooring

10-2-1 Observation: Nail pops are observed on the surface of resilient flooring.

Performance Guideline: Readily visible nail pops on resilient flooring are considered unacceptable.

Corrective Measure: The contractor will repair the nail pops that are readily visible.

Discussion: The contractor will repair or replace, at the contractor's option, the resilient floor covering in the affected areas with similar materials. The contractor is **not** responsible for discontinued patterns or color variations when replacing the floor covering.

10-2-2 Observation: Depressions or ridges are observed in resilient flooring because of sub floor irregularities.

Performance Guideline: Readily apparent depressions or ridges exceeding 1/8-inch shall be repaired. The ridge or depression measurement is taken at the 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 affected area. Measure under the straightedge to determine the depth of the depression or height of the ridge.

Corrective Measure: The contractor will take corrective action as necessary to bring the affected area within the acceptable tolerance so that the depression or ridge is not readily visible and is not more than 1/8-inch. The contractor will not be responsible for discontinued patterns or color variations when replacing the floor covering.

Discussion: Contractor is not responsible for homeowner neglect or abuse or installations performed by others.

10-2-3 Observation: Resilient flooring has lost 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 not responsible for discontinued patterns or color variations when replacing the floor covering.

10-2-4 Observation: Seams or shrinkage gaps show at vinyl flooring joints.

Performance Guideline: Gaps at joints/seams in vinyl flooring shall not exceed 1/16-inch in width. Where dissimilar materials abut, the gaps shall not exceed 1/16-inch.

Corrective Measure: At the contractor's option, the contractor will repair or replace the vinyl flooring as necessary to meet the performance guideline. The contractor will not be responsible for discontinued patterns or color variations when replacing the floor covering.

Discussion: Proper repair can be accomplished by sealing the gap with seam sealer.

10-2-5 Observation: Bubbles are observed on roll vinyl flooring.

Performance Guideline: Bubbles resulting from trapped air and that protrude higher than 1/16-inch from the floor is considered unacceptable.

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

Discussion: The performance guideline does not apply to perimeter attached vinyl floors.

10-2-6 Observation: The patterns on roll vinyl flooring are misaligned.

Performance Guideline: Patterns at seams between adjoining pieces shall be aligned to within 1/16-inch.

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

10-2-7 Observation: A resilient floor tile is 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.

10-2-8 Observation: The 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.

10-2-9 Observation: Yellowing is observed on the surface of vinyl sheet goods after installation and before substantial completion of the project.

Performance Guideline: The contractor shall install vinyl flooring per the manufacturer's instructions.

Corrective Measure: Yellowing resulting from a manufacturer's defect or from the owner's misuse or lack of maintenance is not covered by the contractor.

Discussion: Some chemical compounds, such as the tar residue from a recently paved asphalt driveway, may cause a chemical reaction with the flooring material and result in permanent damage to the floor. The owner is responsible for the proper use and maintenance of the floor. Yellowing caused by the owner's improper use of or inadequate maintenance of the floor is not the contractor's or the manufacturer's responsibility.

Wood Flooring

10-3-1 Observation: Gaps exist between strip hardwood floorboards.

Performance Guideline: Gaps between strip hardwood floorboards shall not exceed 1/8-inch in width at the time of installation.

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

Discussion: Wood floors are subject to shrinkage and swell due to seasonal variations in the humidity level of home. While boards may be installed tight together, gaps or separations may appear during heating seasons or periods of low humidity. Gaps or separations that close during non-heating seasons are not considered deficiencies. Homeowners should be familiar with the recommended care and maintenance requirements of their wood floor. Repeated wetting and drying, or wet mopping, may damage wood finishes. Dimples or scratches can be caused by moving furniture or dropping heavy objects, and certain high heel style shoes may cause indentations. These conditions are not covered by this Warranty. 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. Proper repair can be affected by filling the gap.

10-3-2 Observation: Strip hardwood floor boards are cupped.

Performance Guideline: Cups in strip hardwood floorboards 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 contractor's control is not covered.

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

Discussion: The owner is responsible for proper maintenance of the floor and for maintaining proper humidity levels in the home.

10-3-3 Observation: Excessive lippage is observed at the junction of prefinished wood flooring products.

Performance Guideline: Lippage greater than 1/16-inch is considered unacceptable.

Corrective Measure: The contractor will repair lippage in the affected areas to meet the performance guideline

10-3-4 Observation: Voids ("holidays") are observed in the floor finish.

Performance Guideline: Voids that are readily visible from a distance of 6 feet under normal lighting conditions are considered unacceptable.

Corrective Measure: The contractor will repair the floor finish in the affected area(s) to meet the performance guideline.

10-3-5 Observation: The 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.

Discussion: The owner should contact the manufacturer regarding factory-applied finishes that have peeled.

10-3-6 Observation: Strip flooring has crowned.

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.

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

10-3-7 Observation: Hardwood flooring has buckled from the substrate.

Performance Guideline: Hardwood floor should not become loose from the substrate.

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

10-3-8 Observation: Unacceptable knots and color variations are observed in strip hardwood flooring.

Performance Guideline: The contractor will install the grade of hardwood specified for the project. All wood should be consistent with the grading stamp as specified.

Corrective Measure: The contractor shall replace any improperly graded wood.

Discussion: Hardwood is a natural product and consequently can be expected to exhibit variations in color, grain, and stain acceptance.

10-3-9 Observation: Slivers or splinters are observed in strip flooring.

Performance Guideline: Slivers or splinters that occur during the installation of the flooring are considered unacceptable.

Corrective Measure: The contractor will repair flooring in the affected areas to meet the performance guideline.

Discussion: Slivers or splinters that occur during installation can be shaved and the area filled prior to sanding and finishing.

10-3-10 Observation: "Sticker bum" is observed on the surface of strip flooring.

Performance Guideline: Discoloration from stacking strips in hardwood flooring is considered unacceptable in certain grades of flooring.

Corrective Measure: The contractor shall repair or replace areas with sticker bum if they are not permitted in the grade of wood specified for the project.

Tile, Brick, Marble, and Stone Flooring

10-4-1 Observation: Tile, brick, marble, or stone flooring is broken or loosened.

Performance Guideline: Tile, brick, marble, and stone flooring shall not be broken or loose.

Corrective Measure: The contractor will replace broken tiles, bricks, marble, and stone flooring, and resecure loose tiles, bricks, marble, and stone, unless the flooring was damaged 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.

10-4-2 Observation: Cracks are observed in the grouting of tile joints or at the junctures with other materials, such as a bathtub.

Performance Guideline: Cracks in grouting of ceramic tile joints commonly result from normal shrinkage conditions. Cracks that result in loose tiles or gaps in excess of 1/16-inch shall be repaired.

Corrective Measure: The contractor will repair grouting, if necessary, one time only. The contractor is not responsible for color variations or discontinued colored grout. The owner is responsible for regrouting these joints after the contractor's one-time repair.

Discussion: The use of an elastic substance at junctures between tile and other materials is often more effective than grout.

10-4-3 Observation: There is excessive lippage at adjoining marble or ceramic tile.

Performance Guideline: Lippage greater than 1/16-inch is considered unacceptable, except where the materials are designed with an irregular height (such as hand-made tile).

Corrective Measure: The contractor will repair lippage in the affected areas to meet the performance guideline.

Discussion: Lippage is the vertical distance between floor tiles or marble tiles at the point where they abut one another.

10-4-4 Observation: A grout or mortar joint is not a uniform color.

Performance Guideline: After the grout has cured, any color variation that is readily visible from a distance of 6 feet under normal lighting conditions is considered unacceptable.

Corrective Measure: One time only, the contractor will repair the joint to meet the performance guideline.

Discussion: When grout repairs are done a perfect match between the original grout and new grout cannot be expected. The contractor is not required to re-grout an entire floor, wall or room.

Miscellaneous

-Coverage 1st Year Only, Workmanship and Materials

Fireplace and Wood Stove

11-1-1. Observation: Fireplace or chimney does not consistently draw properly.

Performance Guideline: A properly designed and constructed fireplace and chimney shall function correctly.

Corrective Measure: The contractor shall correct as necessary if the problem is caused by a design or construction flaw.

Discussion: High winds can cause temporary negative or down drafts. Negative drafts can also be caused by obstructions such as tree branches, steep hillsides, adjoining homes, and interior furnaces.

11-1-2 Observation: The chimney is separated from the structure.

Performance Guideline: Newly built fireplaces will often incur slight amounts of separation. The amount of separation from the main structure shall not exceed 1/2-inch in any ten-foot vertical measurement.

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

Discussion: 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.

11-1-3 Observation: The firebox paint is damaged by a fire in the fireplace.

Performance Guideline: Heat and discoloration is a common occurrence.

Corrective Measure: No action is required of the contractor.

Discussion: The owner should obtain the proper paint from the manufacturer if he or she chooses to touch up the interior of the firebox for aesthetic reasons.

11-1-4 Observation: A firebrick or mortar joint is cracked.

Performance Guideline: Heat and flames from normal fires can cause cracking.

Corrective Measure: No corrective action is required of the contractor.

11-1-5 Observation: A simulated firebrick panel has cracked.

Performance Guideline: This is a common condition.

Corrective Measure: No corrective action is required of the contractor.

11-1-6 Observation: Rust is observed on the fireplace damper.

Performance Guideline: This is a common condition.

Corrective Measure: No corrective action is required of the contractor.

Concrete Stoops and Steps

11-2-1. Observation: Stoops or steps have settled, heaved, or separated from the house structure.

Performance Guideline: Stoops and steps shall not settle, heave in excess of 1 inch, or separate in excess of 1 inch from the house structure.

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

11-2-2 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 ensure proper drainage of stoops and steps.

Garage

11-3-1 Observation: The garage floor slab is cracked.

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

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

Discussion: 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.

11-3-2. Observation: Garage concrete floor has settled, heaved, or separated.

Performance Guideline: The garage floor shall not settle or heave in excess of 1 inch, or separate in excess of 1 inch from the structure.

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

Discussion: The repaired area may not match the existing floor in color and texture.

11-3-3 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.

Discussion: The contractor is not responsible for the door operation if the owner has installed a garage door opener.

11-3-4 Observation: Garage doors allow the 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 normal conditions.

Corrective Measure: The contractor will adjust or correct the garage doors to meet the manufacturer's installation instructions.

Driveways and Sidewalks

11-4-1. Observation: Asphalt driveway develops cracks.

Performance Guideline: This is a normal condition.

Corrective Measure: None.

11-4-2 Observation: Standing water is observed on an asphalt pavement surface.

Performance Guideline: Standing water greater than 1/8-inch in depth shall not remain on the surface 24 hours after a rain. It is not unusual to have some standing water after heavy rains.

Corrective Measure: The contractor shall repair or replace the affected area to meet the guideline if the warranty covers the driveway. Patched areas will generally be noticeable and not blend in with the rest of the driveway.

11-4-3 Observation: Exterior concrete flat work is pitting or spalling. Pitting is evidenced by concrete that has flaked or peeled from the outer surface. Spalling is evidenced by concrete that has chipped.

Performance Guideline: Exterior concrete surfaces shall not pit, spall or disintegrate. Aggregate pops are normal; minor scaling is not controllable at all.

Corrective Measure: The contractor will repair defective concrete surfaces using materials designed for this purpose. The contractor is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the contractor's control.

Wood Decks

11-5-1 Observation: A 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 and manufacturers' instructions.

Corrective Measure: The contractor will reinforce or modify, as necessary, any wood deck not meeting the performance guidelines.

Discussion: Deflection may indicate insufficient stiffness in the lumber, or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Structural members are required to meet standards for both stiffness and strength. When an owner's preference is made known before construction, the contractor and the owner may agree upon a higher standard.

11-5-2 Observation: The spaces between decking boards are not uniform.

Performance Guideline: The spaces on opposite sides of individual deck boards shall not differ in average width by more than 3/16-inch at the time of substantial completion of the project, unless otherwise agreed upon by the owner and the contractor.

Corrective Measure: One time only, the contractor will realign or replace decking boards to meet the performance guideline.

Discussion: 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 substantial completion of the project.

11-5-3 Observation: The railings on wood decking 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 of substantial completion of the project.

Corrective Measure: One time only; the contractor will repair railings as necessary to remove slivers prior to substantial completion of the project. Repair of slivers after that time is an owner maintenance responsibility.

Discussion: Slivers can develop when unprotected wood weathers. The proper finishing of wood surfaces helps prevent slivers from forming.

11-5-4 Observation: A 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 in proportional multiples of the preceding dimensions (unless a slope is incorporated in the design). *Remodeling Specific: The owner and contractor may 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: A slope of approximately 1/8-inch per foot is desirable in the perpendicular direction to shed water and prevent ice build-up.

11-5-5 Observation: Wood decking boards are split, warped, or cupped.

Performance Guideline: At the time of substantial completion of the project, 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 specified for the deck boards.

Corrective Measure: The contractor will replace decking boards as necessary to meet the performance guidelines

11-5-6 Observation: A wood deck has stain color variations.

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 common and are not covered by this guideline.

Corrective Measure: The contractor will restrain the affected area to meet the performance guideline.

11-5-7 Observation: A nail head protrudes from a wood decking board.

Performance Guideline: Nail heads shall not protrude from the floor of the wood deck at the time of substantial completion of the project.

Corrective Measure: The contractor will refasten nails whose heads protrude from the floor of the deck so that the heads are flush with the surface.

Discussion: 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.

11-5-8 Observation: Nails on a wood deck are "bleeding."

Performance Guideline: Nail stains 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: This guideline does not apply if "natural weathering" or semi-transparent stains are specified.

11-5-9 Observation: A wood deck railing lacks rigidity.

Performance Guideline: Wood deck railings shall be attached to structural members in accordance with applicable building codes.

Corrective Measure: The contractor will repair wood deck railings as necessary to comply with applicable building codes.

Landscaping

-Coverage 1st Year Only, Workmanship and Materials

Note: Moving or protecting plants, trees, shrubs, and any other landscaping items prior to and during construction are the responsibility of the owner and must be dealt with before construction begins. Other handling of these items must be specified in the contract to designate the responsible party.

- 12-0-1 Observation:** Tree stumps have been left in a disturbed area of the property.
Performance Guideline: If tree stumps were on the property in the disturbed area prior to the substantial completion of the project, the contractor is responsible for their removal.
Corrective Measure: The contractor will remove the stumps from the area.
- 12-0-2 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 as part of the landscape package that are alive as of the acceptance of the project and die after that acceptance are not the responsibility of the contractor.
Corrective Measure: None.
- 12-0-3 Observation:** Grass seed does not germinate.
Performance Guideline: Germination is dependent on certain climatic conditions, which are beyond the contractor's control.
Corrective Measure: The contractor is only responsible for seeding per the supplier's instructions.
Discussion: After installation, proper lawn and landscape care are the owner's responsibility.
- 12-0-4 Observation:** Outdoor plants moved during work die after substantial completion of the project.
Performance Guideline: Plants that must be physically transported during the work shall be moved, maintained, and replanted by the owner.
Corrective Measure: No action is required of the contractor.
Discussion: The contractor shall not be responsible for delays in the schedule when plants are moved by the owner.

Systems: First and Second Years
Plumbing System
-Coverage 1st and 2nd Year, Systems

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

Water Supply System

13-1-1 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. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair the water supply system if the failure results from improper installation or failure of materials and if the connections are a part of the construction agreement. Conditions beyond the control of the contractor that disrupt or eliminate the water supply are not covered.

13-1-2 Observation: Pipes leak.

Performance Guidelines: 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.

13-1-3 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 (ASHRAE). *Remodeling Specific: See Note at beginning of chapter.*

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

Discussion: Leaks occurring due to owner's neglect and consequential damage are not contractor's responsibility. The owner is responsible to maintain suitable temperature in the home to prevent pipes from freezing and bursting. Homes which are periodically occupied such as summer homes, or where there will be no occupancy for an extended period of time must be properly winterized or periodically checked to insure that a reasonable temperature is maintained.

Sanitary Sewer or Septic System
-Coverage 1st and 2nd Year, Systems

13-2-1 Observation: Septic system fails to operate properly.

Performance Guideline: Septic system shall function adequately during all seasons, under climatic conditions normal or reasonable anticipated (based on local records) for the location of the home. Septic system shall be designed and installed to comply with applicable, approved code requirements.

Corrective Measure: Contractor will repair, or otherwise correct, a malfunctioning or non operating system, if failure is caused by inadequate design, faulty installation, or other cause relating to actions of the builder or contractors or subcontractors under the contractor's control. Contractor will not be responsible for system malfunction or damage which is caused by owner negligence, lack of system maintenance, or other causes attributable to actions of the owner or other owner's contractors, not under the control of the contractor, including, but not necessarily limited to: the addition of fixtures, items of equipment, appliances or other sources of waste or water to the plumbing system served by the septic system; and damage, or changes, to the septic system installation or surrounding soil conditions critical to the system's functioning.

13-2-2 Observation: Sewers, fixtures, or drains are clogged.

Performance Guideline: Sewers, fixtures, and drains shall drain. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will not be responsible for sewers, fixtures, and drains 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.

Discussion: 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 the contractor.
- Placement of surfaces not permeable to water over the disposal area of the systems.
- 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.

Heating, Ventilating and Air Conditioning (HVAC) System

–Coverage 1st and 2nd Year, Systems

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

Heating System

14-1-1 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. National, state, or local energy codes shall supersede this performance guideline where such codes have been locally adopted. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will correct the heating system to provide the required temperature in accordance with the performance guideline or applicable code specifications. The contractor will re-balance a warm air system once during the first heating season. However, the owner will be responsible for balancing the system thereafter and for adjusting dampers and registers and for making other minor adjustments.

Discussion: 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.

Central Air-Conditioning System

14-2-1 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. 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. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will correct the cooling system to provide the required temperature in accordance with the performance guideline or applicable code specifications. The contractor will re-balance an air-conditioning system once during the first cooling season. However, the owner will be responsible for balancing the system thereafter and for adjusting dampers and registers and for making other minor adjustments.

Discussion: 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.

14-2-2 Observation: There is a refrigerant leak.

Performance Guideline: Refrigerant lines and fittings shall not leak during normal operation. *Remodeling Specific: See Note at beginning of chapter.*

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.

Ventilation System

-Coverage 1st and 2nd Year, Systems

14-3-1 Observation: The ductwork is separated or detached.

Performance Guideline: Ductwork shall remain intact and securely fastened. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will reattach and secure all separated or unattached ductwork.

14-3-2 Observation: The ductwork makes noises.

Performance Guideline: Ductwork will be constructed and installed in accordance with applicable mechanical code requirements. 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. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: Unless the duct is not in compliance with the local code, no corrective action is required.

14-3-3 Observation: The ductwork produces excessively loud noises commonly known as "oil canning."

Performance Guideline: The stiffening of the ductwork and the thickness of the metal used shall be such that ducts do not "oil can." The booming noise caused by oil canning is considered unacceptable. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will correct the ductwork to eliminate noise caused by oil canning.

14-3-4 Observation: The air handler or furnace vibrates.

Performance Guideline: These items shall be installed in accordance with the manufacturer's instructions and applicable codes. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: If installed incorrectly; the contractor will correct the items according to the manufacturer's instructions and code requirements.

Discussion: Under certain conditions some vibrating may be experienced with the normal flow of air, even when air handlers and furnaces are installed correctly. See the manufacturer's instructions.

Electrical System

-Coverage 1st and 2nd Year, Systems

Note: Remodeling Specific: The contractor is responsible only for areas of the property worked on and specified in the contract, and not for the entire house.

15-1-1 Observation: Wiring fails to carry its designed load.

Performance Guideline: Wiring shall be capable of carrying the designed load for normal residential use. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will verify that wiring conforms to applicable electrical code requirements. The contractor will repair wiring not conforming to code.

15-1-2 Observation: Electrical outlets, switches, or fixtures malfunction.

Performance Guideline: All electrical outlets, switches, and fixtures shall operate as designed. *Remodeling Specific: See Note at beginning of chapter.*

Corrective Measure: The contractor will repair or replace malfunctioning electrical outlets, switches, and fixtures, if supplied and installed by the contractor.

Major Structure

-Coverage through 6th Year, Material Defects

Load-Bearing Portions of the Home

16-1-1 Observation: The failure of any of the following load bearing portions of the home: foundation systems and footings, beams, girders, lintels, columns, structural walls and partitions, floor systems, and roof framing systems. (Note: load-bearing portions do not include, for example: roofing and sheathing, drywall and plaster, exterior siding, brick or stone or stucco veneer, floor covering material, 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 systems, plumbing systems, heating or cooling systems, ventilation systems, appliances, fixtures and items of equipment, paint, doors and windows, trim, cabinets, hardware or insulation.)

Performance Guideline: The failure of these load-bearing portions of the home shall not affect their load bearing functions, making the home unsafe, unsanitary or unlivable.

Corrective Measure: The contractor will repair or replace the defective item(s), or will pay the owner the reasonable cost of such repair or replacement. The contractor's total liability is limited to the amount specified in the Limited Warranty. The choice as to repair, replacement or payment is solely that of the contractor.

Repair of defective item(s) is limited to (1) the repair of damage to the load-bearing portions of the home, which are necessary to restore their load-bearing function; and (2) the repair of those items of the home damaged by the material defect, which make the home unsafe, unsanitary or otherwise unlivable.

GLOSSARY OF COMMON TERMS

AFCI (Arc Fault Circuit Interrupter) – A type of circuit breaker that is designed to reduce the likelihood of fire caused by electrical arcing faults.

beam – A structural member that transversely supports a load.

bifold doors – Doors that are hinged at the center and guided by an overhead track.

blocking – A solid, tight closure used between framing members.

breakline – A dividing point between two or more surfaces.

brick veneer – A non-structural outer covering of brick.

bridging – Wood or metal structural members between horizontal (joists) or vertical (studs) framing that provide lateral rigidity to the members to which applied.

bug holes – Pits, surface voids, and similar imperfections in a concrete wall. Bug holes generally are up to 1 inch wide or deep.

cantilever – Construction that is unsupported at one end and that projects outward from the site of the structure to carry loads from above or below.

ceiling joist – The horizontal structural members to which the ceiling is fastened. Some members may support a floor above.

checking – Cracks in wood.

chimney cap – A metal or masonry surface that covers the top portion of a chimney that prevents the penetration of water.

circuit – The complete path of electricity away from and back to its source.

circuit breaker – A device that automatically interrupts an electrical circuit when it becomes overloaded.

cold joint – A joint in poured concrete that indicates where the pour terminated and continued.

control joint – A joint that is molded or cut in concrete to allow for expansion and contraction and to attempt to control random cracking.

corner bead – A strip of wood or metal fastened over a corner for protection.

crawl space – An area under a home which is not a basement or cellar.

damper – A device used to regulate draft in a furnace or fireplace chimney.

dead spots – Areas below a carpeted surface where padding appears to be missing or improperly installed.

deflection – The amount a truss or beam bends under a load.

dew point – The temperature at which moisture in the air condenses into drops.

disturbed area – Any area adjacent to a dwelling where original vegetation has been altered or removed.

downspout – A pipe that carries rainwater from the roof to the ground or to a sewer connection.

drywall – Gypsum wallboard.

duct – A round or rectangular pipe used to transmit and distribute warm or cool air from a central heating or cooling unit.

eave – The lower or outer edge of a roof that projects over the side walls of a structure.

efflorescence – A white powder that appears on the surface of masonry walls. It is usually caused by moisture reacting with the soluble salts in concrete and forming harmless carbonate compounds.

finish flooring – The top flooring material that covers the subflooring surface; usually carpeting, hardwood, tile, vinyl, etc.

flashing – Strips of metal or plastic material used to prevent moisture from entering roofs, walls, windows, doors, and foundations.

floor joist – A horizontal framing member to which flooring is attached.

footing – A flange-like part at the base of a foundation wall which ties and distributes loads from the foundation into the ground and prevents shifting and settling.

foundation – That part of a building which is below the surface of the ground and on which the superstructure rests.

frost lift – A condition caused by water freezing and causing soil to expand, which can cause two overlying, adjoining surfaces to separate from each other. Frost lift sometimes occurs at the junction of a garage floor and driveway.

GFCI (Ground Fault Circuit Interrupter) – A type of circuit breaker that is extremely sensitive to moisture and changes in resistance to an electrical current flow. A GFCI protects against electrical shock or damage.

gypsum – Hydrous calcium sulphate mineral rock.

gypsum wallboard – See “drywall.”

hardboard – A wood fiber panel with a density range of 50 to 80 pounds per cubic foot. It is made of wood fibers pressed into solid boards by heat and pressure.

hardwood – A term used to designate wood from deciduous trees (which lose their leaves annually).

header – A structural member placed across the top of an opening to support loads above.

hinge-bound – A condition of a passage or entry door where hinge function impedes proper operation.

holidays – Voids or inconsistencies in a finished surface.

honeycomb – Voids in a concrete wall that are larger than bug holes (see “bug holes”).

HVAC – The abbreviation for Heating, Ventilating, and Air Conditioning Systems.

jamb – The side framing or finish material of a window, door, or other opening.

joist – An on-edge-horizontal lumber member, such as a 2x6, 2x8, 2x10, or 2x12, which spans from wall to wall or beam to provide main support for flooring, ceiling, or roofing systems.

junction box – A box that forms junctions between sections of house wiring.

lath – Any material used as a base for plastering or stucco surfacing.

lippage – The difference in surface alignment between two materials.

mortar – An adhesive and leveling material used in brickwork, stone, block, and similar masonry construction.

muntins – Strips of wood, metal, or plastic that divide a window into panes. Muntins can be installed within two pieces of glass or on the surface of the glass.

parging – A rough coat of mortar applied over a masonry wall.

pitch – The degree of incline in a sloped roof or structure.

plumb – A measurement of true vertical.

rafter – Structural members which shape and form the support for the roof deck and the roof covering.

raveling – A condition in which aggregate is loose from asphalt pavement.

register – A louvered device that allows air travel from the ducts into a room.

riser (stairway) – A vertical stair member that supports a tread.

riser (plumbing) – A water pipe that extends vertically one full story or more to convey water to branches or to a group of fixtures.

roof ridge – The apex of a roof system.

scaling – The flaking or peeling away of a surface portion of hardened concrete.

setting – The driving of a fastener flush or below the surface of a material.

shakes – Split wooden shingles that are random in thickness.

sheathing – The application of panels to the face of framing members. Also known as “decking.”

shim – A thin, tapered piece of material (usually wood) that is used to adjust or provide support for a member.

sill – A framing member placed on top of and around a foundation to serve as a level base on which to support exterior wall studs.

slab – A concrete floor/surface.

soffitt – The enclosed under surface of an eave.

spalling – The breaking away of a small piece of concrete.

stair skirt – A finishing board that may cover the outside staircase edge.

stud – A vertical framing members.

subflooring – A floor decking material laid on top of the floor joists.

substantial completion of the project – A project has met substantial completion where the areas are functional for their intended use as stated by the contract (except for items noted prior to final presentation), and clean-up on the site has been completed.

sump pump – A pump that is installed in a crawl space, basement, or other low area to discharge water that might collect.

swale – A shallow depression in the ground that is used as a drainway for water.

telegraphing – A condition of a subsurface projecting through the finish material.

tread – A horizontal stair member. A tread is the part you step on when walking up or down stairs.

truss – An engineered assembly of wood or metal components that generally is used to support roofs or floors.

vapor retarder – Plastic film or other material used to limit the amount of moisture vapor that passes through a material or wall assembly.

warranty period – The duration of the applicable warranty provided by the contractor or any other period agreed to by the parties.

weather stripping – Material placed around doors, windows, and other openings to prevent the infiltration of air, dust, rain, etc.

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Duct & Air Handlers Condensation	44
From Adjacent Property	2
Garage Door Penetration	67
Gutters and Down Spouts	36
Hammer	38
Leaks Basement	7
Moisture between Panes Double Glazing	43
Standing on Driveway	68
Standing on Flat Roof	35
Standing or Ponding	1
Stucco Water Penetration	28
Trapped Under Roll Roofing	35
Windows, Interior, Leakage	16

Windows

Difficult to Open or Close	15
Glass Broken, Screens Missing	16
Grids Fall Out, Out of Level	15
Moisture between Double Panes	43
Water, Ice & Frost	42
Water on Interior, Leakage	16

SCHEDULE D-2

FORM TO RELEASE ESCROW FUNDS

FORM FOR THE RELEASE OF ESCROWED FUNDS

Date

Scott Zamek, Esq.
1326 Expressway Drive South
Hauppauge, New York 11788

Re: VILLAGE VISTAS CONDOMINIUM
Purchaser:
Home #:

Gentlemen:

You have been holding in a trust account my/our down payment for the above-referenced unit in the amount of \$_____. I/we acknowledge that closing has taken place this date. Accordingly, you are authorized to release the funds being held in said amount to whomever the Sponsor so designates. In addition, you, as Escrow Agent on said account, are hereby released from any and all liability or further obligation to us with respect to said down payment.

Very truly yours,

Purchaser

Sponsor's representative

SCHEDULE D-3

WAIVER OF NOTICE OF CLOSING

WAIVER OF NOTICE OF CLOSING

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

, being duly sworn, does hereby depose

and state:

1. I am the Purchaser of Home # _____ at Village Vistas Condominium.
2. Pursuant to a Purchase agreement dated _____, 200____, I am entitled to
thirty (30) days' written notice of the closing for my Home.
3. I hereby waive the applicable notice provision contained in the Purchase
Agreement and agree to close on _____, 200_____.

Purchaser's signature

Purchaser's signature

Sworn to before me this
day of _____, 200__.

Notary Public

SCHEDULE E

POWER OF ATTORNEY

On the day of in the year 200 , before me, the undersigned,
personally appeared , personally known to me or proved to me on
the basis of satisfactory evidence to be the individual whose name is subscribed to the
within instrument and acknowledged to me that he executed the same in his capacity,
and that by his signature on the instrument, the individual, or the person upon behalf of
which the individual acted, executed the instrument.

Notary Public

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SCHEDULE F

FORM OF DEED

DEED

THIS INDENTURE, made the day of , 200 , between Liberty Meadows, LLC, a New York Limited Liability Company, having its office at 1 Rabro Drive, Suite 100, Hauppauge, New York 11788, Party of the First Part, and

Party of the Second Part,

WITNESSETH:

THAT the Party of the First Part, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration 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 parcels of land, with the improvements therein contained, situate, lying and being a part of the condominium located in the Village of Port Jefferson, Town of Brookhaven, County of Suffolk, State of New York, known and designated as Home No. together with a 1/43rd undivided interest in the common elements of the condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Home shown on the plans of a Condominium prepared and certified by and filed in the Office of the Clerk of the County of Suffolk on the day of , 200 , as Map No. defined in the Declaration of Condominium entitled Village Vistas Condominium made by , under Article 9-B of the New York Real Property Law dated , 200 and recorded in the Office of the Clerk of Suffolk County on the day of , 200 , in Liber of Conveyances at page covering the property therein described. The land area of the property is described as follows:

(PROPERTY DESCRIPTION)

Together with the appurtenances and all the estate and rights of the Party of the First Part in and to said premises.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, by-laws, rules, regulations and easements all as set forth in the condominium documents filed and recorded as aforesaid.

SUBJECT TO: The provisions of the Declaration, By-Laws, site plan and floor plans of the Condominium as the same may be further amended from time to time by instruments recorded or filed in the Office of the Clerk of Suffolk County, which provisions, together with any amendments thereto shall bind any person having at any time any interest or estate in the Home, as though such provisions were recited at length herein.

TO HAVE AND TO HOLD the premises herein granted unto the Party of the Second Part, the heirs or successors and assigns of the Party of the Second Part forever.

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

AND the Party of the First Part, in compliance with Section 13 of the Lien Law, covenants that the Party of the First Part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement before using any part of the total of the same for any other purpose.

The use for which the Home is intended is that of a one family residence, subject to the applicable governmental regulations and the restrictions contained in the Declaration.

This conveyance has been made in the regular course of business actually conducted by the Party of the First Part.

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

IN WITNESS WHEREOF, the Party of the First Part has duly executed this deed the day and year first above written.

LIBERTY MEADOWS, LLC

By: _____

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

On the _____ day of _____ in the year 200_____, before me, the undersigned,
personally appeared _____, personally known to me or proved to me on
the basis of satisfactory evidence to be the individual whose name is subscribed to the
within instrument and acknowledged to me that he executed the same in his capacity,
and that by his signature on the instrument, the individual, or the person upon behalf of
which the individual acted, executed the instrument.

Notary Public

SCHEDULE G

DESCRIPTION OF PROPERTY
AND BUILDING CONDITION

PART 20

(a) Location of Property

**(1) 405 Liberty Avenue
Port Jefferson, NY 11777**

**(2)Section, Block And Lot Numbers:
0206-016-08-7,8.1,8.2,9,10,13.1,18,23,24,25 and part of Willoughby street**

(3) Zoning B2

(4) Permissible Use: Residential Buildings

(b) Status of Construction, State: New York

(1) Year Built 2006

(2) Type V

3) Sponsor will obtain CO prior to closing

(4)(waiting for permit ID#'s)

© Site, Discuss

(1) Size: 18.45 Acres

**(2) Number of Buildings: 22 (21 buildings will have two (2) condominiums
and one (1) building will be a clubhouse**

(3) Streets owned or maintained by the project:

There are 3 streets that are maintained by the project

(i) Paving With respect to drives the paving shall be asphalt. Sidewalks and ramps shall be concrete and new.

(ii) Curbing All curbing shall be concrete and new

(iii)Catch Basins Storm water drainage will be transmitted through pipes to drywalls located around the property. The drywalls and site drainage piping will be new.

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(iv) Street Lighting There will be 5 double street lights and 4 single street lights located through out the development

(v) Building Codes the entire above are in conformity with local and fire district, town and municipal building codes.

(4) Drives, sidewalks and ramps

(i) Storm water drainage, other than roof run off, will be collected by common area interior roadway drainage systems consisting of a series of catch basins, interconnecting pipes and leaching pools on accordance with the Village of Port Jefferson requirements and specifications. Refer to site plan for leaching pool locations.

Curbing; all curbing shall be concrete and new.

Street Lighting: same as per building plan for entire site. The entire above are in conformity with local and fire district, town and municipal building codes.

Utilities:

(d) Utilities:

Public water will be provided by the Suffolk County Water Authority will be Master Metered and fees will be part of the Homeowners Association (HOA) monthly carrying charges.

Electric service will be provided by the Long Island Power Authority with each unit individually metered. Telephone service will be provided by Verizon or other company at the individual owner's request. Related charges to be paid by the unit owner.

Natural gas service will be provided by Keyspan for the heating system, cooking, hot water heaters and dryers. Each unit will be individually metered with all related charges paid by the unit owner.

Cable television service will be provided by Cablevision. All related charges are to be paid by the unit owner.

(e) Subsoil conditions:

Test borings were taken to a depth of 30 feet. The first 8-10 feet was mainly comprised of loam. The remaining 8-30 feet were found to be predominately clean brown/tan gravelly sand.

(f) Landscaping and enclosures:

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Grass cover, consisting of sod or various seed mixtures, will be utilized for the lawn surfaces of the Condominium. A copy of the landscaping plan of the community is available for inspection at Sponsors office during normal business hours.

Proposed plantings will consist of deciduous trees, ornamental trees, shrubs and ground cover

The association shall be responsible for maintenance, repair and replacement of all landscaping, roadway, any sidewalks and any fencing

There will be one (1) outdoor pool made from Gunite. Pool is approximately 20 x 40.

Retaining walls - interlocking block or poured concrete with stone facing 7 walls, all vary in height from 6" to maximum heights as follows-

1@ 80' long, maximum height 7.5'

1@ 120' long, max height 7.5'

1@ 180' long, max height 6.4'

1@ 180' long, max height 6.0'

1@ 280' long, max height 6.0'

1@ 160' long, max height 4.0'

1@ 360' long, max height 17.5'

SEE ATTACHED**(g) Building Size**

Type A Units- Two family Party Wall with Living Space at Garage Grade. Each unit 30' wide by 62' deep. 2,120 square feet with 400 square foot garage and 1160 square foot basement.

Type B Units- Two Family Party Wall with Living Space above Garage grade. Each Unit 30' wide by 60' deep, 2,225 square feet with 400 square foot garage and 980 square foot basement.

(1) Total Height:

Type A units- 20' high to the mid-point of the sloped roof on front and 20'-29' high to mid-point of sloped roof at the rear.

Type B units- 30' high to mid-point sloped roof at front and 21'-23' high to mid-point sloped roof at rear.

(2) No Crawl Space

(3) Sub-cellars and cellars:

Type A units- 1160 square feet cellar

Type B units- 980 square feet cellar plus garage.

No sub-cellars.

(4) Number of floors:

Type A and Type B units have two floors plus a cellar.

(5) No equipment rooms. All equipment located in the cellars.

(6) No parapets.

20.7 (h)

Structural system:

The buildings are wood platform frame studs and joists. The cellars and foundations are poured in place reinforced concrete.

(1) Exterior of the buildings:

(i) Walls: Wood stud frame walls are infilled with R=19 kraft faced batt insulation and faced with ½" CDX plywood sheathing, Tyvek Housewrap and cedar siding or cultured stone siding.

(ii) Windows: Windows will be wood, double-hung, double glazed with low-e glazing, conforming to revised NYS Energy Conservation Construction Code, as manufactured by Marvin Windows.

(iii) The buildings are new construction and do not have landmark status.

(2) No parapets or copings.

(3) Chimneys: Each individual unit will have a B-vent chimney through the roof.

(4) Balconies and Terraces: There are balconies on building types A and B constructed of wood sub-structure, with wood deck and rail systems. Doors to balcony are hinged, wood frame glass doors.

(5) Exterior entrances:

Each unit has its own entrance through a front porch having a stone step and roof.

(i) Exterior entrance doors will be insulated steel, pre-hung in wood frame and saddle. All terrace doors will be thermal break insulated glass type (low-e) with wood frame and saddle and interior security locks.

(ii) There are no vestibule doors.

(iii) Exterior stairs to front entry and terraces on grade are bluestone.

(iv) Railings on upper and lower terraces and balconies are wood.

(v) Mailboxes are approved by the USPS mounted on posts at driveways.

- (vi) Wall-mounted lighting fixtures will provide night illumination at all entrances and terraces.
- (6) There are no service entrances.
- (7) Roof and Roof structures:
 - (i) All roofs are 3 in 12 or 6 in 12 pitch.
 - (a) Material: 2"x12" wood roof rafters. Architectural asphalt roof shingles with manufacturers limited 25 year warranty. A 5 year guarantee against leaks will be provided.
 - (b) Insulation: All roof insulation (1st and 2nd floors) to be R=30 batts.
 - (c) Surface finish: Architectural asphalt shingle, charcoal gray.
 - (d) Guarantee: 25 year waruntee and 5 year guarantee against leaks.
 - (e) Flashing: All roof penetrations will have no caulk hubs.
 - (ii) Drains:
 - (a) Gutters and leaders will be provided to storm drainage system.
 - (iii) No skylights.
 - (iv) No bulkheads
 - (v) No metal at roof levels.
 - (vi) No roof top facilities
- (8) No fire scapes
- (9) No yards or courtyards.
- (10) Interior stairs: Wood stairs carpeted
 - (i) Building types A and B have two (2) sets of interior wood stairs.
 - (ii) Enclosure: Typical wall construction.
 - (iii) Stair construction: Stringers, treads risers, guard rails and balustrade all made of wood.
- (11) Interior doors: Unit interior doors will be composite raised panel, hollow core, pre-hung hinged in wood frames. Doors with saddles will be provided at bathrooms and lavatories.
- (12) No elevators.
- (13) No elevator cabs.

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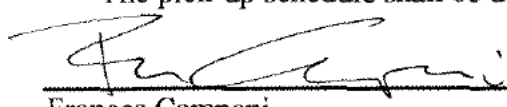
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(i) Auxiliary facilities: none

(1) Laundry rooms: none

(2) Refuse disposal: A private contractor will be engaged for refuse disposal.

The pick-up schedule shall be determined by the Home Owners Association.



 Frances Campani

 1.10.2007

Date

*(j) Plumbing and drainage*(1) Water supply

Domestic water is supplied by new 3" steel pipe from the Suffolk County Water Authority main located on Liberty Avenue. Water usage will be billed as part of the common expense pursuant to 22 water meters. There are no pumps or storage facilities. Hot water to be supplied to each unit via gas fired hot water heaters as manufactured by A.O. Smith of approved quality with 50 gallon capacity for all units. Model # PSH -50.

(2) fire protection system

All rooms in condominium units will be served by at least one fire protection sprinkler head. In addition common areas and enclosed or covered parking areas will be served by the fire protection sprinkler system. The fire protection system is connected to a main on the first floor that supplies it. Sprinkler heads contain heat sensors; in addition the building has a "Y" connection for fire hoses

(3) Water storage tank: there are none

(4) **water pressure and how maintained:**

Water to be supplied by Suffolk County Water Authority and will be maintained to a minimum of 15 PSI

(5) **Sanitary Sewage System**

(i)

Sewage piping shall be 6 inch PVC from the house to the 8 inch lateral. Sewage will be disposed of by PVC pipes into the sewer line. The Suffolk County Department of Public Works will handle the sewage. Sewer connection will be obtained from Suffolk County Department of Public Works and be approved by Suffolk County Department of Health Services.

(ii) **no pumps**(6) **Permits required List**

- >General Construction-Village of Port Jefferson
- >Plumbing-Village of Port Jefferson
- >Electrical-NY Board of Underwriters
- > Sprinkler System-Suffolk County Fire Marshal
- >Fire Alarm System- Suffolk County Fire Marshall
- >Street Opening-Suffolk County DPW & Village of Port Jefferson
- >Sewer-Suffolk County
- > Water-Suffolk County Water Authority

(7) Storm Drainage System

The storm drainage system will consist of catch basins and pipe designed in accordance with Town of Brookhaven requirements.

(k) Heating

Heat in the Clubhouse shall be provided by gas-fired, hot air heating system. Heating for all units shall be provided by gas fired, hot air heating systems located in each unit and shall be new manufactured by Rheem or approved equal, with a capacity of 45,000 BTU. These units will be controlled by one (2) thermostats per unit. These are forced air systems with duct work and vents into each of the rooms. Heating system shall be capable of maintaining an ambient temperature of 70 degrees Fahrenheit when outdoor conditions are zero (0) degrees Fahrenheit and a 15 mile per hour wind is blowing. There will be no radiators, piping, valves or pumps. Gas will be supplied to the furnace through steel piping from a central meter bank located at the ends of each building.

(l) Gas Supply

Natural gas supply will be provided by Keyspan and will be individually metered. Each unit owner will be responsible for the cost

(m) Air Conditioning:

Air conditioning for units shall be provided by gas fired split systems with condensers located on the ground on the exterior of building. These units are manufactured by Rheem or equal with capacity of 3.5 tons, two (2) zone system. Operation of the system will be through centrally located thermostats in each unit. The A/C units will be able to maintain 78 degrees Fahrenheit at 50% relative humidity when outdoor conditions are 95 degrees Fahrenheit.

(n) Ventilation

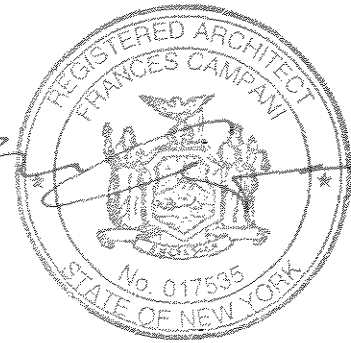
Kitchens if the units are open to living room/Dining room areas which are naturally vented through operating sash of the windows and or screened doors. Bathrooms will be mechanically vented to the exterior. All other rooms for the units are ventilated through operating sash of windows and screened doors.

(o) Electrical System

Electrical service to each unit will consist of 150 Amp, 120/208 volt, single phase four wire service. Each unit will have its own wall mounted recessed circuit breaker panel box. Wiring will be copper with no less than 98% conductivity with 600 volt insulation for the main service. Each unit will have its own electric meter for billing. Meters will be counted at each individual unit.

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(p) Intercommunication Systems

These units will not be built with in-house communication systems

(q) Public lighting

(r) Garages and Parking areas

Each unit will have a two (2) car garage with automatic garage door openers. The total parking spaces on the property allows for 168 cars, distributed as follows: driveway areas in front of each garage (43 spaces), 86 garage spaces and 39 other off-street parking stalls. Off-street parking areas will not have assigned cars.

(s) Swimming Pools

The property will have one (1) outdoor pool located at the rear of the clubhouse. The capacity of the outdoor pool is 23 people. Surrounds have been designed to accommodate 28-38 people for the outside pool. Pool equipment consists of filtration system.

<u>Pool</u>	<u>Outdoor</u>
Size	20 x 40
Depth	3 ½ feet-5 feet
Pool Deck	Concrete
Fencing	5' High Chain Link
Heated	Yes

(3) Other recreational facilities

Clubhouse:

The clubhouse is a 1 story, 1776 square foot structure. The floor slab shall be 4" thick poured concrete with 6x6 10/10 WWM over 6 mil vapor barrier. The roof is to be architectural roof shingles over 15# felt paper over 1/2" CDX plywood over 2x Roof trusses @ 24" O.C. (see floor plans). Ceilings to be Trusses, (see floor plans), with ½" gypsum board finish (tape and spackled). Ceiling/roof insulation to be R-30 Kraft faced batt insulation; Exterior walls to be cedar siding on ½" CDX plywood with 15# felt, 2" x 6" wood studs, R-19 batt insulation and ½" gypsum board interior finish taped and spackled. Clubhouse plans to follow.

Size 1776 sq ft

Construction Type V

Facilities: Great room with large screen TV, piano, Exercise room, M/W toilet, Outdoor pool and putting green will be provided outside.

Putting Green:

One putting green will be provided. The area will be 1500 square feet.

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(u) Permits required List

- >General Construction-Village of Port Jefferson
- >Plumbing-Village of Port Jefferson
- >Electrical-NY Board of Underwriters
- > Sprinkler System-Suffolk County Fire Marshall
- >Fire Alarm System- Suffolk County Fire Marshall
- >Street Opening-Suffolk County DPW & Village of Port Jefferson
- >Sewer-Suffolk County
- > Water-Suffolk County Water Authority

All construction shall be inspected and approved by the Suffolk County Department of Health Services and Public works. All construction with respect to the buildings and site Improvements shall be inspected and approved by the Incorporated Village of Port Jefferson. The Incorporated Village of Port Jefferson Building Department approval is required for the issuance of a Certificate of Occupancy.

(v) Violations

None

(w) Unit Information

There will be a total of Forty Two (42) duplex dwelling units in twenty one (21) buildings and one single dwelling unit in a freestanding building on the Village Vistas Property. Plans are for all two-story two (2) bedroom and two and one-half (2 1/2) bath units with basements. The "A" units, "Harbor View" are to the North of the access roads (2,120 sf) and the "B" units "Sound View" are to the South of the access roads (2,225 sf). Both units have the Master suite on the first floor. All units will have a first floor ceiling height of 9 feet.

The first floor of the "A" units have the garage at the main floor, breakfast area and kitchen, living room with fire place, dining room 1 1/2 bathrooms, laundry room, master bedroom suite with walk-in closet. The living room will have a cathedral ceiling and glass French doors leading out to the terrace. The second floor will have a study/den, bedroom and full bathroom.

The "B" units will have the garage under the first floor. At the first floor there is an entrance foyer, kitchen, dining room, breakfast area, living room with fireplace, master bedroom suite with walk-in closets and full bathroom, 1/2 bath and laundry room. The living room will have a cathedral ceiling and French doors leading out to the terrace. The Second floor has a study/ den, bedroom and bathroom.

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Appliances

Item	Make	Model	Description
Refrigerator	Frigidaire	FRS23R4A	Side by side
Stove/Oven	Frigidaire	FGF326A	Gas/self Cleaning Oven
Microwave	GE	JVM1630WB	OTR Micro/Hood Combo
Dishwasher	GE	FDB641RA	under Counter
Clothes Dryer	GE	DWXR485GBWW	Gas/Performa Series
Clothes Washer	GE	WPSE4200AWW	Performa Washer

Fixtures

Plumbing fixtures are to be Kohler, faucets to be Delta or approved equal.

Unit Finished Materials

The following will indicate the typical finishes for various surfaces:

Space	Floor	Base	Walls	Wainscott	Ceiling
Kitchen	CT	Wood	GWB	n/a	GWB
Living Room	Carpet	Wood	GWB	n/a	GWB
Dining Room	Carpet	Wood	GWB	n/a	GWB
Loft Area	Carpet	Wood	GWB	n/a	GWB
Bedrooms	Carpet	Wood	GWB	n/a	GWB
Bathrooms	CT	Wood	WP/GWB	n/a	GWB
Garages	Concrete		Type 'X' GWB	n/a	unfinished
Basement	Concrete		Concrete		Unfinished

GWB= Gypsum wallboard which is to be painted, from limited choice of colors

20.7 (x) *Safety and warning devises:*

There will be a fire detection system throughout the building and to detect heat and smoke with detectors located in all condominiums and common areas. In each condominium a smoke detector will be located in each bedroom as required by law/also a detector will be located outside

(z) see attached

(bb)

Further development: there will be no further development

20.7 (bb)

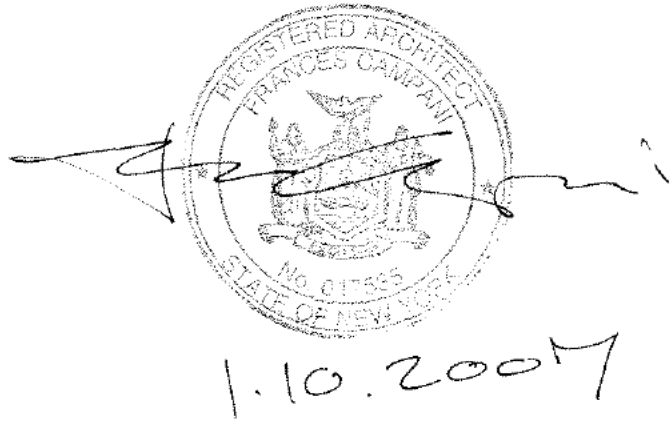
(cc) *Asbestos:*

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There are no Asbestos containing materials present.

(dd) *Lead-based paint*: There is no lead based paint.



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CONDOMINIUM OFFERING PLAN FOR THE SALE OF HOMES IN A CONDOMINIUM TO BE KNOWN AS:

Village Vistas Project
Liberty Avenue
Port Jefferson, NY 11777

SPONSOR AND SELLING AGENT:

Liberty Meadows, LLC
1 Rabro Drive, Suite 100
Hauppauge, NY 11788

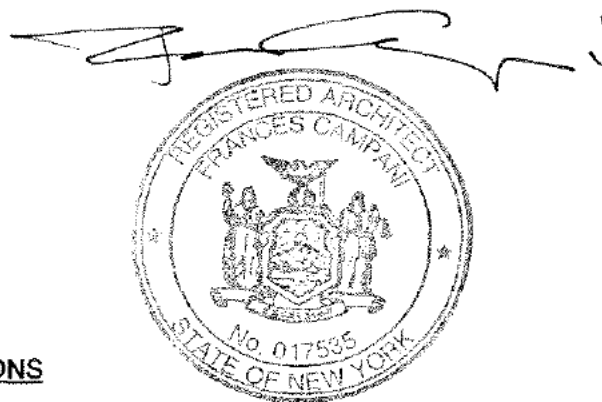
ADDENDUM 4.9.2007

DESCRIPTION OF PROPERTY AND SPECIFICATIONS

As Part 20 of Title NYCRR

- (b) Status of Construction
 - (1) Construction is to begin in June 2008 and completion is projected to be March 2009.
 - (2) Type V. Type of construction in which the structural elements, exterior walls and interior walls are of any materials permitted by the Building Code of New York State.
 - (3) The sponsor shall obtain a certificate of Occupancy from the Incorporated Village of Port Jefferson prior to closing.
 - (4) Attached find set of construction documents for the project, scale as noted on the drawings.
- (c) Site
 - (4iv) Street Lighting is "INVUE" manufacturer, Epic Collection, Single and double poles. Base is Aspen. Pole mount is bishop single and twin pole mount arm. Light fixture top section is "Modern" (EMM 9.3"H x 8.8"W). Mid section is "solid" (EMM/ECM 3.4"H x 9.9"W). Shade section is "Bell" (EMM/ECM 8"H x 24"W).
- (d) Utilities

Project is to be a condominium. The Condominium Association shall be responsible for the costs of services to common areas.



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(e) Sub-soil condition

- (1) The sponsor retained Soil Mechanics Drilling Corp. to obtain information regarding the general subsurface soil conditions on the site. Soil Mechanics Drilling Corp. performed five (5) soil borings at different locations throughout the site on May 2, 2006. The results of these soil borings showed the general subsurface soil condition is typically composed of sand with trace gravel. The subsurface soils were classified by Soil Mechanics Drilling Corp. as either group SP or SM under the Unified Classification System. Conditions of soil borings indicate that the bearing value is likely to be 3 tons per square foot. Foundations will be 8" thick poured concrete foundation wall on a continuous 8" x 16" poured concrete footing reinforced with 2 continuous # 6 steel bars.
- (2) Soil mechanics Drilling Corp. did not encounter groundwater below the ground surface when performing the soil borings at the site on May 2, 2006. There will not be any groundwater conditions that will produce moisture or seepage into the buildings provided that the site is developed in accordance with the Village approved Site Plans, Subdivision Map and the local building code.

(h) Structural System

- (4vi) Doors to Balconies to be manufactured by Pella, model number 6781.
- (7i) Roof to be GAF, Timberline, 30 year asphalt shingle, architectural. Roof insulation to be 9" batt type (R= 30), Johns Mansville manufacturer.

(i) Auxiliary Facilities

- (2i) Refuse disposal for the Condominium to be provided by Winter Brothers Recycling Corporation, 107 Mahan Street, West Babylon, NY 11704

(n) Ventilation

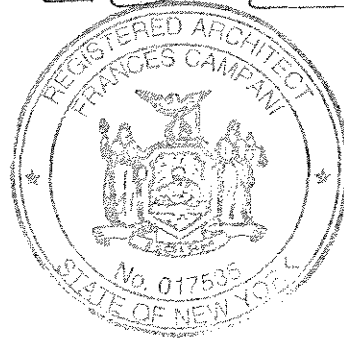
Bathrooms, laundry rooms and lavatories of all units are to be provided with mechanical ventilation ducted to the exterior. Bathrooms each shall be equipped with Panasonic FV-20VQ3 (6" duct to exterior). Lavatories and laundry rooms shall be equipped with Panasonic FV-08VS1 (3" duct to exterior). All other rooms, including kitchens, are naturally vented through operating sash of windows and doors.

(q) Public Area Lighting.

No public areas other than roadways and sidewalks. See street lighting (c).

(w) Unit information

- (2) Bathroom fixtures: all fixtures to be Kohler manufacturer, or approved equivalent.



Campani and Schwarting Architects

(y) **Safety and Warning devices**

Each unit will have its own fire alarm, smoke and carbon monoxide detection with detectors on each floor and in each bedroom. Fire hydrants will be located throughout the site as required by the local Fire Department and Fire Marshall. Fire alarm systems will be provided in all buildings.

(z) **Additional information. See attached plans.**

Campani and Schwarting Architects

150-3 East Main Street Port Jefferson NY 11777 tel 631 642-0228 fax 631 642-0042

ADDENDUM

6.18.2007

CONDOMINIUM OFFERING PLAN FOR THE SALE OF HOMES IN A CONDOMINIUM TO BE KNOWN AS:

**Village Vistas Project
Liberty Avenue
Port Jefferson, NY 11777**

SPONSOR AND SELLING AGENT:

**Liberty Meadows, LLC
1 Rabro Drive, Suite 100
Hauppauge, NY 11788**

PART 20

(y) Safety and warning devices:

Smoke detectors to be

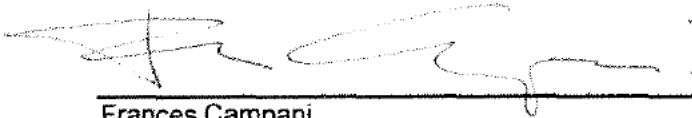
Make: USI Electric

Model: USI 1204

Carbon Monoxide Detectors to be

Make: Universal

Model: CD9485-C

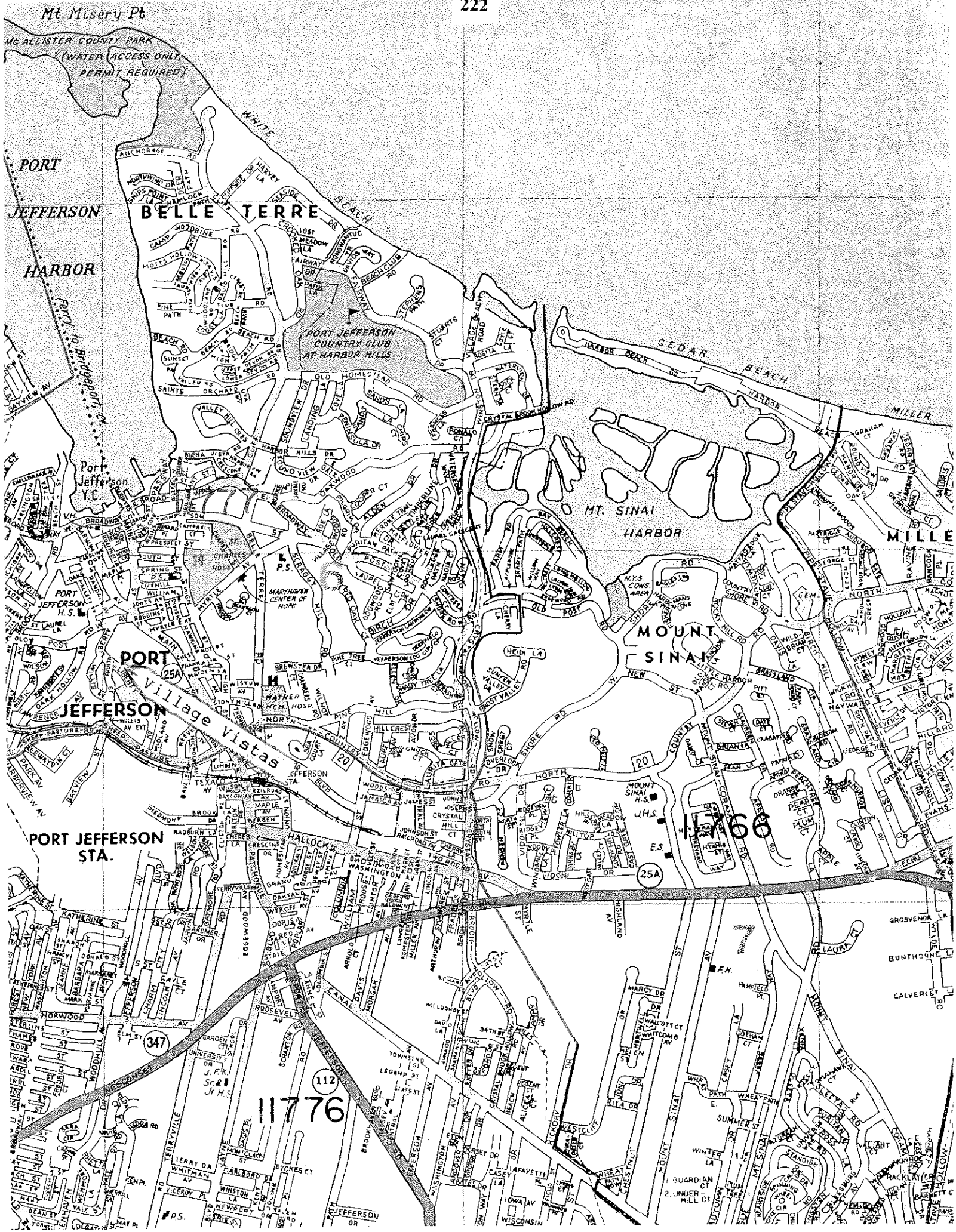


Frances Campani



SCHEDULE G-1

AREA MAP

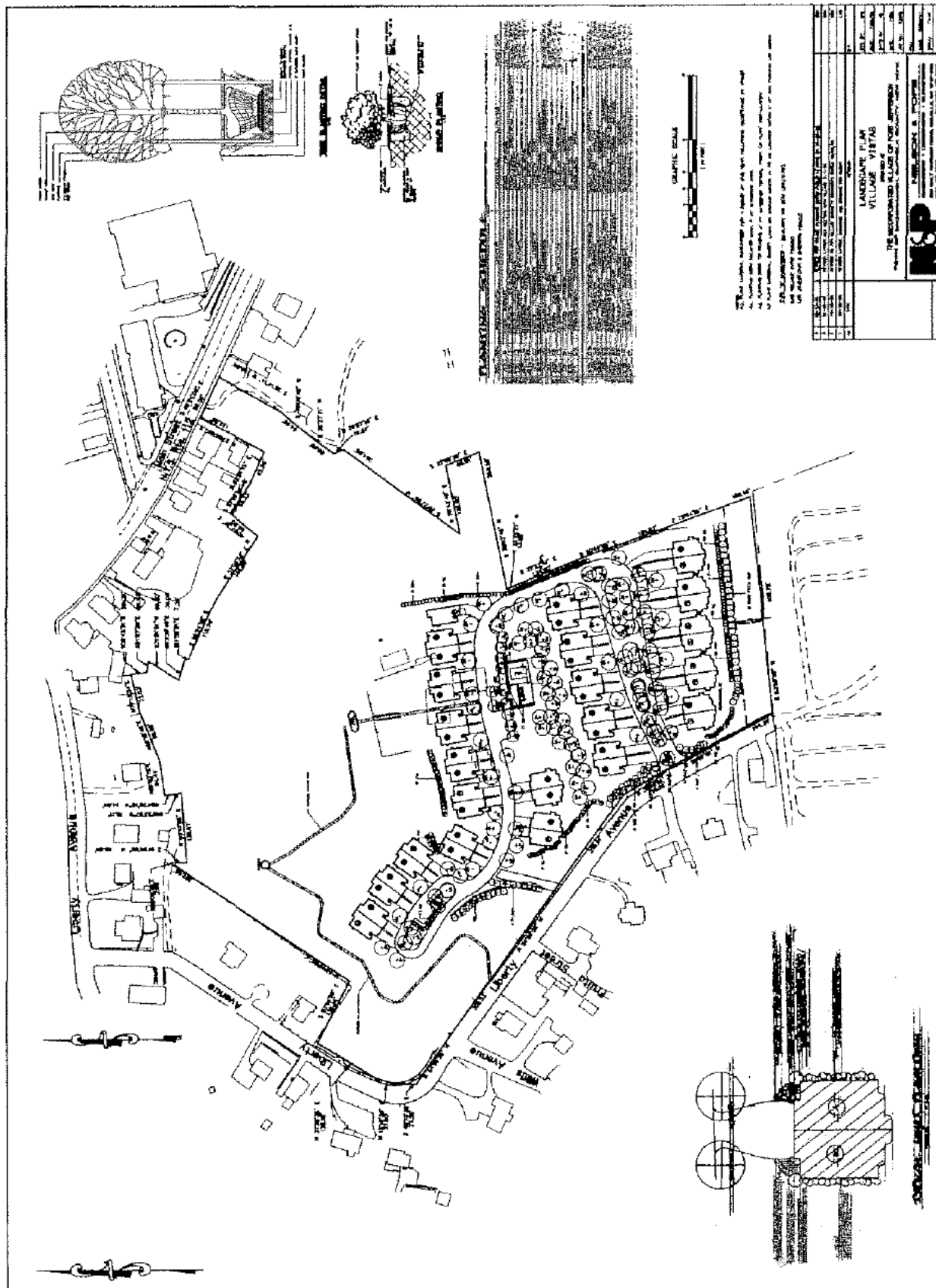


SCHEDULE G-2

SITE PLAN

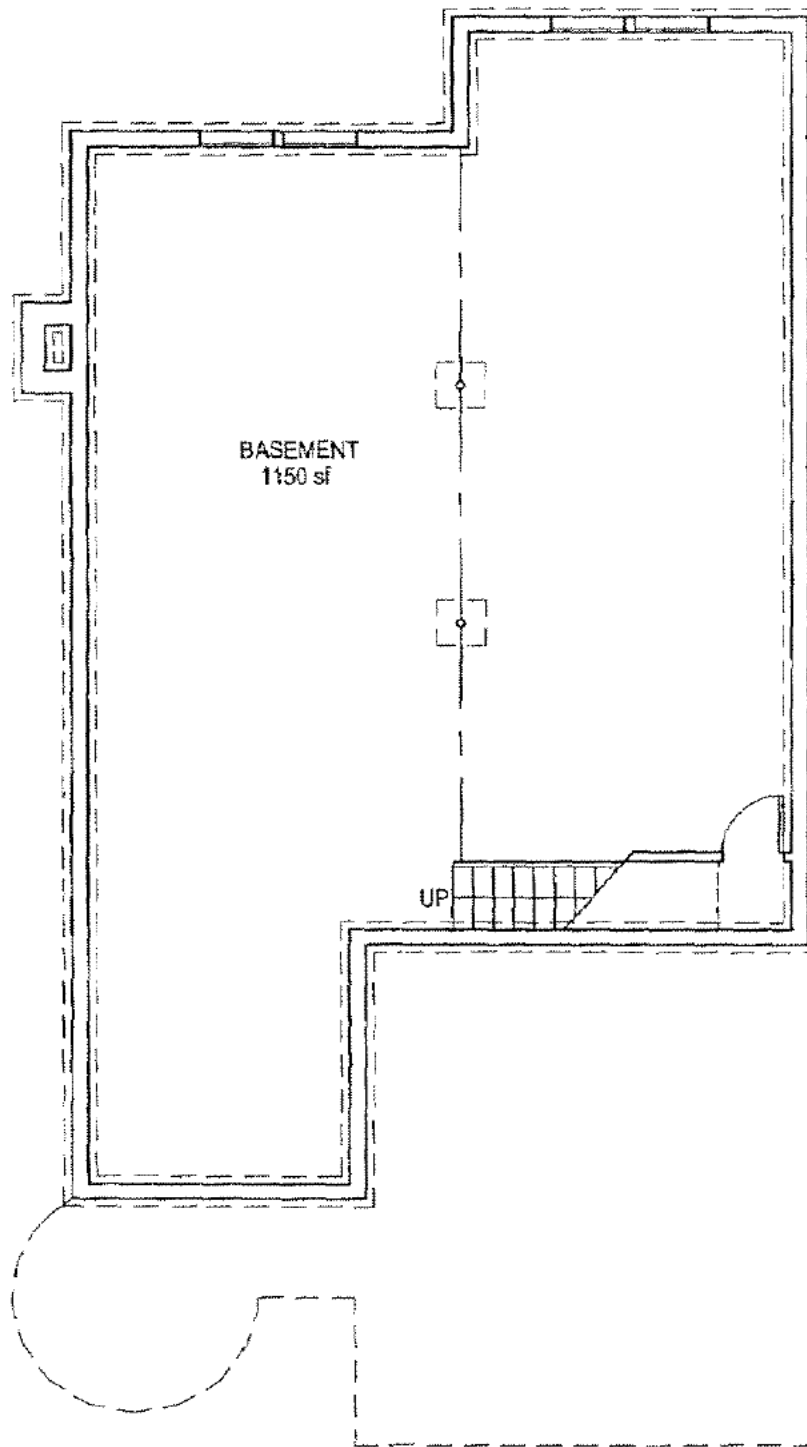
SCHEDULE G-3

LANDSCAPE PLAN



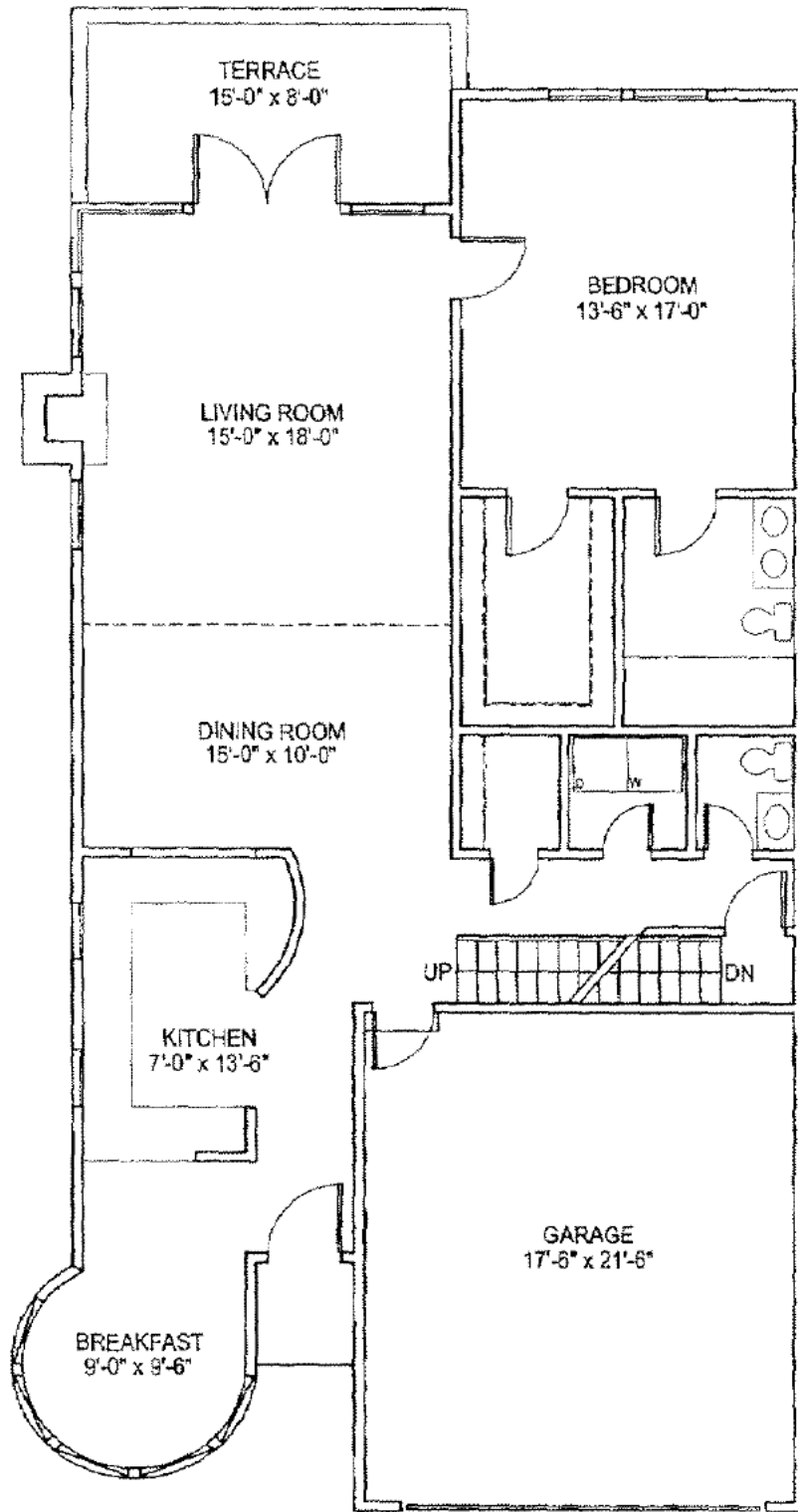
SCHEDULE G-4

FLOOR PLANS



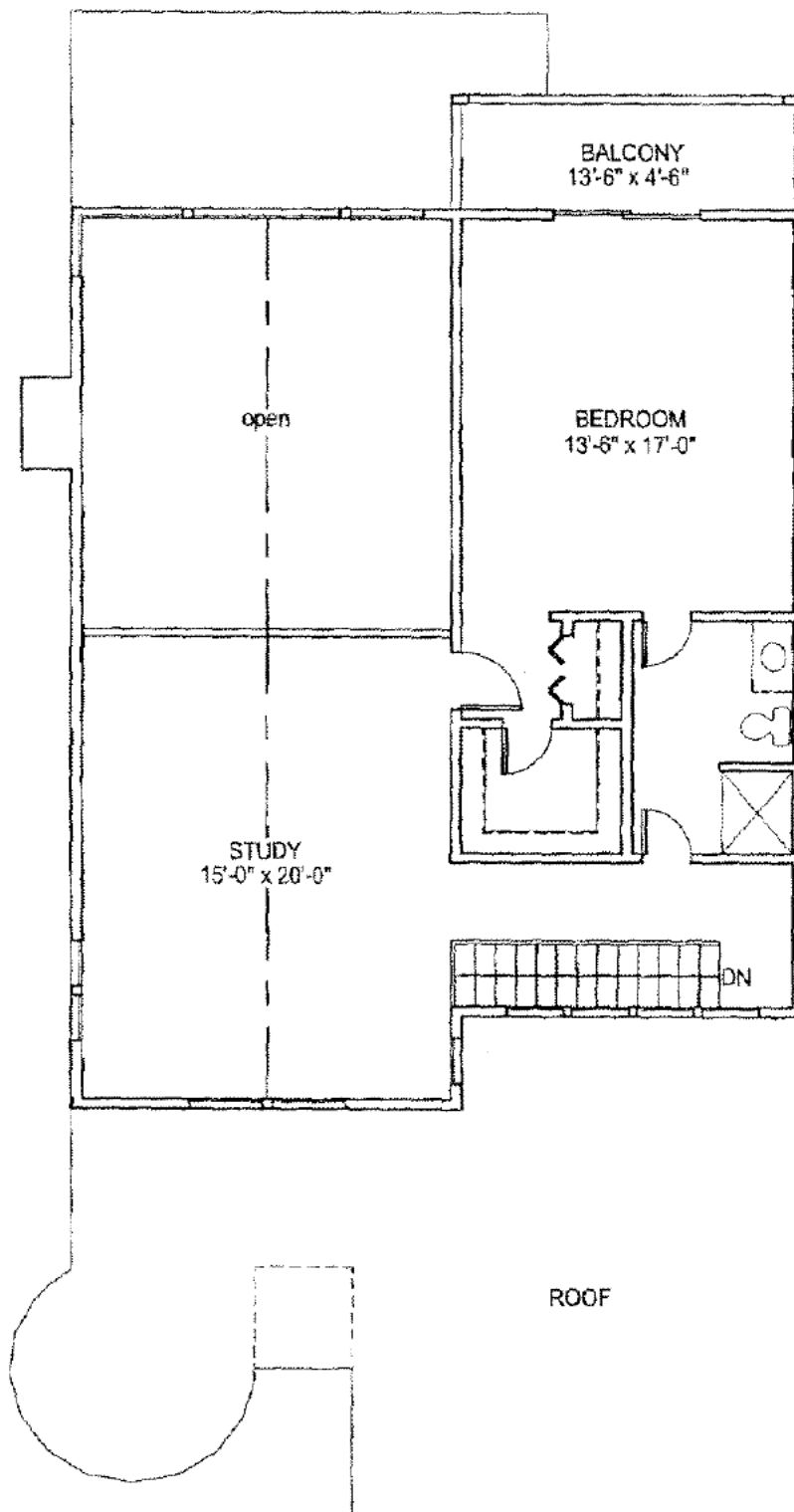
UNIT TYPE 'A' - BASEMENT PLAN

SCALE: 1/8" = 1'-0"
1150 sq. ft.



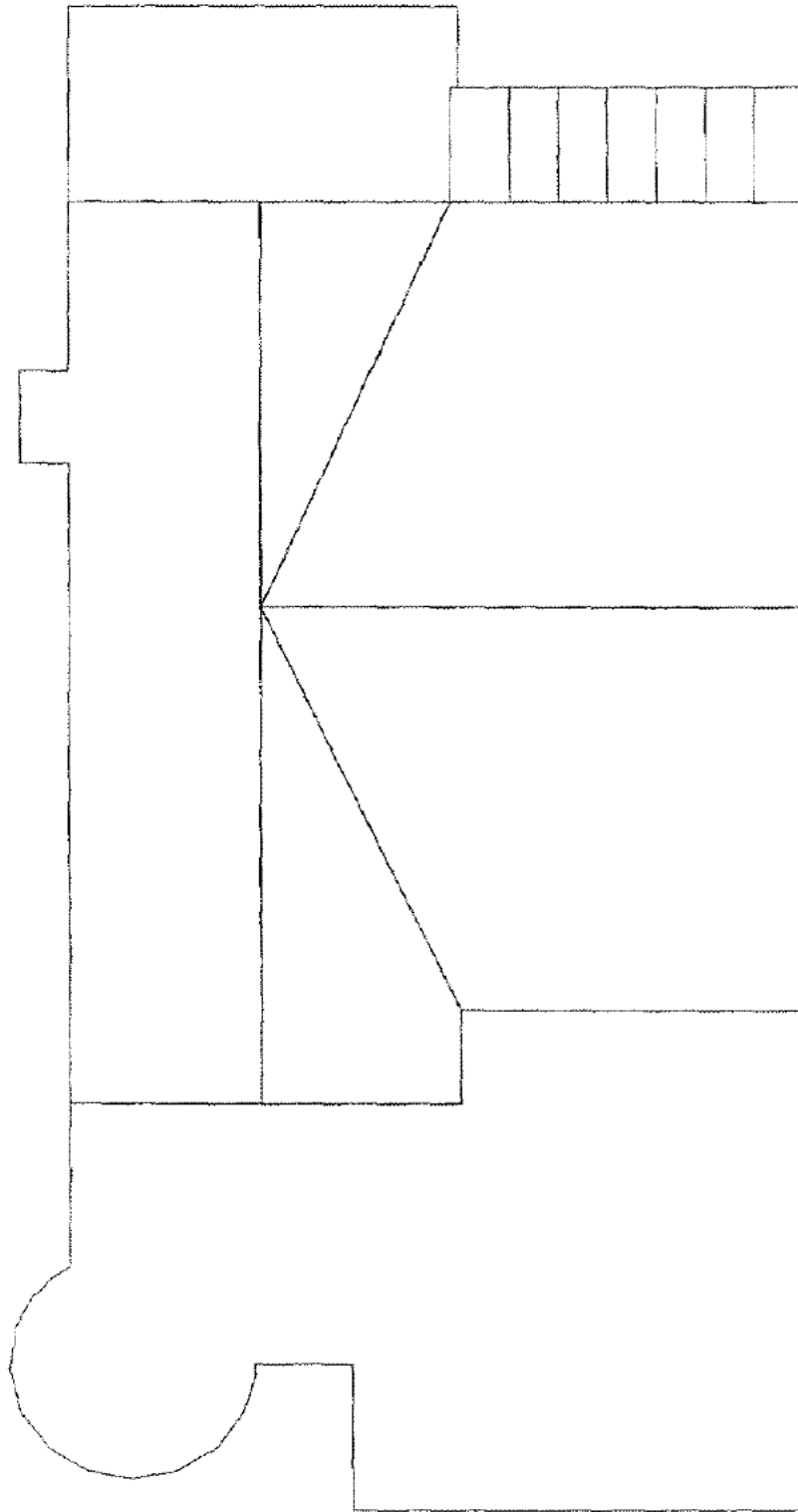
UNIT TYPE 'A' - FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"
1269 sq. ft.



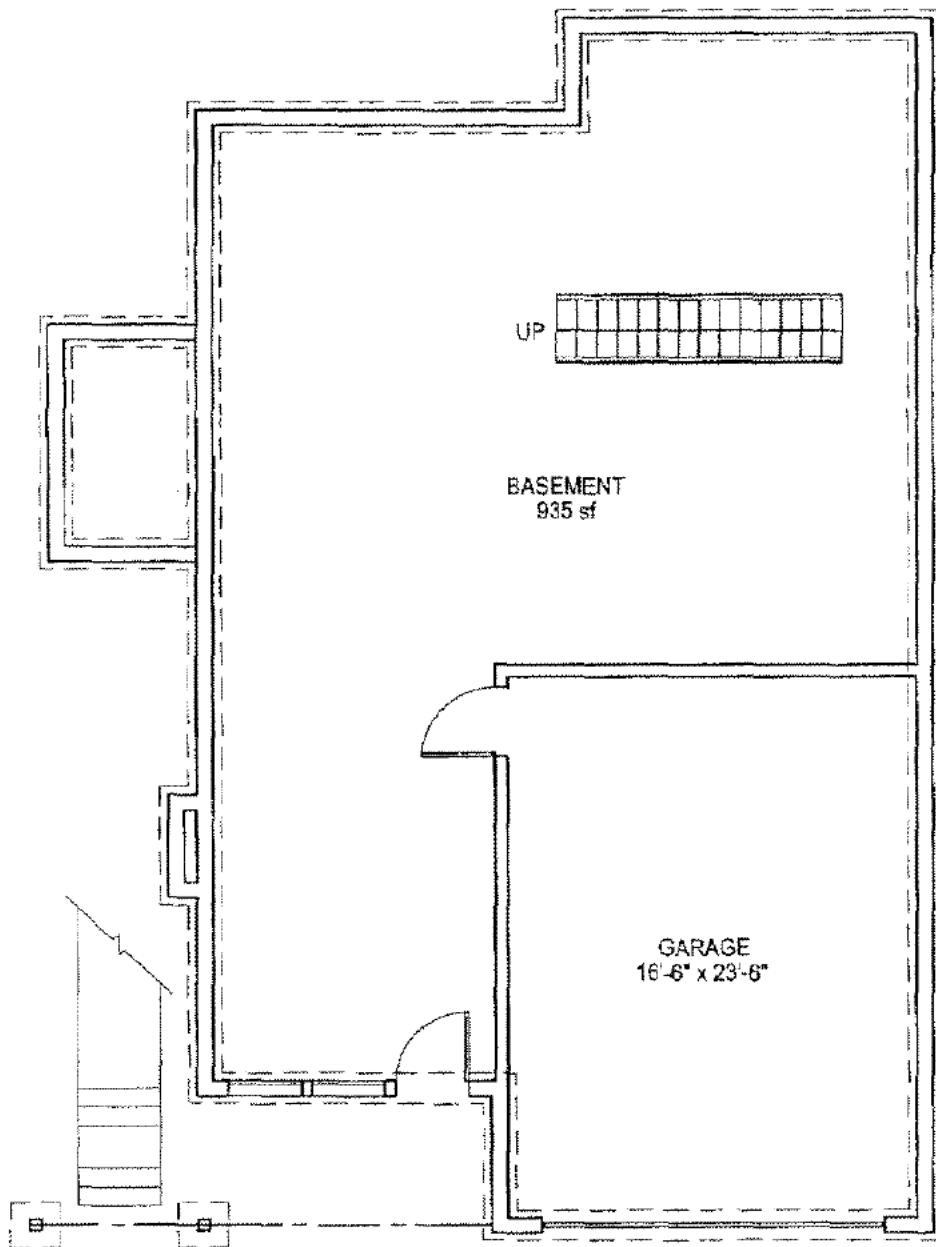
UNIT TYPE 'A' - SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"
790 sq. ft.



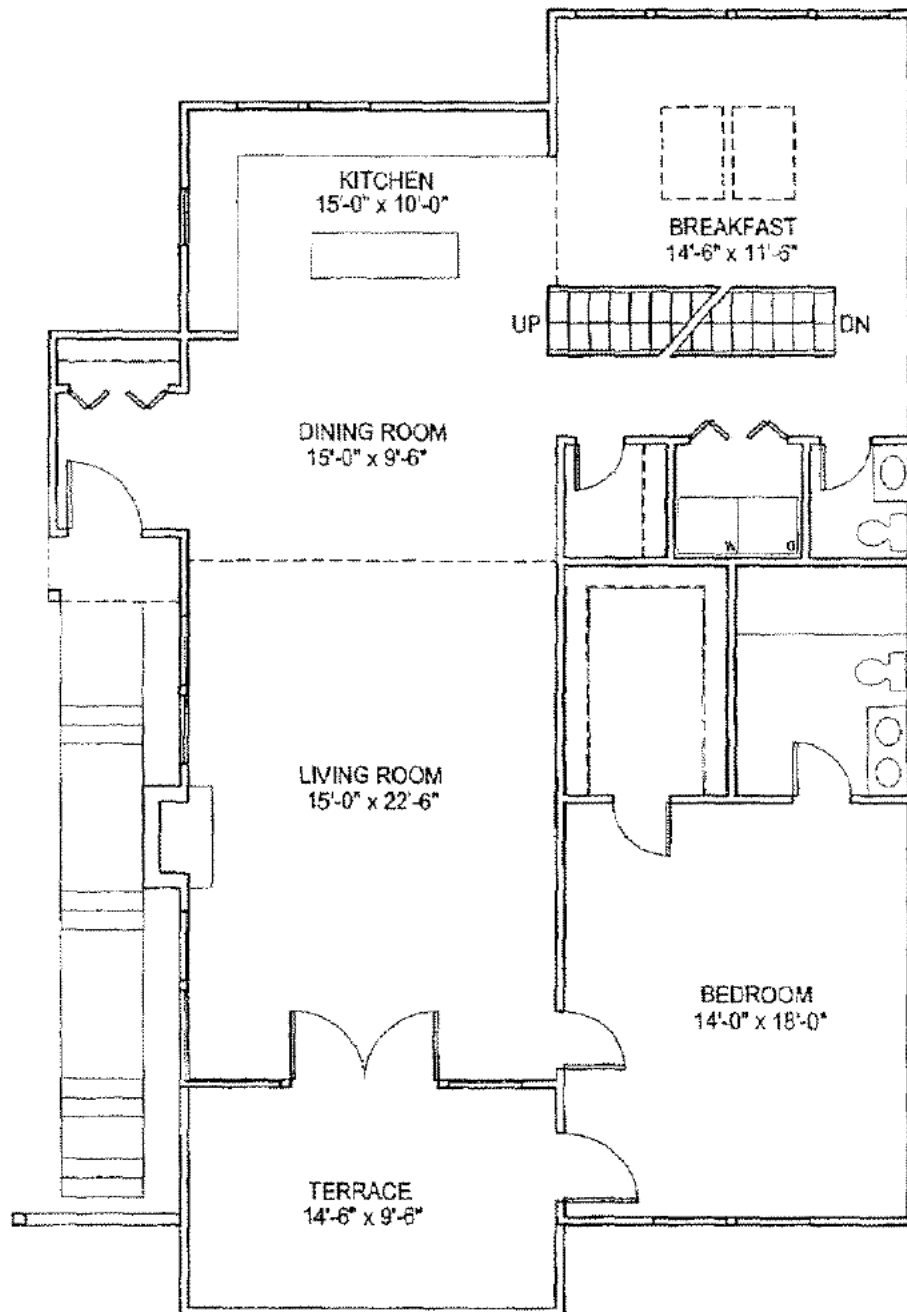
UNIT TYPE 'A' - ROOF PLAN

SCALE: 1/8" = 1'-0"



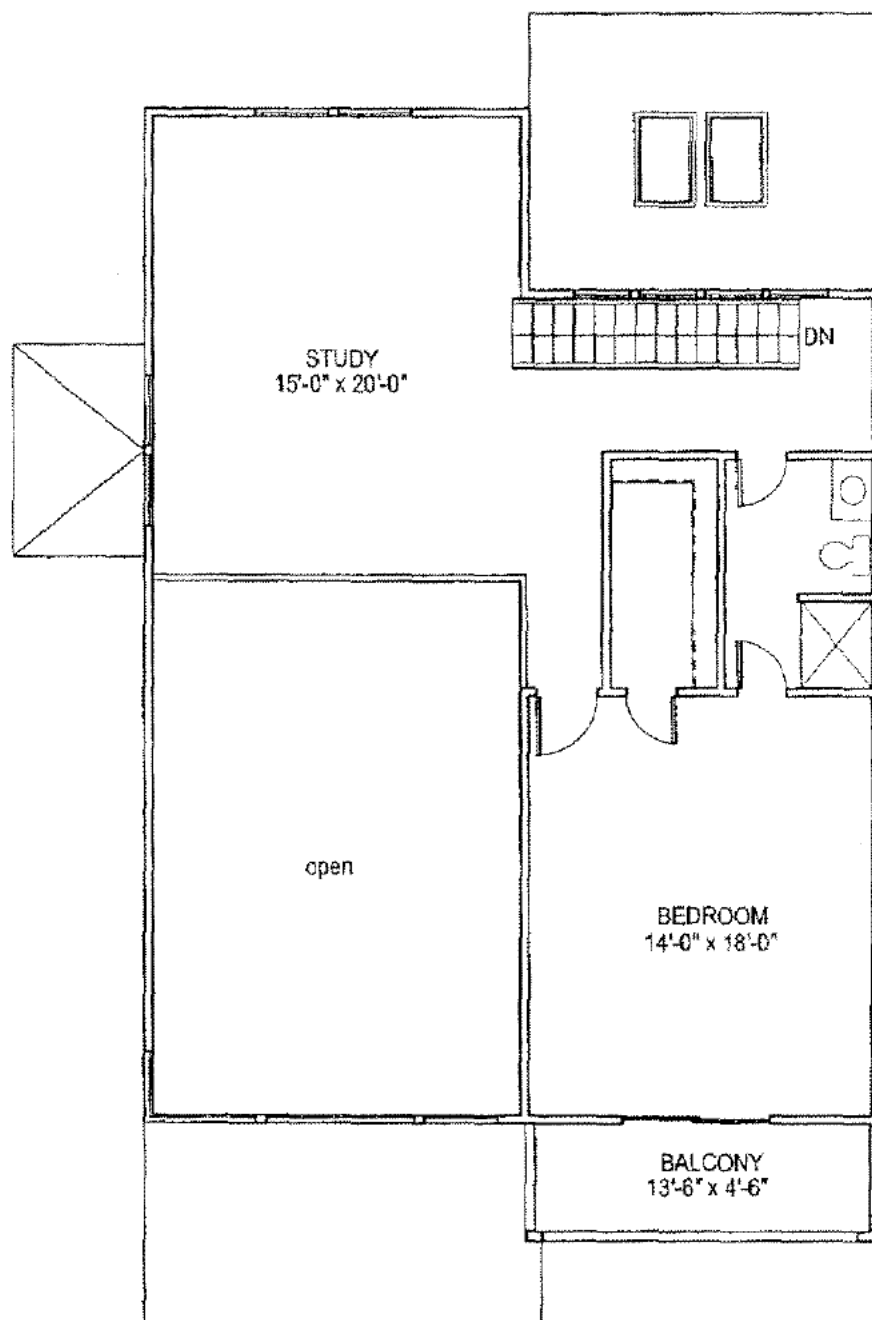
UNIT TYPE 'B' - BASEMENT PLAN

SCALE: 1/8" = 1'-0"
935 sq. ft.



UNIT TYPE 'B' - FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"
1427 sq. ft.



UNIT TYPE 'B' - SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

792 948x

SCHEDULE G-5

FLOOR PLAN OF CLUB HOUSE

LP

10 HIGH WINDOWS

KITCHEN

STOR AGE

EXERCISE PM.

16 x 26

POOL
ENTRY

40

40

GREAT ROOM

32 x 26

ENTRY

forth

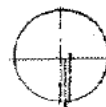
12-011

27-01

39-011

CLUBHOUSE

CLUBHOUSE 10" x 1'-0"
1776 SQ. FT. TOTAL GROSS



SCHEDULE G-6

FEE TITLE DESCRIPTION

FEE TITLE DESCRIPTION

A "Home" as hereinafter referred to shall be defined as follows:

"Each Home is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower surface of the concrete slab or sub-floor forming the floor of the Home up to the exterior surface of the sheetrock or other material forming the ceiling of the Home. Doors, stairs, windows, interior walls, fire places and garages which abut a Home are part of the Home. The Description of Homes set forth herein pertains to the location of the walls, floors and roof of the Homes as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration".

SCHEDULE H

DECLARATION OF CONDOMINIUM

DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
OF PREMISES LOCATED IN THE VILLAGE OF PORT JEFFERSON
TOWN OF BROOKHAVEN,
SUFFOLK COUNTY, STATE OF NEW YORK,
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY
LAW OF THE STATE OF NEW YORK.

NAME: **VILLAGE VISTAS CONDOMINIUM**

SPONSOR: **LIBERTY MEADOWS, LLC**
1 Rabro Drive, Suite 100
Hauppauge, New York 11788

DATE OF DECLARATION:

CERTILMAN BALIN ADLER & HYMAN, LLP

The Financial Center at Mitchel Field
Attorneys for the Sponsor
90 Merrick Avenue
East Meadow, NY 11554

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PLAN OF CONDOMINIUM HOME OWNERSHIP

DECLARATION OF VILLAGE VISTAS CONDOMINIUM

PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

In the Village of Port Jefferson, Town of Brookhaven, Suffolk County, State of New York on this day of , 2006, Liberty Meadows, LLC, a New York Limited Liability Company, organized and existing under the laws of the State of New York, whose principal office is situated in the County of Suffolk, State of New York, hereinafter referred to as the "Owner" represented in this Declaration by , who is fully empowered and qualified to execute this Declaration on behalf of the Corporation, does hereby state:

FIRST: Submission of Property. By this Declaration the Owner submits the property described in this Declaration, including the land and the Buildings and all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Owner owns all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Village of Port Jefferson, Town of Brookhaven, Suffolk County, State of New York, and more particularly bounded and described on Schedule A annexed hereto and made a part hereto.

THIRD: Definitions.

(a) The Owner of each Home is hereinafter referred to as the "Home Owner." Every Home Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Home Owner's vote referred to in Article EIGHTH of this Declaration.

(b) A "Home" as hereinafter referred to shall be defined as follows: Each Home is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower

surface of the concrete slab or sub-floor forming the floor of the Home up to the exterior surface of the sheetrock or other material forming the ceiling of the Home. Doors, windows, stairways, interior walls and fire places which abut a Home are part of the Home. The Description of Homes set forth herein pertains to the location of the walls, floors and roof of the Homes as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration.

(c) "Owner" or "Sponsor" shall mean and refer to Liberty Meadows, LLC and its successors and assigns.

(d) A "Building" as hereinafter referred to shall be defined as a number of Homes all of which are constructed under a continuous roof.

(e) "Party Wall" as hereinafter referred to shall be defined as a wall which is common to and separates two Homes.

(f) "Condominium" as hereinafter referred to shall mean Village Vistas Condominium which is composed of the Home Owners.

(g) The term "Home" and "Home Owner" as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH: Community. The Owner is constructing on the parcel of land described above a Condominium Home Community known as Village Vistas Condominium, according to the plans filed simultaneously with the recording of this Declaration in the Office of the Clerk of Suffolk County, which Plans set forth a description of the buildings stating the number of stories and number of Homes.

The Community will consist of forty-three (43) Homes to be located in twenty-two (22) buildings each containing two (2) stories as set forth on the Plot Plan filed simultaneously herewith. The Homes are constructed of concrete foundations, wood stud walls and asphalt shingle roofs. Each of the Homes has access to a public street by means of a walk or driveway. For the purposes of describing the location of the buildings, approximate area, type and number of rooms of each Home and the common elements to which each Home has immediate access, each Home is described on Exhibit A annexed hereto. Each Home will be sold to one or more Owners, each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Home, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration, and referred to as the "common elements", all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the Owner and the Home Owner at the time of construction of the Home.

The aforesaid Community has a total plot area of approximately 18.45 acres.

FIFTH: Common Elements. The common elements of the Community will consist of all of the Community, except the Homes, including, but without limitation, outside walls and roofs of the Buildings, the land, building and improvements (other than the Homes) comprising the Community (including the land under the Homes and under the improvements), all utility or other pipes and material located outside of the Homes and the common parking area.

IRREVOCABLY RESTRICTED AREAS

Certain portions of the common elements are irrevocably restricted in use to specified Home Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Home or common element and subject to the rules of the Board of Managers (see By-Laws, Article VIII). Any portion of the common elements which is not restricted in use may be used by any Home Owner. The common elements are not subject to partition nor are they severable from the Homes except in accordance with the Real Property Law. Following are detailed descriptions of the irrevocably restricted common elements:

1. Any heating or air conditioning unit located in the Common Elements and servicing a particular Home is restricted in use to the owner of such Home.
2. The driveways located in front of the garage of each Home is restricted in use to the owner of such Home.
3. Any patio or deck located adjacent to a Home is restricted in use to such Home.
4. The land located beneath each Home is restricted in use to the owner of such Home.

The common elements shall remain undivided and no Home Owner shall bring any action for partition or division unless otherwise provided by law.

The percentage of the undivided interest in the common elements established herein shall not be changed except with the consent of all of the Home Owners affected expressed in a duly recorded amendment to this Declaration.

The undivided interest in the common elements shall not be separated from the Home to which it appertains and shall be deemed conveyed or encumbered with the Home even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: Easements. All pipes, wires, conduits and public utility lines located within each Home shall be owned by such Home Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements including electric meter banks located on the exterior of a home and servicing one or more other homes, will be owned in common by the Home Owners. Every Home Owner shall have an easement in common with the owners of other Homes to maintain and use all pipes, wires, conduits and public utility lines located in other Homes and servicing such Home Owner's Home. Each Home shall be subject to an easement in favor of the Home Owners of other Homes to maintain and use the pipes, wires, conduits and public utility lines servicing such other Homes and located in such Home. The Board of Managers shall have a right of access to each Home for maintenance, repair or improvements to any pipes, wires, conduits and public utility lines located in any Home and servicing any other Home. The cost of such repairs shall be a common expense. The Board of Managers shall have a right of access to all common elements for maintenance, repair or improvement whether such common elements are restricted or not.

The Owner, its successors, assigns, and Purchasers, reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of Homes and facilities in the Condominium and towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television and other utilities and for any other materials or services necessary for the completion of the work. The Owner, its successors, assigns, and Purchasers, also reserve the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Finally, the Owner, its successors, assigns and Purchasers reserve the right to continue to use the common elements and any facilities, sales offices, model homes, signs and parking spaces located on the common elements, in its efforts to market homes constructed in the Condominium and to complete construction of the Condominium. This paragraph shall not be amended without the consent of the Owner.

All emergency vehicles and personnel, including, but not limited to, police, fire and medical purposes shall be granted an easement of ingress and egress over, upon and through the internal roadways in Village Vistas Condominium for ingress and egress to a public road, if necessary. This Paragraph may not be amended by the Home Owner's in the Condominium.

SEVENTH: Service of Process: Service of process on the Home Owners in any action with relation to the common elements shall be made upon the Secretary of State as the agent of the Board of Managers of the Condominium. The post office address to which the Secretary of State shall mail a copy of any process against this Condominium served upon him as agent of this Condominium during the period the Declarant controls the Board of Managers is: Liberty Meadows, LLC, 1 Rabro Drive,

Suite 100, Hauppauge, New York 11788. Once the Declarant no longer controls the Board of Managers, the Board of Managers must notify the Secretary of State that the post office address to which the Secretary of State shall mail a copy of any process against this Condominium served upon him as agent of this Condominium is: Board of Managers, Village Vistas Condominium, Liberty Avenue, Port Jefferson, New York 11777.

EIGHTH: Common Interest. Each Home Owner shall have such percentage interest in the common elements as is set forth in Exhibit A attached hereto and shall bear such percentage of the common expenses of the Condominium. Each Home Owner shall have one vote for all voting purposes at any meeting of the Home Owners. The percentage of interest of each Home in the common elements has been based on equal percentages - one for each Home as of the date of recording this Declaration.

NINTH: Administration. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-Laws which are made a part of this Declaration and are attached hereto as Exhibit B.

TENTH: Amendments and Withdrawal.

(a) The dedication of the property to Condominium ownership herein shall not be revoked or the property withdrawn from Condominium ownership unless 80% of the Home Owners in number and in common interest and the first mortgagees, if any, of each of these same homes agree to such revocation or removal of the property from the Plan by duly recorded instruments.

(b) The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the Home Owners in number held at a duly-called meeting of the Home Owners, provided however, that:

(i) No amendment shall change any condominium parcel, nor a home owner's proportionate share of the common charges, nor the voting rights appurtenant to any home, unless all of record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same homes agree to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees.

There shall be a presumption for a period of 60 days subsequent to the recording of the amendment that the vote of the home owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the 60 day period such presumption will be deemed conclusive.

(c) The Owner, its successors and assigns shall have the right without vote or consent of the Home Owners, the Board of Managers or the holders of Home mortgages to execute or (on its request) to require the Board of Managers to execute and record in the Office of the Clerk of Suffolk County and elsewhere, if required by law, an amendment or amendments to this Declaration (together with such other documents, plan and maps as may be required to effectuate the same) to reflect (i) the certification by a registered architect or professional engineer, certifying that the floor plans filed as part of an amended Declaration are an accurate copy of portions of the plans of the building and fully and fairly depict the layout, location, designation and approximate dimensions of the Homes as built, or (ii) utility easements, or (iii) technical corrections to the Declaration to conform to other documents including but not limited to the Offering Plan or as-built plans (iv) to amend Exhibit A of this Declaration to conform the Model type, square footage and type and number of rooms and any other required information for a specified Home, so long as the appurtenant percentage of common interest does not change for said Home, or (v) the carrying out of other provisions of the Offering Plan of Village Vistas Condominium.

(d) Any amendment to this Declaration shall not take effect until it is recorded in the Office of the Clerk of Suffolk County.

Irrespective of any other provision of this Declaration, no action for partition or division of the common elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

ELEVENTH: Subject to Declaration, By-Laws, etc. All present or future Home Owners, tenants, future tenants, or any other person that might use the facilities of the Condominium in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Homes of the Condominium or the mere act of occupancy of any of said Homes shall signify that the provisions of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Home, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Home Owner shall constitute a lien on his Home prior to all other liens except: (a) tax or assessment liens on the Home by the taxing subdivisions of any governmental authority, including but not limited to State, County and Village taxing agencies; and (b) all sums unpaid on any first

mortgage of record encumbering any Home. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorneys' fees (but such right shall not be a lien against the Home). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Home Owners as a common expense. However, where the holder of an institutional mortgage of record, or other Purchaser of a Home at a foreclosure sale of an institutional mortgage, obtains title to the Home as a result of foreclosure, or the institutional mortgage holder obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Home shall not be subject to a lien for the payment of common charges chargeable to such Home which were assessed and became due prior to the acquisition of title to such Home by such acquirer. In such event, the unpaid balance of common charges will be charged to all other Home Owners as a common expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a bank, mortgage company, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Owner to a Purchaser of a Home or in which the Owner participates with one of the above.

Every Home Owner shall pay the common charges assessed against him when due and no Home Owner may exempt himself from liability for the payment of the common charges assessed against him by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Home. However, no Home Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Home made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-Laws.

THIRTEENTH: Homes Acquired by the Board. In the event any Home Owner shall convey his Home to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Home at a foreclosure sale in accordance with Article IX of the By-Laws, title to such Home or the rights to the lease of such Home shall be held by the Board of Managers or its designee on behalf of all of the other Home Owners.

In order to carry out the provisions of this Paragraph each Home Owner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or lease any such Home under whatever terms the Board may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Home under such terms as the Board in its sole discretion shall deem proper.

FOURTEENTH: Encroachments. The Home Owners agree that if any portion of a Home or the common elements (whether restricted in use to an individual Home Owner or not) encroaches upon another or shall hereinafter encroach upon

another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the Building is partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and is rebuilt, the Home Owners agree that encroachments of any portion of the Home or the common elements as aforescribed due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Building or reconstructed Building shall stand.

FIFTEENTH: Home Ownership. Upon the closing of title to a Home, a Purchaser shall automatically become a Home Owner in the Condominium and shall remain such until such time as he ceases to own the Home for any reason.

SIXTEENTH: Conveyance of a Home. In any conveyance of a Home, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the Grantee of the Home shall be jointly and severally liable with the Grantor for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid common charge against the Grantor and such Grantee shall not be liable for, nor shall the Home conveyed be subject to a lien for any unpaid common charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other Purchaser of a Home at a foreclosure sale of an institutional mortgage.

SEVENTEENTH: Covenants and Restrictions. The use of the Home by the Home Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Managers and the following covenants and restrictions:

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

(b) No alterations to any part of the common elements may be made and no structure may be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Home which would impair the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. All work done pursuant to this Section must be done in

accordance with all applicable rules, regulations, permits and zoning ordinances of any governmental agencies having jurisdiction thereof. All necessary approvals must be obtained and submitted to the Board of Managers upon submission of the written request for consent to do the work to the Board of Managers. The provisions of this paragraph shall not apply to Owner as it pertains to the initial construction of the Condominium or any work required to correct a problem raised in a warranty claim.

(c) Any interior alterations or improvements made to a Home shall be made in accordance with all applicable rules, regulations, permits and zoning ordinances of any governmental agencies having jurisdiction thereof.

(d) No building, fence, sign, statuary, wall or other structure, or change or alteration to the exterior of the Homes or color of the Homes or in the landscaping shall be commenced, erected, replaced, repaired or maintained, nor shall any exterior addition to, or change or alteration thereto, be made unless the Home Owner complies with requirements of the Architectural Control provisions contained in Article VIII, Section 7 of the Condominium By-Laws.

(e) Any Home Owner who mortgages his Home shall notify the Board of Managers providing the name and address of his mortgagee.

(f) The Board of Managers shall, at the request of the mortgagee of the Home, report any unpaid common charges due from the Home Owner of such Home.

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

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

(i) Regulations promulgated by the Board of Managers concerning the use of the property shall be observed by the Home Owners, provided, however, that copies of such regulations are furnished to each Home Owner prior to the time the said regulations become effective.

(j) The common charges shall be paid when due.

(k) No Home Owner may alter the landscaping located on the Common Elements without complying with the requirements of the Architectural Control provisions contained in Article VIII, Section 7 of the Condominium By-Laws.

(l) Occupancy and use of the Home should be restricted to residential occupancy in accordance with municipal requirements and occupancy of the Homes shall be limited to the following persons:

- (a) At least one person who is fifty-five (55) years of age or over;
- (b) A spouse greater than nineteen (19) years of age;
- (c) Children and/or grandchildren residing with their parents or grandparents where one (1) of said parents or grandparents, with whom the children or grandchildren are residing is fifty-five (55) years of age or older, provided that said children or grandchildren are over the age of nineteen (19) years;
- (d) Adults under fifty-five (55) years of age maybe admitted as permanent residents if it is established that the presence of such persons is essential for the physical care or economic support of eligible older persons..

EIGHTEENTH: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

LIBERTY MEADOWS, LLC

By: _____, Member

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

On the day of in the year 2006, before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

 Notary Public

EXHIBIT A

VILLAGE VISTAS CONDOMINIUM

HOME DESIGNATION	TAX LOT NUMBER	% OF COMMON INTEREST	APPROXIMATE SQUARE FOOTAGE	TYPE AND NUMBER OF ROOMS
---------------------	-------------------	----------------------------	-------------------------------	--------------------------

TO BE COMPLETED PRIOR TO RECORDING DECLARATION

SCHEDULE I

CONDOMINIUM BY-LAWS

**BY-LAWS
OF
VILLAGE VISTAS CONDOMINIUM**

CERTILMAN BALIN ADLER & HYMAN, LLP

The Financial Center at Mitchel Field
Attorneys for the Sponsor
90 Merrick Avenue
East Meadow, New York 11554

BY-LAWS
OF
VILLAGE VISTAS CONDOMINIUM

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BY-LAWS
OF
VILLAGE VISTAS CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Home Ownership. The property located at Liberty Avenue, Village of Port Jefferson, Town of Brookhaven, Suffolk County, as specifically set forth in the Declaration and more commonly known as Village Vistas Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the building and improvements thereon including the Condominium Homes (hereinafter referred to as "Homes"), and the common elements and the use and occupancy thereof, the Term "Building" as hereinafter used shall be defined as the exterior walls and roof of a Home or number of Homes all of which are constructed under a continuous roof or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Homes.

Section 3. Personal Application. All present or future Home Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Community in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Homes or the mere act of occupancy of any of said Homes will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

Section 4. Definitions. The definitions contained in the Declaration of Condominium shall be applicable to these By-Laws unless otherwise indicated.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The condominium shall be limited to Home Owners. "Home Owner" as referred to herein shall mean all of the owners of each Home.

Section 2. Voting. Each Home Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Homes) shall be entitled to cast one vote at all Home Owners' meetings for each

Home or Homes owned by such Home Owner, but in the event the Board of Managers acquires a Home on behalf of the Condominium it shall not cast any of its votes appurtenant to said Home for the election of any member to the Board.

Section 3. Quorum. So many Home Owners as shall represent at least 51% of the total authorized votes of all Home Owners present in person or represented by written proxy shall constitute a quorum at all meetings of the Home Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Homes Owners, the Home Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called. At such adjourned meeting so many Home Owners as shall represent at least 33 1/3% of the total authorized votes of all Home Owners shall constitute a quorum. If, however, such reduced quorum shall not be present or represented at such adjourned meeting of the Condominium, the Unit Owners entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least 5 days written notice of such adjourned meeting shall be given to all Unit Owners. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting originally called. At such adjourned meeting, so many Unit Owners as shall represent at least 25% of the total authorized votes of all Unit Owners shall constitute a quorum.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Home Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Home Owners, unless the question is one upon which, by express provisions of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Home Owners, every Home Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. Waiver and Consent. Whenever the vote of Home Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Home Owners may be dispensed with if all Home 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 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Home Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings Control of Board of Managers by Sponsor. The initial Board of Managers will call for the first annual meeting of the Home Owners to elect a new Board of Managers within one (1) year of the closing of the first Home. At such meeting, members of the Board of Managers shall be elected by the Home Owners, other than the members of the Board the Sponsor shall have the right to designate, and the former members of the Board shall thereupon resign. Thereafter annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Home Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Home Owners may also transact such other business of the Condominium as may properly come before them. The Sponsor will have voting control and may designate a majority of the Board of Managers until all of the Homes in the Condominium are closed.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Home Owners as directed by the Board of Managers or upon a petition signed by a majority of the Home Owners having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Home Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Report of officers
- (e) Report of committees
- (f) Election of inspectors of election (in the event there is an election)
- (g) Election of managers (in the event there is an election)
- (h) Unfinished business
- (i) New business

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term. The affairs of the Condominium shall be governed by a Board of Managers. The first Board of Managers shall consist of three Managers designated by the Sponsor who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of the Home Owners. Until succeeded by the Managers elected at the first annual meeting of Home Owners, Managers need not be Home Owners; thereafter, all Managers, other than designees or nominees of the Sponsor, shall be Home Owners. The Managers shall be elected or designated at the annual meeting of the Home Owners. At the first annual meeting of Home Owners called pursuant to Section 9 of Article II a total of five (5) Managers shall be elected or designated. All managers, other than those designated by the Sponsor, shall be elected by the Home Owners. The term of office of two (2) of the Managers shall be fixed for three (3) years, the term of office of two (2) of the Managers shall be fixed at two (2) years, and the term of office of one (1) of the Managers shall be fixed at one (1) year. Separate ballots shall be conducted for each of the three terms of office. Each Home Owner shall be entitled to cast one vote on each ballot for each Home he owns. The nominee on each of the ballots, as the case may be, receiving the highest number of votes on their ballot shall constitute the duly elected Board of Managers. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting. Notwithstanding the foregoing, the Sponsor shall have the right to designate a majority of the Board of Managers until all of the Homes in the Condominium are closed. This Section may not be amended without the written consent of Sponsor.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. If the vacancy occurs with respect to any member of the First Board of Managers (see Section 4 of this Article III) or any other manager who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term.

Section 3. Removal. Managers, other than Sponsor designated Members, may be removed for cause by an affirmative vote of a majority of the Home Owners. No manager, other than a member of the First Board of Managers or a designee of the Sponsor, shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner. In the event a Sponsor designee is removed for cause, the Sponsor shall have the sole right to designate a replacement.

Section 4. First Board of Managers. The first Board of Managers shall consist of three (3) managers designated by Sponsor, who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Home Owners. Any or all of said Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers.

A. The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the Condominium and do all such lawful acts and things as are not by Statute or by the Declaration or by these By-Laws, directed or required to be exercised or done by the Home Owners personally. These powers shall specifically include, but not be limited to, the following items:

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Home Owners pro-rata according to their respective common interest;

2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Homes, Buildings, and other common elements;

3. To make repairs, restore or alter any Homes or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owners as possible in connection with the maintenance, care, and preservation of the property;

5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

6. To insure and keep insured the common elements and Homes in accordance with Article VII of these By-Laws;

7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Home Owners of the property for violations of the house rules or rules and regulations herein referred to;

8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Home Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Home.

9. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of a manager in connection with the matters hereinabove set forth.

10. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation.

11. To acquire Homes in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Home so acquired and to vote as a Home Owner, offer such Home for sale or lease or take any other steps regarding such Home as shall be deemed proper by the Board of Managers;

12. To make additions, alterations or improvements to the common elements of the Community;

13. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that (i) the consent of at least 66-2/3% in number of all Home Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Home or its appurtenant interest in the common elements without the written consent of the Owner of said Home.

14. To act as an agent for one or more Home Owners to file a single complaint and bring a special proceeding on behalf of Home Owners who wish to contest the real estate tax assessments of their Home pursuant to Section 339-y(4) of the New York Property Law. In such event, the Board could retain counsel on behalf of such Home Owners and charge each Home Owner for whom it is acting a pro rata share of expenses, disbursements and legal fees, the payment for which would be secured by a lien on each Home. The Board of Managers is not obligated to perform such services and it is necessary to obtain the written authorization of the Home Owners.

15. To grant utility or other easements over or to the common elements as may, at any time, be required for the benefit of the Condominium and the Home Owners without the necessity of the consent thereto, or joinder therein, by the Home Owners or any mortgagee (except that if the granting of such easement impairs the ability of one or more Home Owners who have the right to use such common elements to the exclusion of any other Home Owner, the consent of all such affected Home Owners shall be required in writing before such easement shall be granted);

B. The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to include at least one (1) manager which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

C. Notwithstanding anything to the contrary contained in these By-Laws, for a period ending not more than five (5) years after the closing of the first Home or whenever the unsold Homes constitute less than twenty-five (25%) percent of the common interest, whichever is sooner, the Board of Managers may not, without the Sponsor's prior written consent: (i) make an addition, alteration or improvement to the common elements or to any Home, costing cumulatively more than \$5,000, the foregoing not to include necessary repairs and maintenance work, or (ii) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, in excess of the reserve for contingencies contained in the condominium budget for the first year of operation, (iii) hire any employee in addition to the employees referred to in the Plan of Condominium ownership, or (iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date of closing of the First Home, or (v) borrow money on behalf of the Condominium, or of the Offering Plan (vi) reduce the services or maintenance set forth in the Condominium budget for the first year of operation, or (vii) charge any special assessment for a non-budgeted item unless required by law, municipal agency, emergency or for the health and safety of the condominium; or (viii) increase the common charges of the Condominium more than ten (10%) from the prior year's budget, unless documentation is provided to the Sponsor in the nature of a financial statement, bids from contractors or verified increases in utility rates, evidencing the need for an increase greater than ten (10%) percent or (ix) utilize Condominium funds to commence a law suit against the Sponsor or any of its Principals in connection with a matter pertaining to the Condominium. The above provisions do not apply if there is an increase in the budget or an assessment as a result of expenses required (i) to comply with applicable laws or regulations; or (ii) to remedy any work order by an insurer. The provisions of this paragraph may not be amended without the written consent of Sponsor.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any public utility lines as are located in the common elements and serve one or more Homes, and exterior maintenance shall be a common expense. All maintenance (including electrical and plumbing repairs in the Homes and painting and

decorating of the inside of the Homes), repairs and replacements to the Homes including windows (including all glass breakage), doors, windows and doors which open from a Home (except painting and maintenance of the exterior surface which is performed by the Board of Managers), and repairs to any heating/air conditioning system servicing a unit, pipes, wires and conduits located within or without the same Home other than as set forth above shall be made by the respective Home Owners at their own expense. In addition, all costs and maintenance associated with a limited common element appurtenant to a Home shall be the sole responsibility of the Board of Managers and the cost thereof shall be a common expense, except for minor repairs and general cleaning which shall be the sole responsibility of the Home Owner. However, the Board of Managers shall repair and replace any public utility lines located underground or overhead of any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Home Owner to which the common element is restricted in use, in which event such Home Owner shall make such repairs or replacements at his own expense. The Board of Managers and its agents, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. All replacements, repairs, painting or maintenance, whether made by the Home Owner or by the Board of Managers to the doors, windows, or the exterior surface of the Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such a manner so as to conform to the materials, style and color initially provided by the Sponsor and shall comply with the requirements of the Architectural Control provisions contained in Article VIII, Section 7, of these By-Laws. In the event that a Home Owner fails to make any maintenance or repair which maintenance or repair is necessary to protect any of the common elements or any other Home, the Board of Managers shall have the right to make such maintenance or repair (after the failure of the Home Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of any emergency situation) and to charge the Home Owner for the cost of all such repairs and/or maintenance. In the event that the Board of Managers charges a Home Owner for repairs or maintenance to his Home or for repairs to any common element restricted in use to such Home Owner, and the Home Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Home Owner shall be liable for the reasonable Attorneys' fees and costs of such suit or proceeding together with interest on all sums due.

Section 7. Compensation. Managers and officers, as such, shall receive no compensation for their services.

Section 8. Meetings. (a) The first meeting of each Board newly elected by the Home Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Home Owners meetings, and immediately after the adjournment of same,

at which time the dates, places and times of regularly scheduled meetings of the Board shall take place.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days notice to each manager either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) managers.

(d) At all meetings of the Board, a majority of the managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meetings of managers, the managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

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

(f) Members of the Board may participate in a meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Home Owners and their mortgagees and shall present annually (at the annual meeting, but in no event later than four months after the close of the fiscal year) and when called for by a vote of the Home Owners at any special meeting of the Home Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Home Owner and a notice of the holding of the annual Home Owners meeting.

Section 10. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

Section 11. Liability of the Board of Managers, Officers and Home Owners.

Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers, as agent for the Home Owners as a group only and that no member of the Board of Managers, Officer of the Condominium nor individual Home Owners shall be liable for such contract, agreement or commitment. The Home Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Home Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Home Owners. The Board of Managers and Officers of the Condominium shall have no liability to the Home Owners in the management of the Community except for wilful misconduct or bad faith and the Home Owners shall severally indemnify all members of the Board of Managers and Officers of the Condominium against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of wilful misconduct or acts made in bad faith. Such several liability of the Home Owners shall, however, be limited as to each Home Owner to such proportion of the total liability thereunder as such Home Owner's common interest bears to the common interest of all Home Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Home Owners, members of the First Board of Managers or designated members of the Board of Managers of the Sponsor.

Section 2. Election. The Board of Managers at its first meeting after each annual Home Owners Meeting shall elect a president, a vice president, a secretary and a treasurer. Only the president must be a member of the Board.

Section 3. Appointive Officers. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Home Owners and Managers, he shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Home Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Home Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Home which, among other things, shall contain the amount of each assessment of common charges against such Home, the date when due, the amounts paid thereon and the balance remaining unpaid.

Section 9. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any manager or Home Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Home Owner at such address as appears on the books of the Condominium.

Section 2. Service of Notice-Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and supplement to the budget to every Home Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Homes and prorated against each of said Homes according to the respective common interest appurtenant to such Homes. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Home or the common elements restricted to the use of the Home Owner of said Home. Said assessments shall be payable monthly or such other manner as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments.

The Home Owner agrees to pay promptly when due the monthly common charges and all special assessments assessed against his own Home. In the event any Home Owner fails to make payment of his Common Charge, the Home Owner who owns such Home shall be obligated to pay (a) a "late charge" of \$.04 for each \$1.00 of such amounts which remain unpaid for more than ten (10) days from their due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid) and (b) interest at the rate of 2% per month (but in no event in excess of the maximum rate theretofore collected on such amounts) computed from the

due date thereof, and (c) all expenses, including, without limitation, attorneys' fees paid or incurred by the Board or by any Managing Agent in any proceeding brought to collect such unpaid Common Charges or in an action to foreclose the lien on such Home Owner's Home arising from said unpaid Common Charges in the manner permitted by applicable law. All such "late charges", interest and expenses shall be added to and shall constitute Common Charges payable by such Home Owner. In addition, in the event of a default in payment of common charge assessments by any Home Owner, the Board, at its sole option, may declare the common charge assessment on said Home Owner's Home for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board shall send notice to the delinquent Home Owner and the mortgagee, if any, of such Home giving the Home Owner a five day grace period in which to make his payment. The Board may take action to collect any common charges due from any Home Owner which remains unpaid 90 days from its due date by way of foreclosure of the lien on such Home in accordance with Section 339 of the Real Property Law or otherwise.

No Home Owner shall be liable for any common charges which accrue against his Home subsequent to a sale, transfer or other conveyance by him of his Home in accordance with these By-Laws and the Declaration. A Purchaser of a Home (other than a mortgagee or a Purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Home and unpaid at the time of the purchase.

Section 3. Foreclosures of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Home at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Home because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Home. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Home.

Section 4. Statement of Common Charges. Upon the written request of any Home Owner or his mortgagee, the Board shall promptly furnish such Home Owner or his mortgagee with a written statement of the unpaid common charges due from such Home Owner.

Section 5. Liability for Utilities. Any utility, including gas and electricity, consumed in the Homes shall be an expense of each individual Home Owner.

Section 6. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Homes. Disbursements from said account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Homes.

Section 7. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purpose.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fidelity insurance covering all officers, Board members, employees and the managing agent or agents who handle funds of the Condominium; fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring all of the Buildings in the Condominium (but not including furniture, furnishings or other personal property supplied or installed by Home Owners), together with all heating, air-conditioning and other service machinery, contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Building. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Home which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if \$100,000 or less, shall be payable to the Board of Managers, and if more than \$100,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Home in an amount as required by the mortgagee of such Home and such amount will be increased upon the closing of title to all Homes and until the first meeting of the Board of Managers following the first Home Owners meeting, such amount shall be on a replacement cost basis. All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Home Owners or of the invalidity arising from any acts of the insured or any Home Owners, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of Homes. Duplicate originals of all policies of physical damage insurance and of all renewals thereof together with proof of payment of premiums, shall be delivered to all mortgagees of Homes at least ten (10) days prior to expiration of then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent and each Home Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Home Owners meeting, such public liability insurance shall be in a single limit of \$1,000,000 covering all claims for bodily injury and for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Home.

Home Owners shall not be prohibited from carrying other insurance for their own benefit provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Home Owner.

Section 2. The Insurance Trustee. A New York Bank or Trust Company shall be the Insurance Trustee and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Buildings (including any damaged Homes, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Home Owners in the Homes), and the Board of Managers 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. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Home Owners for such deficit as part of the common charges.

If 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceed of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers or the

Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out of the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

Section 1. In addition to the other provisions of these By-Laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Homes and the conduct of all residents thereof.

Section 2. All Homes shall be used and occupied for residential purposes only in accordance with municipal regulations and occupancy of the Homes shall be limited to the following persons:

- (a) At least one person who is fifty-five (55) years of age or over;
- (b) A spouse greater than nineteen (19) years of age;
- (c) Children and/or grandchildren residing with their parents or grandparents where one (1) of said parents or grandparents, with whom the children or grandchildren are residing is fifty-five (55) years of age or older, provided that said children or grandchildren are over the age of nineteen (19) years;
- (d) Adults under fifty-five (55) years of age maybe admitted as permanent residents if it is established that he presence of such persons is essential for the physical care or economic support of eligible older persons..

Section 3. Owners of a Home, members of their families, their employees, guests and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 4. The common elements shall not be obstructed, littered, defaced or misused in any manner.

Section 5. Every Home Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Home Owner or such other person for whose conduct he is legally responsible.

Section 6.

(a) Every Home Owner must perform promptly all maintenance and repair work to his own Home which, if omitted, would affect the Community in its entirety or in a part belonging to other Home Owners, or the building of which his Home forms a part, he

being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs to internal installations of the Home located in and servicing only that Home, such as telephones and sanitary installations shall be at the Home Owner's expense.

Section 7. A Home Owner may not make any alterations to any part of the common elements nor may any structure be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Home which would impair the structural soundness of the building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. All work done pursuant to this Section must be done in accordance with all applicable rules, regulations, permits and zoning ordinances of any governmental agencies having jurisdiction thereof. All necessary approvals must be obtained and submitted to the Board of Managers upon submission of the written request for consent to do the work to the Board of Managers. Any interior alterations or improvements made to a Unit shall be made in accordance with all applicable rules, regulations and zoning ordinances of any governmental agencies having jurisdiction thereof. This paragraph shall not apply to Sponsor as it pertains to the initial construction of the Condominium or any work required to correct a problem raised in a warranty claim.

Section 8.

(a) No resident of the Condominium shall post any signs, advertisement, or posters of any kind in or on the Condominium including "For Sale" and "For Rent" signs except as authorized and approved by the Board of Managers.

(b) It is prohibited to hang garments, rugs, etc., from the windows or from the Building or to string clothes lines on or over the common elements or to use any of the common elements for storage purposes.

(c) Commercial license plate vehicles may not be parked in the Community for a period in excess of 24 hours.

(d) No person shall park an automobile, boat, trailer, off-track vehicle, camper, bus, truck, snowmobile or other commercial or recreational vehicle (collectively "Vehicles") or otherwise obstruct any Home Owner's use of ingress or egress to any driveway, or parking space, nor may any Vehicle be parked on the Common Areas except in designated parking areas.

(e) No repair of a Vehicle as referred in (e) above shall be made in any of the roadways, driveways or parking areas of the Condominium, nor shall such areas be used for storage or overnight parking of any Vehicle as referred to in (e) above, except for a Members automobile, without the written permission of the Board.

(f) No television or radio antenna or any other type of receiving or transmitting antenna or structure shall be erected on the exterior Home without the prior written consent of the Board of Managers.

(g) No Home Owner shall do anything to his Home or the Common Area to alter the drainage.

(h) No building, fence, gate, sign, statuary, wall or other structure, or change or alteration to the exterior of the Homes or color of the Homes or in the landscaping shall be commenced, erected, replaced, repaired or maintained, nor shall any exterior addition to, or change or alteration thereto, be made unless the Home Owner complies with requirements of the Architectural Control provisions contained in Article VIII, Section 7 of these By-Laws.

(i) Any Home Owner who mortgages or sells his Home shall immediately notify the Board of Managers, providing the name and address of his mortgagee or new Home Owner.

(j) The Board of Managers shall, at the request of the mortgagee of the Home, report any delinquent assessments due from the Owner of such Home.

(k) Every Member shall be liable for any and all damage to the Common Area, which shall be caused by said Member, its permitted lessees and occupants of Homes, their respective family members and guests and such other person for whose conduct the Member is legally responsible.

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

(m) Upon receipt, by the President of the Board of Managers or by the Managing Agent, of a signed written complaint alleging violation of any of the House Rules or other provisions of the By-Laws as herein established or hereafter established or adopted by the Board of Managers, the President of the board, or in his absence, the Vice President together with a minimum of two (2) other members of the Board, without a formal meeting of the Board, shall make a determination as to the validity of the complaint. If in their determination the complaint is valid and justified the Managing Agent shall be directed to send written notice to the violator. If the violation is not corrected or eliminated within a period of three (3) days from the date of receipt of such notice, another notice will be sent levying a fine of up to \$100.00 upon the violator; such fine is to be considered as an additional common charge to the account of the violator

and shall be treated as such regarding late penalties and a lien upon the property as elsewhere provided for in the Declaration of Condominium, By-Laws or Offering Plan. If after imposition of a fine the violation is not corrected or eliminated, the Board of Managers may assess additional fines of up to \$100.00 each after serving written notice upon the violator as provided for above. If the violation results in loss of or damage to property classified as common area, the Board of Managers shall itself or direct the Managing Agent, if employed, to have said loss or damage repaired or replaced and the actual cost of said repair or replacement shall be assessed to the violator as an additional common charge.

The above provisions shall not apply to the Sponsor unless required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation.

ARTICLE IX. DEFAULT

In the event a Home Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers, acting in behalf of the Board shall notify the Home Owner and the mortgagee, if any, of such Home. If such sum, charge or assessment shall remain unpaid for 90 days after the giving of such notice, the Board may foreclose the lien encumbering the Home as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Home does not pay the assessment required to be paid by him on its due date, the Board of Managers may collect said fees and take such action as is provided in Article VI Section 2 of these By-Laws and said Home Owner shall be liable for the Condominium's reasonable costs and a reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Home Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-six and two-thirds percent (66 2/3%) of the Home Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Home Owners' interest and the interests of holders of a mortgage encumbering a Home or Homes.

In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least 51% of the votes of Homes that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of common areas; responsibility for

maintenance and repairs; reallocation of interests in the general or limited common areas, or rights to their use; boundaries of any Home; convertibility of Homes into common areas or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; leasing of Homes; imposition of any restrictions on a Home Owner's right to sell or transfer his or her unit; a decision by the Condominium to establish self management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors.

An addition or amendment to these By-Laws shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any eligible mortgage holder who received a written request to approve amendments who does not deliver to the Condominium a negative written response within 30 days of the receipt of the request shall be deemed to have approved such amendment.

ARTICLE XI. SELLING AND LEASING OF HOMES

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased, subject to the leasing requirements contained in Section 2, subject to local zoning ordinances, by its Home Owner free of any restrictions except that no Home Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid common charges assessed against his Home shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Home, or by the Grantee. Notwithstanding the above any Home Owner who wishes to enter into a lease for his Home shall be required to provide the Board of Managers with a copy of the lease prior to its execution. All leases must comply with all the requirements contained in Section 2 below. Failure to comply will be deemed an automatic violation of the By-Laws of the Condominium. Further, a Home Owner may convey his Home and his common interest appurtenant thereto, to the Board of Managers on behalf of all Home Owners free of any cost to the Board or the Home Owners and upon such conveyance such Home Owner shall not be liable for any common charges thereafter accruing against such Home. Any sale or lease of any Home in violation of this section shall be voidable at the election of the Board of Managers.

The provisions of this section shall not apply to the acquisition or sale of a Home by a mortgagee who shall acquire title to such Home by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagees.

Whenever the term "Home" is referred to in this section, it shall include the Home, the Home Owners undivided interest in the common elements and the Home Owners interest in any Homes acquired by the Board of Managers.

Section 2. Leasing Requirements. Except as noted in Sections 4 and 5, every lease on every Home in the Condominium is subject to the following rules and regulations, regardless of whether stated in the lease: (a) the lease must be in writing; (b) the lease must be for the entire Home; (c) the lease must be for a minimum period of not less than one (1) year. Renewals can be longer, but not less than one (1) year; (d) the use of the premises is subject to the Declaration and the By-Laws of the Condominium and the rules and regulations of the entire Community; (e) within thirty (30) days of occupancy by the tenant, the name and telephone number of the tenant, together with a clear and complete copy of the lease, must be furnished to the Managing Agent or if no Managing Agent to a Member of the Board of Managers of the Condominium; (f) the Home cannot be used as a motel or hotel or otherwise for transient tenants; (g) if any Home Owner (landlord) or tenant is in violation of any of the provisions of the applicable Declaration or By-Laws, or both, including any rules and regulations, the Condominium may bring an action in its own name or in the name of the Home Owner, or both, to have the tenant evicted or to recover damages, or both. If the court finds that the tenant is or has violated any of the provisions of the Declaration, the By-Laws of the Condominium, or the rules and regulations the Court may find the tenant guilty of forcible detainer despite the facts that the homeowner is not a party to the action and/or that the tenant is not otherwise in violation of tenant's lease or other rental agreements with the Home Owner. For purposes of granting the forcible detainer against the tenant, the court may consider the Home Owner a person in whose name a contract (the lease or rental agreement) was made for the benefit of another (the Condominium). The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies available to the Condominium. If permitted by present or future law, the Condominium may recover all of its costs, including court costs and reasonable attorney's fees, and these costs shall be a continuing lien on the Home that shall bind the home in the hands of the then Home Owner and the Home Owner's successors and assigns. The Condominium shall give the tenant and the Home Owner written notice of the nature of the violation of the rules, and thirty (30) days from the mailing of the notice in which to cure the violation before the Condominium may file for eviction.

Section 3. Tenant Bound by Declaration. By becoming a tenant, each tenant agrees to be bound by the Declaration, By-Laws and the other rules and regulations of the Condominium and recognizes and accepts the right and the power of the Condominium to evict the tenant for any violation by the tenant of the above, and the other rules and regulations of the Condominium.

Section 4. Lenders. To protect first mortgage lenders and to encourage first mortgage lenders to make loans on Homes in the Condominium, only subsection (d) and (e) of Section 2 of this Article XI shall apply to a first mortgage lender who has title to the Home through (a) foreclosure of its first mortgage on the Home; or (b) a deed in

lieu of foreclosure of its first mortgage on the Home. Any subsequent purchaser from the first mortgage lender is subject to all the terms of Article XI.

Section 5. Sponsor. The terms of Sections 2, 3 and 4 of this Article XI shall not be applicable to the Sponsor. This provision may not be amended without the written consent of Sponsor.

Section 6. Waiver of Partition Rights. The Home Owners waive all of their voting rights concerning partition respecting any Home acquired by the Board of Managers in accordance with this Article.

Section 7. Gifts, etc. Any Home Owner may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy, without restriction.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than \$100,000 and to the Board of Managers if the award is \$100,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts:

(a) so much of the award as is applicable to unrestricted common elements, to the Home Owners pro rata according to the respective common interest appurtenant to the Homes owned by such Home Owners.

(b) So much of the award as is applicable to irrevocably restricted common elements to the Home Owner having general use of such common element.

In such eminent domain or condemnation proceeding the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to the arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Home Owner permit or suffer anything to be done or left in his Home which will increase the insurance rates on his Home or any other Home or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Home Owner who mortgages his Home, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers in the event there is no management agent, of the name and address of his mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Homes".

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Home, report any unpaid assessments due from the Home Owners of such Home.

Section 5. Examination of Books and Records. Every Home Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board but not more often than once a month.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws of the State of New York. In case any of these By-Laws conflict with the provisions of said Statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

SCHEDULE J

**APPLICATION FORM TO THE ATTORNEY GENERAL
FOR DETERMINATION OF THE DISPOSITION
OF DOWN PAYMENTS**

APPLICATION TO THE ATTORNEY GENERAL
FOR A DETERMINATION ON THE
DISPOSITION OF DOWNPAYMENTS

(Send this application to the reviewing attorney assigned to the subject plan.)

Re: _____

Address of Building or
Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name _____
of Applicant

2. Address _____
of Applicant

3. Name, Address, and Telephone Number
of Applicant's Attorney (if any) _____

4. This is an application for

☐ return of down payment.
☐ forfeiture of downpayment.
☐ other: _____

5. The project is ☐ a conversion of occupied premises.
☐ newly constructed or rehabilitated.
☐ vacant (as is).

6. The project is structured as

☐ a cooperative.
☐ a condominium.
☐ a homeowners association.
☐ a timeshare.
☐ other:

7. Name and Address
of Sponsor: _____

8. Name and Address
of Escrow Agent: _____

9. If downpayments are maintained in an escrow account:
- (a) Name of account _____
 - (b) Name and address
of bank _____

 - (c) Account number (if known) _____
 - (d) Initial interest rate (if known) _____
10. If downpayments have been secured by bonds:
- (a) Name and address of
bond issuer or surety: _____

 - (b) Copy of bond included in this application. (DO NOT SEND ORIGINAL
BOND). If not included, explain:

11. If downpayments have been secured by a letter of credit:
- (a) Name and address of bank which issued the letter of credit:

 - (b) Date of expiration of the letter of credit, if known:

12. Plan information:

- (a) Date of filing of plan: _____
- (b) Plan:
- ☐ has been declared effective. Approximate date: _____
- ☐ has not been declared effective.
- (c) If effective, the plan
- ☐ has closed or the first unit has closed.
(Approximate date) _____
- ☐ has not closed.
- ☐ don't know.
- (d) Downpayments are secured by
- ☐ escrow account.
- ☐ bonds.
- ☐ letter of credit.

13. Contract information:

- (a) Copy of contract and if all riders or modification letters are attached. (DO NOT SEND ORIGINALS).
- (b) Date on which subscription or purchase agreement was signed: _____
- (c) Date (s) of downpayment (s): _____
- (d) Total amount of downpayment (s): _____
- (e) Names and addresses of subscribers or purchasers affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature:	Date:
Name (Printed):	
Telephone: (Home)	(Business)
Mailing Address:	

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SCHEDULE K

ESCROW AGREEMENT

ESCROW AGREEMENT

AGREEMENT made this 29 day of December, 2006, between LIBERTY MEADOWS, LLC ("SPONSOR") as Sponsor of the offering plan for VILLAGE VISTAS CONDOMINIUM and SCOTT ZAMEK, ESQ. ("ESCROW AGENT") AS ESCROW AGENT.

WHEREAS LIBERTY MEADOWS, LLC, is the SPONSOR of an offering plan to convert condominium, the premises located at Liberty Avenue, Port Jefferson, New York, which premises are known as VILLAGE VISTAS; and

WHEREAS, SCOTT ZAMEK, ESQ., is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the New York State Attorney General's ("Attorney General") regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, 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 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with North Fork Bank (depository bank) at its branch located at 120 Commerce Drive, Hauppauge, New York 11788. The account number is [REDACTED]

1.2 The name of the account is "SCOTT ZAMEK, ESQ., ATTORNEY MANAGEMENT ACCOUNT LIBERTY MEADOWS, LLC" Escrow Account.

1.3 A member or members of the ESCROW AGENT are the sole signatories on the account.

1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan or an amendment thereto.

1.5 The escrow account is not an Interest-on-Lawyer-Account ("IOLA") account established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow shall be made payable to, or endorsed by the purchaser or subscriber to the order of SCOTT ZAMEK, ESQ., as escrow agent for the offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber 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 funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 SPONSOR shall deliver to the escrow agent all deposits submitted pursuant to a subscription or purchase agreement, within three (3) business days after tender of the deposit by a prospective purchaser to the SPONSOR or any agent engaged by the SPONSOR, along with the form of tender of deposit attached hereto as Exhibit A to this Escrow Agreement, executed by the SPONSOR.

2.3 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, the ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan or amendment thereto, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after the tender of the deposit, the purchaser may cancel the subscription or purchase agreement and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with the escrow regulations promulgated by the Attorney General and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS

3.1 ESCROW AGENT shall not release the escrowed funds deposited by a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both SPONSOR and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or (d) until released pursuant to the regulations of the

Attorney General pertaining to release of escrowed funds. Funds deposited in escrow for upgrades and extras to the Unit may be released from the escrow account without the requirements outlined herein provided SPONSOR uses the funds for such upgrades and extras and notifies the ESCROW AGENT in writing of such fact.

3.3 SPONSOR shall not object to the release of the escrowed funds 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.

3.4 If there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made an application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified ESCROW AGENT in accordance with such provisions.

3.5 ESCROW AGENT shall disburse the purchaser's deposit(s) escrowed under this Escrow Agreement within twenty (20) business days after the escrowed funds are permitted to be released in accordance with this Agreement.

4. RECORDKEEPING

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven (7) years after release of the funds.

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

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT

5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

5.3 No disbursement need or will be made by ESCROW AGENT until the deposit has actually and finally cleared ESCROW AGENT's account.

5.4 ESCROW AGENT shall only be responsible for monies actually received and cleared, and monies earned thereon, if any.

5.5 ESCROW AGENT may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statements or assertions contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so.

5.6 ESCROW AGENT undertakes to perform only such duties as are expressly set forth in this Agreement and the Escrow Regulations promulgated by the New York State Attorney General's Office, and no implied duties or obligations shall be read into this Agreement against ESCROW AGENT.

6. RESPONSIBILITIES OF SPONSOR

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall within three (3) business days of receipt of all deposits and payments deliver to ESCROW AGENT all such deposits and payments received by them prior to closing of an individual transaction.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. INDEMNIFICATION

7.1 ESCROW AGENT shall not be liable for SPONSOR's failure to tender the purchasers' funds to ESCROW AGENT within three (3) business days, for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence, and SPONSOR agrees to indemnify and hold ESCROW AGENT harmless from any claims, demands, causes of action, liability, damages, judgments, including the cost of defending any action against it together with any reasonable attorneys' fees incurred therewith and/or reasonable value of services rendered by ESCROW AGENT's litigation attorneys representing ESCROW AGENT pro se, in connection with ESCROW AGENT's undertaking pursuant to the terms and conditions of this Escrow Agreement, unless such act or omission is a result of the willful misconduct or gross negligence of ESCROW AGENT.

7.2 ESCROW AGENT shall not be liable in any manner for the sufficiency or correctness as to form, manner or execution, or validity of any written instructions delivered to it, nor as to the identity, authority, or rights of any person executing the same.

7.3 The duties of ESCROW AGENT shall be limited to the safekeeping of the deposits and for disbursements of same in accordance with the written instructions described in this Agreement.

8. TERMINATION OF AGREEMENT

8.1 This Agreement shall remain in effect unless and until it is canceled, by either:

(a) 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 with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

(d) ESCROW AGENT shall have no responsibility to verify qualifications of any successor escrow agent.

8.2 Upon termination of the duties of ESCROW AGENT as described in Paragraph 8.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent designated in the duly filed amendment related thereto.

8.3 Upon delivery of all funds held by the ESCROW AGENT to the new escrow agent pursuant to 8.2 supra, this Agreement shall be terminated and the ESCROW AGENT shall be released from all liability hereunder.

8.4 Upon ESCROW AGENT disbursing the deposit of an individual purchaser in accordance with the provisions of this Agreement, the escrow obligation's shall terminate as regards said purchaser's deposit, and ESCROW AGENT shall thereafter be released of all liability in connection with said purchaser.

9. MISCELLANEOUS

9.1 In the event of a good faith disagreement about the interpretation of this Agreement, or about the rights and obligations, or the propriety, of any action contemplated by ESCROW AGENT hereunder, ESCROW AGENT may, at its sole discretion, retain purchasers's deposits and payments in escrow and apply to the Attorney General for a determination on the disposition of the down payment or file an action and deposit any applicable funds in court to resolve said disagreement. ESCROW AGENT shall be indemnified by SPONSOR for all costs, including reasonable attorneys' fees or reasonable value of services rendered by ESCROW AGENT's litigation attorneys representing ESCROW AGENT pro se, in connection with the aforesaid action. No such action shall be filed where the ESCROW AGENT's required course of action is clearly dictated within this Agreement.

10. SUCCESSORS AND ASSIGNS

10.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

11. GOVERNING LAW

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

12. ESCROW AGENT'S COMPENSATION

12.1 SPONSOR agrees that ESCROW AGENT's compensation, if any, shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

13. SEVERABILITY

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

14. ENTIRE AGREEMENT

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

15. NOTICES

15.1 Any notice required to be given or given hereunder shall be given by depositing such notice in a post-paid wrapper, in an official depository under the exclusive care and custody of the United States Postal Service within New York State, or by Express Mail, Federal Express or similar overnight courier, facsimile transmission, messenger service (with proper receipt therefor), addressed to the party at the address hereinabove set forth with a copy of any such notice by regular mail to the attorney for such party as follows:

IF TO ESCROW AGENT:

SCOTT ZAMEK, ESQ.
3124 Expressway Drive South
Islandia, New York 11749

IF TO SPONSOR:

LIBERTY MEADOWS, LLC
One Rabro Drive – Suite 100
Hauppauge, New York 11788

Any notice may be given by the attorney for a party and shall have the same force as if given by the party. Either party may, by notice, change the address at which notices are to be given hereunder.

16. CAPTIONS AND HEADINGS

16.1 The captions and headings used in this Agreement are intended for convenience and reference only and shall not imply or convey any additional meanings to the contents of the respective provisions.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

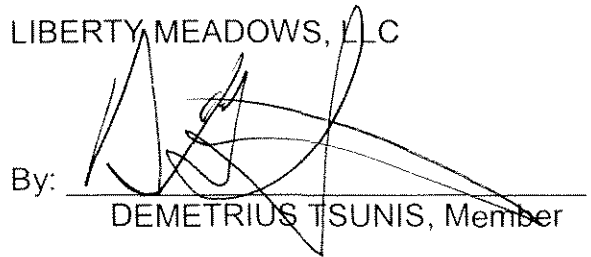
ESCROW AGENT:

A handwritten signature in black ink, appearing to be 'Scott Zamek', written over a horizontal line.

SCOTT ZAMEK, ESQ.

SPONSOR:

LIBERTY MEADOWS, LLC

A handwritten signature in black ink, appearing to be 'Demetrius Tsunis', written over a horizontal line.

By:

DEMETRIUS TSUNIS, Member

TENDER OF ESCROW DEPOSIT

Date: _____

Tender of Deposit of \$_____, for Unit _____ at
 _____ located
 at _____, New York.

Purchaser(s) named below has/have tendered on _____, 20_____,
 the above escrow deposit to Sponsor/Selling Agent as a deposit for the above Unit.

Purchaser(s) _____

Address of Purchaser(s) _____

Phone number of Purchaser(s): _____

Home: _____

Business: _____

Social Security Number(s) or
 Tax Identification Number(s)
 of Purchaser(s) _____

RECEIPT

The SPONSOR/SELLING AGENT of the above named property hereby
 acknowledges receipt of the above escrow deposit.

By: _____

 Title of Position

Date of Receipt: _____

EXHIBIT "A"

SCHEDULE L

HOUSING MERCHANT IMPLIED WARRANTY LAW
(ARTICLE 36-B OF THE GENERAL BUSINESS LAW)

HOUSING MERCHANT IMPLIED WARRANTY LAW

ARTICLE 36-B

WARRANTIES ON SALE OF NEW HOMES

Section 777.	Definitions.
777-a.	Housing Merchant Implied Warranty
778-b.	Exclusion or Modification of Warranties

Section 777. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.
2. "Building Code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law, and the building code of the city of New York, as defined in titled twenty-seven of the administrative code of the city of New York.
3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.
4. "Material defect" means 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.

5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit which the builder has resided in or leased continuously for three years or more following the date of completion of construction, as evidenced by the certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling, and ventilation systems" shall mean:

a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their 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;

b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems; all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

Section 777-a. Housing Merchant Implied Warranty.

1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

a. one year from and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner;

b. two years from and after the warranty date the plumbing, electrical, heating, cooling and ventilation systems of the home will be free from defects

due to a failure by the builder to have installed such systems in a skillful manner;
and

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired, or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4.

a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The Owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or

replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

777-b. Exclusion or Modification of Warranties.

1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

4. A limited warranty sufficient to exclude or modify a housing merchant implied warranty must be written in plain English and must clearly disclose:

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitation on or exclusion of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5.

a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under Section 5-322.1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

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SCHEDULE M

SECTION 339-kk OF THE REAL PROPERTY LAW

REAL PROPERTY LAW**SECTION 339-kk**

The Real Property Law is amended by adding a new Section 339-kk to read as follows:

“§ 339-kk. Rents. (a) For the purposes of this section, “non-occupying owner” shall mean a unit owner in a condominium association who does not occupy the dwelling unit.

(b) If a non-occupying owner rents any dwelling unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such unit within sixty days of the expiration of any grace period after they are due, upon notice in accordance with subdivision (c) of this section, all rental payments from the tenant shall be directly payable to the condominium association.

(c) If the common charges, assessments or late fees due for any unit have not been paid in full, within sixty days after the expiration of any grace period of the earliest due date, the board of managers shall provide written notice to the tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for common charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the condominium association at the address listed on the notice. Where a majority of the board of managers has been elected by and from among the unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the condominium association. At such time as payments for common charges, assessments and late fees from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the rental tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the association's claim to rental payments pursuant to this section shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the board of managers, which must be held within thirty days of the date that such board receives notice that such owner seeks to dispute such claim.

(d) Nothing in this section shall limit any rights of unit owners or of the board of managers existing under any other law or agreement.

(e) Payment by a rental tenant to the condominium association made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent."

This act may be enforced by any party by means of a special proceeding brought pursuant to Article 4 of the Civil Practice Law and Rules.

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SCHEDULE N

CERTIFICATION OF SPONSOR AND
SPONSOR'S PRINCIPALS

CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPALS
PURSUANT TO 13 NYCRR 20.4 (b)

State of New York
Department of Law
120 Broadway - 23rd Floor
New York, NY 10271

RE: VILLAGE VISTAS CONDOMINIUM

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 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 I/we:
 - (a) knew the truth;

- (b) with reasonable effort could have known the truth;
- (c) made no reasonable effort to ascertain the truth; or
- (d) did not have knowledge concerning the representation or statement made.

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

LIBERTY MEADOWS, LLC.

By: 

DEMETRIUS A. TSUNIS, Member

SPONSOR'S PRINCIPALS:


DEMETRIUS A. TSUNIS


ENRICO SCARDA

Sworn to before me this
16th of February, 2007


Notary Public

Francesca Daquet
Notary Public, State of New York
No. 01DA6110476
Qualified in Suffolk County
Commission Expires May 24, 2008

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SCHEDULE N-2

CERTIFICATION OF SPONSOR'S
ARCHITECT

CERTIFICATION BY SPONSOR'S ARCHITECT OR ENGINEER
PURSUANT TO 13 NYCRR 20.4(c)

Department of Law
State of New York
120 Broadway - 23rd Floor
New York, NY 10271

RE: VILLAGE VISTAS CONDOMINIUM

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me/our firm to prepare a report describing the construction of the property (the "Report"). I/we examined the building plans and specifications that were prepared by CAMPANI AND SQUARITTO, dated 1.10.2007 and prepared the Report dated 1.10.2007, a copy of which is intended to be incorporated into the offering plan so that prospective Purchasers may rely on the Report.

I am/we are a registered architect/licensed engineer in the State in which the property is located.

I/We understand that I am/we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this Report.


I/We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I/We certify that the Report:

- (i) sets forth in narrative form the description of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I/we examined;
- (ii) in my/our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I/we examined;
- (iii) does not omit any material fact;


- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where I/we:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have knowledge concerning the representation or statement made.

I/We further certify that I am/we are not owned or controlled by and have no beneficial interest in the sponsor and that my/our compensation for preparing this Report is not contingent on the conversion of the property to a condominium 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.



 Signature of Individual or Name of Firm

FRANCES CAMPANELLI

By: 

 Signature of Individual if prepared by Firm

PARTNER - CAMPANELLI & SCHWARTZ

 Title or Position if prepared by Firm

ARCHITECTS

Sworn to before me this 2007
10th day of January, 2006.



 Notary Public

MARCOT J. GAYLOR
 Notary Public - State of New York
 Registration Number 266111001
 Commission Expires April 1, 2007

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SCHEDULE N-3

CERTIFICATION OF SPONSOR'S
EXPERT CONCERNING ADEQUACY OF BUDGET

SCHIFFER MANAGEMENT GROUP

100 West End Road
 Westhampton Beach, NY 11978
 Tel: 631-288-4343
 Fax: 631-288-4332

Department of Law
 State of New York
 120 Broadway- 23rd Fl
 New York, New York
 Gentlepeople,

Wednesday, February 28, 2007

Village Vistas Condominium

The Sponsor of the Condominium Offering Plan for the captioned property has retained me to review the Schedule (the Operating Budget) containing projections of income and expenses for the first year of condominium operation. My experience in this field includes the current management of two (2) multi-family properties with many similarities to the captioned property's as well as more than twenty-five (25) years' experience in managing condominium and cooperative property.

I understand I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to the Operating Budget

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

I certify that the projections in the Operating Budget appear reasonable and adequate under existing circumstances and the projected income appears to be sufficient to meet the anticipated operating expenses for the first year of condominium operation.

I certify the Operating Budget:

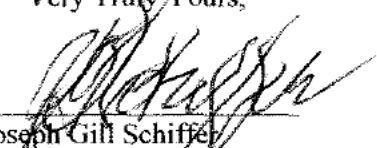
- (I) sets forth in detail the projected income and expenses charge for the first year of condominium operation.
- (II) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation.
- (III) does not omit any material fact;
- (IV) does not contain any untrue statement of a material fact;
- (V) does not contain any fraud, deception, concealment, or suppression;
- (VI) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (VII) does not contain any representation or statement which is false where 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 representation or statement 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. The statement is not intended as a guarantee or warranty of income or expenses for the first year of condominium operation.

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.

Very Truly Yours,


Joseph Gill Schiffer
Schiffer Management Group

Sworn to before me this 2 day of Feb 2007


Notary Public

Beverly J. Perkowski
Notary Public, State of New York
No. 01PE6011858, Suffolk County
Term Expires 8/17/2010

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SCHEDULE O

DECLARATION
OF
COVENANTS AND RESTRICITONS

DECLARATION OF COVENANTS AND RESTRICTIONS

THIS DECLARATION made by LIBERTY MEADOWS LLC this ____ day of May, 2006, with a principal place of business at One Rabro Drive, Suite 100, Hauppauge, New York 11788, hereinafter referred as the DECLARANT, as the owner of premises described in Schedule "A" annexed hereto (hereinafter referred to as PREMISES) desires to restrict the use and enjoyment of said Premises and has for such purposes and determined to impose on said Premises covenants and restrictions and does hereby declare that said Premises shall be held and shall be conveyed subject to the following covenants and restrictions:

1. WHEREAS, Declarant has made application to Suffolk County Department of Health Services (hereinafter "DEPARTMENT") and the Village of Port Jefferson (hereinafter "VILLAGE") for a permit to construct and/or approval of plans for a 43 unit clustered subdivision on the Premises; and
2. (a) As a condition of approval set forth by the Village pertaining to this type of application, the Declarant agrees that there shall be no division of the Premises described herein and that said Premises shall remain as shown on the development map approved by the Village.
(b) Declarant covenants that the use of the property as described herein shall be subject to the following restrictions:
 - (i) The development shall be used exclusively as an age restricted community;
 - (ii) All dwelling units shall be utilized for condominium purposes only;
 - (iii) Occupancy of the units shall be limited to the following persons:
 - (a) At least one person who is fifty-five (55) of age or over;
 - (b) A spouse greater than nineteen (19) years of age;
 - (c) Children and/or grandchildren residing with their parents or grandparents where one (1) of said parents or grandparents, with whom the children or grandchildren are residing is fifty-five (55) years of age or older, provided that said children or grandchildren are over the age of nineteen (19) years.
 - (d) Adults under fifty-five (55) years of age may be admitted as permanent residents if it is established that the presence of such persons is essential for the physical care or economic support of eligible older persons.

(c) As a condition of approval of the Village of such subdivision or development application, the Declarant covenants that the offering plan or prospectus to be filed with the Office of the Attorney General of the State of New York, shall impose upon the Homeowner's Association, the obligations contained as described hereinabove in Paragraphs 2(a) and 2(b). There shall be no conveyance of any units, lots or portions of/on the premises until such Homeowner's Association is formed pursuant to this paragraph.

3. All of the Covenants and restrictions contained herein shall be construed to be in addition to and not in derogation or limitation upon any provisions of local, state and federal laws, ordinances and/or regulations in effect at that time of execution of this agreement, or at the time such laws, ordinances and/or regulations may thereafter be revised, amended or promulgated.
4. This document is made subject to the provisions of all laws required by law or by their provisions to be incorporated herein and they are deemed to be incorporated herein and made a part hereof, as though fully set forth.
5. The aforementioned Restrictive Covenants shall be enforceable by the Village of Port Jefferson, County of Suffolk, and State of New York, by injunctive relief or any other remedy in equity or at law. Their failure of said agencies or the Village to enforce the same shall not be deemed to affect the validity of this covenant nor to impose any liability whatsoever upon the Village or any officer or employee thereof.
6. These covenants and restrictions shall run with the land and shall be binding upon the Declarant, its successors and/or assigns and upon all persons or entities claiming under them, and may be terminated, revoked or amended only with the written consent of the Department.
7. If any section, paragraph clause, phrase, or provision of these covenants and restrictions shall, by a court of competent jurisdiction, be adjudged illegal, unlawful, invalid, or held to be unconstitutional, the same shall not affect the validity of these covenants as a whole, or any other part or provision hereof other than the part so adjudged to be illegal, unlawful, invalid, or unconstitutional.

employee, or agent of the Village, Department, County of Suffolk or State of New York, or of any other political party, with the purpose or intent of securing favorable treatment with respect to the performance of an agreement, and that such person has read and is familiar with the provisions of Local Law #32-1980

LIBERTY MEADOWS LLC

By: Demetrius Tsunis, Member

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

On the _____ day of May 2006 before me, the undersigned, a Notary Public in and for said State, personally appeared DEMETRIUS TSUNIS personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his/her/their signature on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(Signature and office of person taking acknowledgment)

Metes and Bounds Description
of Land of Wunderlich and Cash

Suffolk County Tax Map Numbers
206-16-8-7, 8, 9, 10, 13.1, 18, 23, 24, 25

Beginning at a point on the Northeasterly side of Liberty Avenue 462 feet more or less Southwesterly from the Southerly side of Liberty Avenue; running thence Southeasterly and Northeasterly from said point of beginning along land now or formerly of Petrignani, a 33 foot right of way, and land formerly of GJCM S 63 degrees 04 feet 55 inches East 130.34 feet and North 33 degrees 40 feet 05 inches East 392.66 degrees to the Southerly side of another right of way 16 feet wide; running thence generally Easterly along said right of way as well as along lands now or formerly of Johnson, Harkcom, Cash, Rosner, Hartill, Brown, Rinolo, Liguori, Cacioppo and Abarno the following nineteen courses and distances:

- 1) N 86 degrees 08 feet 35 inches East 3.06 feet;
- 2) S 01 degrees 08 feet 05 inches West 28.89 feet;
- 3) N 85 degrees 41 feet 05 inches East 130.57 feet;
- 4) N 10 degrees 53 feet 57 inches North 16.11 feet;
- 5) N 04 degrees 20 feet 16 inches West 14.94 feet;
- 6) N 81 degrees 53 feet 10 inches East 64.44 feet;
- 7) N 68 degrees 18 feet 45 inches East 98.59 feet;
- 8) N 77 degrees 12 feet 24 inches East 72.03 feet;
- 9) S 06 degrees 45 feet 21 inches East 29.00 feet;
- 10) S 81 degrees 57 feet 29 inches East 20.92 feet;
- 11) S 31 degrees 51 feet 51 inches West 66.00 feet;
- 12) S 73 degrees 39 feet 49 inches East 38.00 feet;
- 13) S 11 degrees 50 feet 51 inches East 7.30 feet;
- 14) S 65 degrees 24 feet 10 inches East 119.74 feet;
- 15) S 57 degrees 06 feet 52 inches East 142.00 feet;
- 16) N 40 degrees 07 feet 30 inches East 66.00 feet;
- 17) S 57 degrees 06 feet 52 inches East 65.33 feet;
- 18) S 65 degrees 54 feet 15 inches East 65.99 feet;
- 19) N 27 degrees 36 feet 09 inches East 132.29 feet to the Southeasterly side of Main Street (S.R. 112 and S.R. 25-A); running thence Southeasterly along the Southeasterly side of Main Street (S.R. 112 and S.R. 25-A) S 65 degrees 24 feet 09 inches E 82.55 feet to land now or formerly of Rose Realty; running thence generally Southwesterly along said land of Rose Realty as well as long lands now or formerly of Alrich, Zimmerman and Kruger & Kobel the following thirteen (13) courses and distances:

- 1) S 29 degrees 14 feet 14 inches West 129.09 feet;
- 2) S 40 degrees 06 feet 46 inches West 64.96 feet;
- 3) S 36 degrees 27 feet 11 inches West 60.00 feet;
- 4) S 20 degrees 57 feet 18 inches East 19.57 feet;
- 5) S 36 degrees 27 feet 06 inches West 246.86 feet;
- 6) N 78 degrees 42 feet 48 inches East 129.90 feet;
- 7) S 22 degrees 06 feet 26 inches East 65.91 feet;
- 8) S 78 degrees 42 feet 48 inches West 260.50 feet;
- 9) S 22 degrees 29 feet 21 inches East 13.66 feet;
- 10) S 22 degrees 23 feet 41 inches East 134.90 feet;
- 11) S 20 degrees 22 feet 51 inches East 164.63 feet;
- 12) S 20 degrees 04 feet 51 inches East 166.15 feet
- 13) S 83 degrees 52 feet 29 inches West 402.75 feet to the Northwesterly side of Liberty Avenue; running thence generally Northwesterly along the Northeasterly side of Liberty Avenue the following seven (7) courses and distances;

- 1) N 28 degrees 07 feet 01 inches West 194.45 feet;
- 2) N 30 degrees 10 feet 51 inches West 119.26 feet;
- 3) N 54 degrees 26 feet 58 inches West 355.58 feet;
- 4) N 54 degrees 56 feet 25 inches West 305.53 feet;
- 5) N 02 degrees 12 feet 35 inches East 37.25 feet;
- 6) N 15 degrees 10 feet 35 inches East 37.50 feet;
- 7) N 31 degrees 35 feet 35 inches East 126.10 feet to the point or place of beginning, containing within bounds 18.45 acres;

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