

OFFERING PLAN

**HIGHLAND MEWS HOMEOWNERS ASSOCIATION**

**HIGHLAND ROAD  
GLEN COVE, NASSAU COUNTY, NEW YORK 11542**

**AMOUNT OF OFFERING - \$125,000.00\***

**NUMBER OF HOMES BEING OFFERED - 12 HOMES**

SPONSOR

**CASHELD DEVELOPMENT CORP.  
10 Mineola Avenue  
Roslyn, Heights, New York 11577**

SELLING AGENT

**SEA COAST REALTY  
50 Glen Street  
Glen Cove, New York 11542  
(516) 759-1055**

**Date of Offering:**

**June 6, 1985**

**This plan may not be used after June 6, 1986 unless extended by amendment.**

**SEE PAGE 4 FOR SPECIAL RISKS TO PURCHASERS**

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

**\*The cost of membership in the Homeowner's Association is included in the purchase price of the Homes.**

TABLE OF CONTENTS

Part I	Page
Special Risks.....	4
Introduction.....	5
Projected Budget for First Year of Operation of the Homeowners Association.....	9
Opinion of Counsel.....	12
The Association.....	15
Approval of the City of Glen Cove.....	22
Obligations of Sponsor.....	23
Trust Fund Provisions.....	26
Management Agreement.....	27
Identity of the Parties.....	28
Reports to Members.....	30
Documents on File.....	30
General.....	30
 Part II	
Declaration of Covenants and Restrictions.....	31
Site Plan.....	48 (a)
By-Laws and Homeowners Association Rules.....	49
Certificate of Incorporation.....	72
Management Agreement.....	77

TABLE OF CONTENTS

	Page
Location Map.....	81
Purchase Agreement.....	82
Description of Homeowners Association Property....	99
Certification by Sponsor and Principals.....	104
Certification by Sponsor's expert concerning Adequacy of Budget.....	106
Certification by Sponsor's Engineer.....	108

## SPECIAL RISKS

1. The Sponsor is not posting a completion bond or other security to secure Sponsor's obligation to complete the construction of the improvements to the Homeowners Association Property, and its ability to complete the construction of the improvements thereon will depend solely upon the financial resources of the Sponsor (See Page 24 for a full discussion).

2. The Highland Mews Homeowners Association is not required to purchase casualty insurance covering all of the Homes. Instead the By-Laws require each Homeowner to maintain casualty insurance on his Home in the amount of its replacement cost; (See Page 68). In the event that a Homeowner fails to purchase this insurance, or in the event that a Homeowner's insurance is not sufficient to pay for the cost of rebuilding his Home in the event of a casualty, and in the event there was a casualty, a Home might not be rebuilt either promptly or at all.

3. The By-Laws of Highland Mews Homeowners Association (Article VIII Section 8) provide that the Board of Directors shall annually furnish all members with a balance sheet and profit and loss statement pertaining to the affairs of the Association verified by an independent certified public accountant. These financial statements need not be certified financial statements and the amount budgeted in Schedule "A" for accounting services is for uncertified statements. Accordingly, during the period the Sponsor controls the Board of Directors, financial statements will not be certified. If 51% of the Homeowners agree, the Association may retain an accountant to prepare certified financial statements at the Association's request. See pages 11 and 30.

## PART I

### INTRODUCTION

#### (1) The Offer.

Casheld Development Corp., a New York Corporation ("Sponsor") has contracted to acquire title to approximately 2.269 acres of land located adjacent to Highland Road in the City of Glen Cove, County of Nassau, State of New York ("Property"). Sponsor intends to construct 12 one-family residences in three buildings on the Property ("Homes"), said development to be known as Highland Mews. 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.

The Sponsor will provide certain common areas ("HOA Property") comprising approximately 77,492 square feet, including a roadway, parking area, landscaping, storm drainage, and utilities. The Homes and the HOA Property are hereafter collectively referred to as the Community.

#### (2) Features of Ownership of a Home in Highland Mews.

The owner of each Home within the Community will own fee title to his Home and will automatically be made a member of the Highland Mews Homeowners Association. The Highland Mews Homeowners Association will own all of parking facilities, roads and undeveloped areas in the Highland Mews Community.

The ownership of a Home in the Highland Mews Community is similar in many respects to the ownership of a private attached home. The owner will be entitled to exclusive possession of his Home and he is free to sell or lease his Home to such person(s) and upon such terms as he sees fit. Each Home Owner may freely mortgage his Home with such lender(s) and in such amount as he chooses. Each Home will be assessed as a separate lot for real estate tax and assessment purposes. In the opinion of the Sponsor's attorneys, D'Amato, Forchelli, Libert, Schwartz & Mineo, all real estate taxes payable for the HOA Property shall be allocated among all the Homeowners by the County and City Assessors and each Homeowners' pro-rata share will be included on his respective tax bills.

Each Home Owner may decorate the interior of his Home in any way that he desires. However Home Owners are prohibited from repairing, renovating or painting the exterior of their Homes and from landscaping the HOA Property. Repairs and maintenance to the exterior of Homes and landscaping the HOA Property are the responsibility of the Highland Mews Homeowners Association which will assess monthly dues from all Home Owners to pay for these services.

(3) Nature of the Transaction.

Upon filing of the Declaration of Covenants and Restrictions (the "Declaration") annexed hereto as Exhibit A, the HOA Property will become subservient to the Homes. The Sponsor's appraiser estimates that, absent the effect of the Declaration, the HOA Property would have a market value of approximately \$125,000.00, based upon a valuation of approximately \$80,000.00, for the land and approximately \$45,000.00 for the improvements which the Sponsor is obligated to complete.

Simultaneously with the first conveyance of a Home to a purchaser, the Sponsor will convey the HOA Property to the Highland Mews Homeowners Association, Inc., a corporation incorporated on November 11, 1984 under the Not-for-Profit Corporation Law of the State of New York (the "Association"). The Certificate of Incorporation of the Association is annexed hereto as Exhibit B, and the By-Laws thereof are annexed hereto as Exhibit C. Upon acquiring title to the HOA Property, the Association will have the obligation of maintaining the HOA Property by means of assessments paid by the members of the Association. Prior thereto, the Sponsor will maintain the HOA Property at its sole expense without cost or charge to the Homeowners or the Association.

The HOA Property is shown on a copy of the Site Plan of "The Highland Mews Community" which is included herein at Page 48(a).

In offering Homes in the Community, the Sponsor is simultaneously offering mandatory membership in the Association, the cost of which is included in the purchase price of the Homes. Each purchaser of a Home from the Sponsor, or from a subsequent owner, automatically assumes the obligations of membership in the Association. These obligations include the payment of (1) an allocated percentage of the annual expenses of the Association arising

from the maintenance of the HOA Property including snow removal from the roadway, parking areas, walks and driveways, and also maintenance of shrubbery and lawns; (2) a pro rata portion of special assessments for capital improvements to the HOA Property; and (3) special assessments to establish a reserve for contingencies which may be required to pay for repairs to the roof, gutters and leaders, siding and trim of the members Homes. Purchasers of Homes shall be required to contribute the sum of \$200.00 at the closing of their Home as a contribution to the Association's working capital fund. Members of the Association will have the right to vote annually for the Board of Directors who will direct the operation of the Association.

Police and Fire protection shall be provided to Homeowners by the City of Glen Cove. Water shall be provided to the Homeowners by the City of Glen Cove. Trash collection, snow removal and maintenance of the Community roads shall be performed by independent contractors retained by the Association; see Page 102.

There is one undeveloped area adjacent to the Property. This property is in a R-2 zoning district which permits the construction of residential units on 1/2 acre lots. Neither the Sponsor nor any principal thereof owns any of the aforementioned adjacent property.

This Offering Plan relates solely to the rights and obligations of the purchasers as members of the Association pursuant to the annexed Declaration. This Offering Plan does not relate to the purchase of land or the Homes other than as set forth above and should not be relied upon except for the specific purposes as set forth herein. All documents referred to in this Offering Plan are important. It is suggested that you consult with your own attorney or financial advisor before signing any contracts and also provide him with a copy of this Offering Plan. All purchasers of Homes in the Community should be aware that if they resell their homes, those who purchase from them will also automatically become members of the Association, assuming all rights and obligations. See By-Laws Article IV at page 54 and Declaration Article VIII, Section 2 at page 43.

The purpose of this Offering Plan is to set forth all of the facts concerning the Association which a

purchaser of a Home would want to know. The Plan may be altered from time to time by an amendment filed with the New York State Department of Law. All amendments to the Plan will be served on all Association members and persons who are under contract to purchase a Home from the Sponsor. The Plan as presented to prospective purchasers contains all of the detailed terms of the transaction as it relates to the Association. All of the documents referred to in the Plan have been delivered to the New York State Department of Law. Copies of the Plan and all of the documents referred to therein will be available for inspection, without charge, to prospective purchasers and their attorneys at the offices of the Selling Agent.

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



SCHEDULE A

PROJECTED SCHEDULE OF RECEIPTS AND EXPENSES

FOR THE FIRST YEAR OF OPERATION COMMENCING DECEMBER 1, 1985

Projected Income

Maintenance charges	
on 12 homes.....	\$20,900.00 Annually
on 12 homes.....	\$ 1,741.67 Monthly
Estimated receipts from other sources.....	-0-
TOTAL.....	\$20,900

Projected Expenses

Utilities (Electricity for common property.....)	\$ 400	(1)	
Water.....	670	(2)	
Sewer.....	150	(3)	
Management.....	2,880	(4)	(17)
Repairs and Maintenance.....	2,000	(5)	
Service Contracts.....	1,000	(6)	(17)
Snow Clearing.....	3,000	(7)	(17)
Refuse Removal.....	2,200	(8)	
Insurance.....	500	(9)	
Accounting.....	500	(10)	
Legal.....	500	(11)	
Taxes			
Real Estate.....	-0-	(12)	
Franchise and Corporate.....	300	(13)	
Reserve.....	1,000	(14)	
Contingencies, Petty Cash.....	1,000	(15)	
Landscape Maintenance.....	4,800	(16)	(17)
TOTAL.....	\$20,900		

FOOTNOTES TO SCHEDULE A

1. Based on an estimate supplied to the sponsor by Long Island Lighting Company for site lighting and lawn sprinkler system electric consumption. A 6% inflation factor has been included in the budget.
2. Based on an estimate supplied to the sponsor by Rosen Sprinkler Service for common area water consumption of 431,200 gallons, as applied to the City of Glen Cove Water District rate of \$1.60 per thousand gallons for the first 45,000 gallons and \$1.45 per thousand gallons thereafter.
3. Based on an estimate received by the sponsor from the City of Glen Cove.
4. Based on an estimate received by the sponsor from We'll Manage, Inc. for management services to include: contracts administration, unit owner liaison, bookkeeping, records keeping, and maintenance administration.
5. Based on an opinion received from John A. Grammas, P.E. for common area and building exterior maintenance expenses, to include: lighting system repairs, fence repairs, trim repairs and roof repairs.
6. Based on an estimate received by the sponsor from We'll Manage, Inc. for the Winterization, Summerization, regular inspection and adjustment of the lawn sprinkler system.
7. Based on an estimate received by the sponsor from We'll Manage, Inc. for snow clearing from roadways, sidewalks and unoccupied parking spaces beginning when snowfall has reached a depth of two inches as officially measured, between November 1, and April 15 each year including all snowfalls up to an accumulation of fourteen inches. In the event snow accumulation exceeds fourteen inches, additional equipment will be required, the cost of which will be paid by the Association.
8. Based on the opinion V & J Rubbish Removal Inc. received by the Sponsor for rubbish removal from 12 town houses with garbage pickup 2 days per week.
9. Based on an estimate received by the sponsor from Robert P. Brady Agency, Inc. for liability insurance for the common areas. Limit of liability is \$1,000,000 combined single limit (bodily injury and/or property damage). Each unit owner will be required to obtain and maintain insurance on

their unit covering property damage in an amount equal to the replacement cost of the unit, agreed amount, no co-insurance, naming the Association as an insured, as its interest may appear. The Association may purchase \$1,000,000.00 combined single limit officers and directors liability insurance for approximately \$1,000.00.

10. Based on an estimate received by the sponsor from Eric J. Engelhardt, CPA, for an annual uncertified financial statement. If 51% of the Homeowners agree, the Association may retain an accountant to prepare certified financial statements for an additional cost.
11. Based on an estimate received by the sponsor from D'Amato, Forchelli, Libert, Schwartz & Mineo for the cost of legal services that may be required during the first year of operation. D'Amato, Forchelli, Libert, Schwartz & Mineo estimates that the legal services which may be required would be reviewing a service or supply contract and drafting several letters dealing with delinquent maintenance payments or By-Law infractions.
12. Based on an opinion received by the sponsor from We'll Manage, Inc. that all common area real estate taxes will be incorporated into the property tax bill payable by each unit owner, and that the Association will not pay property taxes directly through common assessments.
13. Provides for payment of minimum New York State corporate franchise tax and associated fees.
14. Provided for an accumulation of funds for long-term replacement of capital expense items, such as fencing, blacktop roadway surfaces, and underground lawn sprinkler system.
15. Provides for unanticipated expenses that may occur during the budget period.
16. Based on a proposed management agreement with We'll Manage, Inc. Lawn Care includes: mowing and edging, application of fertilizer and weed killing chemicals, shrub trimming and maintenance of shrub beds. (For more details, see Management Agreement at Page 27).
17. This category will be included as part of a contract for management services, lawn sprinkler maintenance, snow clearing, and landscape maintenance to be entered into by the sponsor, as Board of Directors, with We'll Manage, Inc.

CHAIRMAN OF THE BOARD  
PRESIDENT  
LEON SCHAFFER  
EXECUTIVE VICE PRESIDENT  
MARTIN N. FARBSTEIN  
SENIOR VICE PRESIDENT  
ALAN C. BONDER  
VICE PRESIDENT  
MARK I. ZOBLER  
VICE PRESIDENT  
ALAN I. DOLOBOFF  
VICE PRESIDENT  
RICHARD I. ARKIN

RICHARD I. ARKIN  
THE RIA GROUP, INC.  
ASSOCIATED WITH  
SCHAFFER-ARCHON CORPORATION



March 14, 1985

Casheld Development Corp.  
10 Mineola Avenue  
Roslyn Heights, N.Y., 11577  
Attn: Mr. A. Casella

Re: Directors & Officers Liability Insurance

Dear Mr. Casella:

Please be advised that the annual premium for \$1,000,000 combined single limit directors and officers liability insurance will cost \$1000.

We await your advise until proceeding.

Very truly yours,

The RIA Group Inc.

  
Ann Arkin

AA:gs

D'AMATO, FORCHELLI, LIBERT, IOVINO, SCHWARTZ & MINEO

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\*MEMBER D. C. BAR

February 21, 1985

Casheld Development Corp.  
10 Mineola Avenue  
Roslyn Heights, New York 11577

RE: Highland Mews

Gentlemen:

We have examined the Offering Plan and supporting documents prepared for the Highland Mews Homeowners Association. We believe that the Declaration of Covenants, Restrictions, etc., annexed to the Offering Plan will, when recorded in the Office of the Clerk of Nassau County, be legal and valid, and persons purchasing the homes shall automatically become members of the Highland Mews Homeowners Association, assuming all rights and obligations of membership.

It is our opinion that members of the Association will not be entitled to deduct any part of the Association's annual assessments as presently constituted for Federal or New York State Income Tax purposes. This is subject to future change and the issue should be checked annually.

Section 528 of the Internal Revenue Code grants certain home owners associations, substantially all of whose homes are used for residences, the opportunity to elect to be treated as a tax exempt organization. Since no commercial use is intended in this development, so long as the development retains its total residential identity, it should be able to meet the specific requirements of Section 528 set forth below.

To qualify as a tax exempt organization:

- A. The organization must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property;
- B. At least 60% of the Association's gross income in a taxable year must be derived from membership dues, fees and assessments from owners of residences and residential lots;
- C. At least 90% of the Corporation's expenditures in a taxable year must be applied for the operation, construction, management, maintenance and care of Association property;
- D. No part of the net earnings of the Association may inure to the benefit of any private shareholder or individual;
- E. The Association must elect tax exempt status.

Election of tax exempt status may require the filing of tax returns, but if granted will exempt the Association from Federal Income Taxes on all amounts received by the Association from the home owners as dues, fees or assessments. The Association, however, may be taxed on any excess of income over expenses from unrelated sources such as interest on bank accounts (reserves), income from concessions or from dues or fees received from persons other than the home owners.

If the Association does not qualify for and elect Section 528 exempt status in any year, it may, to the extent it has any income or accumulated revenues, be subject to Federal Income Taxation.

We have examined the building plans and specifications for the items to be built on the Homeowners Association property and for the homes which will be sold in conjunction with the Homeowners Association, and if the items to be built on the Homeowners Association property and the homes are built in accordance with the aforementioned plans and specifications after they are approved by the Building Department they will comply with all applicable zoning ordinances and statutes.

It is our opinion that the Highland Mews Homeowners Association will not be exempt for New York State Sales Tax if it participates in transactions encompassed by New York State Tax Law Section 1101.

Based upon our examination of New York State Tax Commission Advisory Opinion TSB-A-82(2)c, it is our opinion that Highland Mews Homeowners Association will not be exempt from New York State Franchise Taxes.

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

Very truly yours,

D'AMATO, FORCHELLI, LIBERT,  
IOVINO, SCHWARTZ, & MINEO

BY: \_\_\_\_\_  
Jack L. Libert

## THE ASSOCIATION

### A. Declaration of Covenants, Restrictions, Easements, Charges and Liens.

Prior to the closing of title to any Home in the Community, the Sponsor will record the Declaration of Covenants, Restrictions, Easements, Charges and Liens, together with the By-Laws annexed to and made a part thereof,, in the Office of the Clerk of the County of Nassau. This Declaration and the annexed By-Laws have been included in this Offering Plan at pages 31 and 49.

The Sponsor has organized Highland Mews Homeowners Association, Inc. under the provisions of the New York Not-For-Profit Corporation Law, for the purpose of owning, maintaining and operating the HOA Property. The Declaration of Covenants, Restrictions, Easements, Charges and Liens provides the framework and procedures by which the Association will maintain and administer the HOA Property.

Upon the sale and conveyance of a Home by the Sponsor, the purchaser thereof will automatically become a "Member" of the Association (as membership is included in the price of the home) subject to the Association rules and regulations and will be liable for its assessments as hereinafter provided.

The minimum and maximum number of Homes which will be part of the Association will be 12.

The Covenants and Restrictions shall run with and bind the land until December 31, 2014, after which time said covenants and restrictions shall be automatically extended for successive periods of ten years unless 75% of the Homeowners agree to alter or amend said Covenants and Restrictions in whole or in part.

Membership in the Association shall be restricted to the record owners of the 12 Homes which shall be built on the Property. Home Owners are prohibited from repairing, maintaining, altering, renovating or painting the exterior of any Home and/or the building in which said Home is located without the prior written consent of the Association. All repairs or maintenance, whether made by a Home Owner or by the Association to the doors, windows, or the exterior surface of any Home or building, including roofs, shall be carried out in such a manner so as to conform to the existing materials, style and color.



A Home Owner may make any non-structural alterations or improvements to the interior of his Home he desires without obtaining the consent of the Association as long as such alterations or improvements do not affect the building in which the Home is located. All maintenance of a Home, including electrical repairs, plumbing stoppages, window cleaning, interior painting, repairs and replacements to a Home and repairs to pipes, wires and conduits located in and servicing that Home shall be made by the Home Owners at their own expense.

Home Owners may not landscape or improve the HOA Property without the prior written consent of the Association.

Homes may only be used for single family residential occupancy, except a Home may also be used as a professional office if the owner resides therein and if permitted by applicable governmental laws and regulations.

With respect to parking, it should be noted that each Home will be assigned the parking space shown on the Site Plan, which parking space will be reserved for the sole and exclusive use of the Home Owner. In addition, each Home Owner shall have a non-exclusive right to park in all unreserved spaces. The cost of maintaining and repairing all parking spaces shall be an Association expense.

A Home Owner may mortgage his Home at any time after acquiring title, in any amount, for whatever terms he can obtain, and with any mortgagee. However if a Home Owner mortgages his Home, he must pay any arrearages of Homeowners Association dues at or before the closing of the mortgage.

A Home Owner may sell or lease his Home (which includes the Home Owner's membership interest in the Association) without restriction provided only that all Homeowners Association dues assessed to his Home shall have been paid or shall be paid out of the proceeds of the sale or lease or by the grantee. Such restriction shall not apply where an Institutional First Mortgagee (as defined in the Declaration) acquires title to a Home by foreclosure or by deed in lieu of foreclosure but shall apply to a purchaser from such mortgagee. Such restriction shall also not apply to a Home owned by the Sponsor or its designee until title is conveyed to a purchaser. Any land or building loan mortgage will be subordinate to the Declaration of Covenants and Restrictions.

Each Home owner must obtain and maintain casualty insurance with extended coverage on his Home covering property damage in an amount equal to the replacement cost of the Home, agreed amount, no co-insurance, naming the Association as an insured, as its interest may appear. Said insurance must also provide that written notice of cancellation be forwarded to the Board of Directors of the Association. The Property is not in the flood plain so flood insurance is not required.

Each Home Owner is granted easements for ingress and egress over the Property, as well as easements to connect with and make use of certain utility and drainage lines. The Declaration also makes provision for various easements in favor of the Association and the Sponsor including, in the case of the Sponsor, the retention of easements necessary for the completion of construction and sale of the 12 Homes in the Community.

B. Management and Operation of the Association.

Highland Mews Home Owners Association was incorporated pursuant to the provisions of the Not For Profit Corporation laws of New York State on November 1, 1984.

The affairs of the Association shall be governed by a Board of Directors, consisting of three members, each of whom, subsequent to those designated or elected by the Sponsor, must be either a Member of the Association or a lessee in lieu of the Member, renting the Unit in which he resides. The Sponsor will designate an initial Board of Directors consisting of three Directors to serve until the first annual meeting of the Association. The By-Laws will provide for cumulative voting for and after the first annual meeting. Cumulative voting allows each member as many votes as the number of Directors to be elected. A member may cast all of such votes for a single Director, or distribute them among the number to be elected, as he sees fit.

The initial Board of Directors appointed by the Sponsor will call for the first annual meeting of the Association within 6 months of the first closing of a Home.

If the office of any Board Member or Board Members becomes vacant by reason of the death, resignation,

retirement, disqualification, removal from office or otherwise, a majority of the remaining Board Members, though less than a quorum, at a special meeting of Board Members 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, except Board Members who are elected or designated by the Sponsor, may only be succeeded by an individual appointed by the Sponsor.

Board Members may be removed without cause by an affirmative vote of a majority of the Home Owners. No Board Member, except Board Members elected or appointed by the Sponsor, shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner. Notwithstanding the foregoing, Board Members elected or appointed by the Sponsor may only be removed by the Sponsor.

The Declaration of Covenants and Restrictions and the By-Laws of the Association may each only be amended by a vote of at least 75% of the Home Owners. The Board of Directors of the Association is authorized to cause to be made all necessary or desirable alterations, additions or improvements in and to the HOA Property and the cost and expense thereof shall constitute a common expense of all Home Owners. Notwithstanding the foregoing, however, whenever the cost and expense of such alterations, additions, or improvements would, in the judgment of the Board, exceed \$5,000.00 at any one time, in any calendar year, such proposed alterations, additions or improvements shall not be made unless first approved by 75% of the Home Owners (including Sponsor if Sponsor then owns any Homes) at a duly constituted meeting of the Home Owners. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements, costing \$5,000.00 or less, in any calendar year may be made as aforesaid without the approval of the Home Owners. Notwithstanding the foregoing, so long as Sponsor shall own 3 or more Homes, no additions, alterations, or improvements shall be made to the HOA Property, regardless of the cost thereof, unless the consent of Sponsor is first obtained. In no event will the limitations imposed in the preceding sentence continue for more than five (5) years from the date of the first closing of a Home.

The initial Board of Directors shall consist of JEROME HELD, ALEXANDER CASELLA and JONATHON HELD. MESSRS. HELD and MR. CASELLA are all principals of the Sponsor. Mr. CASELLA is President of the Association; MR. JEROME HELD is Vice-President; MR. JONATHON HELD is Secretary/Treasurer.

The Board of Directors shall furnish to all Home Owners, and shall present annually (at the annual meeting) 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 Association 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 Owners and a notice of the holding of the annual Home Owners meeting.

The Board will commence the assessment of Association dues within thirty days of the closing of the first Home.

D. Expenses of Operating the Association.

The costs and expenses of operating the Homeowners Association and of making capital improvements, if any, will be allocated equally among the Homes in the Community, and will be assessed on the Home Owners on a monthly basis ("HOA Dues"). The Board will commence the assessment of HOA Dues within thirty days of the closing of the first Home.

By his acceptance of a deed, each Home Owner subject to the Declaration will be deemed to covenant and agree to pay to the Homeowners Association such assessments as are fixed by its Board of Directors. Any sum assessed by the Board but unpaid, together with interest at the highest rate permitted by law and reasonable attorney's fees, will constitute a personal obligation of the person who was the owner of the Home when the assessment fell due, as well as a charge on the land and a continuing lien on the property against which the assessment is made. Such lien shall be prior to all liens except tax or assessment liens of governmental taxing authorities and all unpaid sums on any Institutional First Mortgage or blanket mortgage encumbering any lot.

A Home Owner with unpaid assessments may continue to use the HOA Property and in no event may a Home Owner's voting rights be suspended for non-payment of assessments.

No Home Owner may exempt himself from contributing toward the expenses of the Homeowners Association by waiver of the use of the grounds or other improvements maintained by the Association.

It is presently anticipated that the HOA Dues will be used primarily to pay for public liability and property damage insurance, snow removal and trash removal, for the maintenance of the HOA Property and for operation of the Association. The assessments will not include the cost of maintenance, repair or decoration of the interior of the Homes or portions thereof, payments required pursuant to the terms of Home Owners' mortgages, and real estate taxes covering the individual Homes. The Nassau County Department of Assessment has advised the Sponsor that real estate taxes assessable against the HOA Property will be apportioned directly to the separate Homes

The Board of Directors may levy fines not to exceed \$25.00 per day, on Home Owners for violation of rules and regulations duly promulgated by the Board and for failure to pay HOA Dues and all special and general assessments on time provided that for each day a violation continues after notice it shall be considered a separate violation.

At the closing of title to each Home, each Home Owner will contribute \$200.00 to the Association's working capital fund. These funds will supplement the HOA Dues collected from the Home Owners and may be used by the Board of Directors in the same way and for the same purposes as the HOA Dues. The Sponsor shall make no contribution to this fund. While the Sponsor is in control of the Board of Directors, the working capital fund will not be used to reduce HOA Dues.

The Sponsor anticipates that the initial working capital fund together with the collection of reserve funds in future years in accordance with the estimate of such funds as projected in the initial budget for the Association is sufficient to cover foreseeable capital expenditures. The foregoing does not constitute a guaranty or warranty of the Sponsor, it merely constitutes the Sponsor's estimation based upon his judgment and experience. If additional funds are required for capital expenditures, it may be necessary to increase the HOA Dues or to collect a special assessment from each Home Owner.

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

C. Control by the Sponsor.

Notwithstanding anything else contained in this Plan, the Sponsor will have the right to designate at least two-thirds of the Board of Directors for the sooner of five years from the date of the closing of the first Home, or until Sponsor closes title to 6 Homes under this Plan ("Control Period"). Thereafter the Sponsor shall vote all unsold Homes as if he were any other Home Owner, however as long as he Sponsor shall own one Home it shall be entitled to designate one director. During the Control Period, the Sponsor's Directors will not veto any expense described in Schedule A (page ), or any capital repairs or expenses required to comply with applicable laws or regulations, any expenses to remedy any notice of violation, or any expenses to remedy any work order by an insurer. In addition, during the Control Period, no mortgage liens will be placed on the HOA Property without the consent of at least 75% of the Home Owners, including the Sponsor or its nominees.

After HOA Dues have been levied on one or more Home Owners who have closed title to their Homes, Sponsor's obligation for HOA Dues for Unsold Homes shall be not less than the lesser of:

- (i) Sponsor will be obligated for HOA Dues including supplemental charges on Unsold Homes or;
- (ii) Sponsor will be obligated for the difference between the actual Association expenses including reserves applicable to completed improvements as provided for in the Association's budget, and the Association charges levied on Home Owners who have closed title to their Homes.

During the period prior to election of the successor Board of Directors, the Sponsor, acting without fee, will have control of maintenance facilities and services to be provided and will determine the HOA Dues to be paid by all Home Owners, including the Sponsor.

Provided further, so long as Sponsor owns at least three unsold Homes or for a period of two years from the closing of title to the first Home, whichever is later, the Association may not, without the Sponsor's prior written consent, if the resulting cumulative financial cost to the Association in any year, inclusive of any resulting deficiency or liability, would exceed 20% of the Association's prior year's operating budget, the Association may not take any action to (a) make capital additions or improvements to the Association's property; (b) increase the level of services over those provided for in the prior year's operating budget; (c) establish additional reserve funds; (d) borrow money on behalf of the Association; or (e) hire additional employees (except to fill existing staff vacancies) without obtaining the prior written consent of the Sponsor.

As long as Sponsor has unsold Homes which are offered for sale pursuant to this Offering Plan, Sponsor shall amend this Plan whenever there is a change in the budget or when one year has passed since the last budget was updated, and it shall include in such amendment the prior year's certified financial statements if such are provided to Homeowners.

Approval of the City of Glen Cove.

The Property was rezoned from R-2, 1/2 acre single family residential, to R-3A, 6500 square foot single family residential. In addition the City of Glen Cove Planning Board approved development of the site as a cluster of 12 units located in three buildings. The City Council of Glen Cove approved the zoning changes on June 26, 1984.

Obligations of the Sponsor.

The minimum and maximum number of Homes that the Sponsor will construct on the Property is 12. The Sponsor is obligated to construct the parking facilities and roads described at pages 99 through 103. The Sponsor anticipates that all the parking facilities will be completed by December 1, 1985; that all the roads will be completed by December 1, 1985; and that all landscaping and other improvements will be completed by December 1, 1985.

The Sponsor has a construction loan commitment from The Roslyn Savings Bank which will enable it to complete the construction of all Association improvements and the Homes. The Sponsor will build and complete all Association improvements in accordance with the building plans and specifications identified in this Plan.

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 substantially equal quality for any of those set forth. All material changes will be made in a filed amendment to this Plan.

The Sponsor agrees to pay for the authorized and proper work involved in the construction, establishment and sale of all Association property, that Sponsor is obligated to complete all work described in this Plan and agrees to cause all mechanics' liens with respect to such construction to be promptly discharged or bonded.

The Sponsor will file the Declaration of Covenants and Restrictions and will convey the HOA Property to the Association prior to closing title to the first Home. The HOA Property will be released from the provisions of any land or construction loan mortgages prior to closing title to the first Home and any such mortgagee shall subordinate his mortgage to the Declaration. The Sponsor will complete construction of all streets and parking facilities serving a Home or the building in which the Home is located and any other facilities that are vital to the health and safety of the Home Owners prior to closing title to the first Home.

The Sponsor will defend the Association in any law suit or administrative proceedings arising out of the Sponsor's actions and omissions prior to the recording of the Declaration and the Sponsor will indemnify the Board of Directors from any loss or liability they sustain as a



result of any lawsuits or administrative proceedings brought against the Association which are based upon the Sponsor's acts or omissions prior to the recording of the Declaration.

The Sponsor agrees to deliver a set of "as built" plans of all improvements to the HOA Property to the Board of Directors with a representation that the "as built" plans and specifications are in substantial compliance with this Offering Plan. After the Sponsor has completed construction of all improvements to the HOA Property, the Sponsor will represent in a duly filed amendment to the Plan, that the "as built" plans and specifications are in substantial compliance with the terms of the Plan, or Sponsor will disclose that they are not in substantial compliance with the Plan and will offer all Purchasers the right to rescind their Purchase Agreements.

The Sponsor is not posting a completion bond or other security to secure Sponsor's obligations to complete the construction of the improvements to the HOA Property. All obligations pertaining to the HOA Property shall be enforceable only by the Board of Directors 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 HOA Property and, therefore, the Sponsor agrees that during such period it will in its capacity as the Board of Directors, enforce such obligations when required to do so by a resolution duly passed by a majority of the Home Owners, excluding the Sponsor, at a special meeting of the Home Owners called for such purpose.

The Sponsor will not dissolve nor will the principals of the Sponsor cause it to dissolve or liquidate until the sooner of (a) one year after the expiration of the Control Period; or (b) one year after the closing of title to the last Home. Notwithstanding the foregoing, the principals of the Sponsor may freely transfer their interests in the Sponsor.

The Sponsor reserves the right of access to complete construction of the Homes and all improvements to the HOA Property and an easement of ingress and egress over all Association roadways and easements throughout the HOA Property and for the purpose of installation, maintenance, repair and replacement of all sewer, water, electric, telephone, master antenna and cable television lines, drainage pipes, lines and mains, conduit wires and any and

all other equipment necessary or incidental to the proper functioning of any of the foregoing, all in favor of land now owned by the Sponsor, its successors and assigns. The Sponsor agrees to repair any damages resulting therefrom and not to unreasonably interfere with the Home Owners' use of the HOA Property except to the extent necessary.

At the time the Sponsor transfers the HOA Property to the Association, the Sponsor will furnish the Association with a fee title insurance policy covering the HOA Property naming the Association as the insured. This fee policy of title insurance will be issued by the First American Title Insurance Company of New York, or such other reputable title insurance company licensed to do business in the State of New York as Sponsor may select. Said policy shall be in the amount of \$125,000.00.

Any mortgages or liens which encumber the HOA Property after the closing of the first Home shall be subordinate to the Declaration.

The Sponsor is responsible for the operation and maintenance of the HOA Property, at its sole cost and expense, until it is conveyed to the Association.

After HOA Dues have been levied on one or more Home Owners who have closed title to their Homes, Sponsor's obligation for HOA Dues for Unsold Homes shall be not less than an amount calculated in accordance with one of the following provisions:

- (i) Sponsor will be obligated for HOA Dues including supplemental charges on Unsold Homes or;
- (ii) Sponsor will be obligated for the difference between the actual Association expenses including reserves applicable to completed improvements as provided for in the Association's budget, and the Association charges levied on Home Owners who have closed title to their homes as projected in Schedule A of this Offering Plan.

## TRUST FUND PROVISIONS

The Sponsor will hold, or cause to be held, all monies received by it directly or through its agents, employees or attorneys as down payments or deposits on Homes in trust until the closing date for said Home(s) in a segregated, special, non-interest bearing escrow account pending delivery of the deed to the Home, at Roslyn Savings Bank at 1400 Old Northern Boulevard, Roslyn, New York 11576 entitled "HIGHLAND MEWS SPECIAL ACCOUNT" or similar name. These monies will not be placed in an interest bearing account and will not earn interest.

All funds received by Sponsor will be handled in accordance with the provisions of Section 352-h and 352e(2)(b) of the General Business Law. Such funds shall remain the property of the Purchaser until the closing of title to the Home, except as otherwise provided herein. The signature of Sponsor and a member of D'Amato, Forchelli, Libert, Schwartz, & Mineo, 120 Mineola Boulevard, Mineola, New York 11501, attorneys for the Sponsor shall be required to withdraw any of such funds. In the event of a default by the Purchaser under his purchase agreement for a Home, which default continues for thirty (30) days after notice of such default from the Sponsor to the Purchaser, the down payment deposited with Sponsor may be released to the Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other. The down payment may also be withdrawn if the purchaser rescinds the purchase agreement or upon mutual written consent between the Purchaser and Sponsor. If a purchaser does not pay the balance of his purchase price the Sponsor shall make a written demand therefor. Thirty (30) days thereafter, if the balance due has not been paid the purchase agreement shall terminate the the down payment deposited with Sponsor shall be paid over to the Sponsor as liquidated damages, and the purchase agreement will be cancelled. In the event of such cancellation, the Sponsor shall have the right to sell the Home to another purchaser.

## MANAGEMENT AGREEMENT

Prior to the conveyance of the first Home, the Association will enter into an agreement with WE'LL MANAGE INC., 59-9 Central Avenue, Farmingdale, New York 11735 to act as Managing Agent for the Association for a period of two (2) years. After the second year the agreement shall continue on a month to month basis. The agreement may be terminated at the option of either party at the end of the second year of its term on at least sixty (60) days prior written notice. The Managing Agent shall be paid the sum of \$11,680.00, payable in monthly installments, for its services. The compensation payable to the Managing Agent will be paid from the collection of monthly Association dues. The agreement may be assigned by the Managing Agent.

The services to be rendered by the Managing Agent include: billing and collection of Association dues, preparation of annual budgets, maintenance of accurate records, generation of contract specifications, negotiation of contracts, scheduling maintenance activities, cutting the grass, edging concrete borders, fertilizing cultivated areas, seeding grass, maintaining the grounds, clearing snow from the roadways, unoccupied driveways and sidewalks, and maintenance of the sprinkler system.

The agreement requires the Association to reimburse the Managing Agent for its expenses and to indemnify it from any liability for acts properly performed or for injury to persons on property resulting from the Managing Agent's negligence or wilfull failure to comply with the agreement.

The Managing Agent is neither related to nor owned and controlled by the Sponsor.

## IDENTITY OF PARTIES

The Sponsor, CASHELD DEVELOPMENT CORP. is a New York Corporation with offices at 10 Mineola Avenue, Roslyn Heights, New York. The stockholders, officers and directors are ALEXANDER N. CASELLA, who serves as President, JEROME S. HELD, who serves as Vice-President, MICHAEL D. HELD, who serves as Vice-President and JONATHON C. HELD, who serves as Secretary Treasurer. Casheld Development Corp. has not taken part in any public offering of homeowners associations, condominiums or other cooperative interests in realty in or from New York State which were initially offered during the preceding five years.

Mr. Jerome S. Held is principal of the Held Organization: a real estate, construction and consulting company located in Roslyn Heights, New York. Mr. Held has been active in construction, real estate development, acquisition, management, and real estate and construction consulting. His ownership of real property includes residential buildings, office buildings, commercial buildings and industrial buildings. He is currently converting a building at 360 Stewart Avenue, Garden City, New York into condominium/cooperative ownership.

Mr. Alexander N. Casella has functioned as an active builder, consultant and construction manager for over twenty years. Through his firm, Casella Construction Corporation, he has erected a number of varied structures. These projects have included construction of office buildings a 300 room hotel/training facility, custom one family homes, small shopping centers, and other commercial and industrial buildings. Alexander N. Casella has not taken part in any public offering of homeowners associations, condominiums or other cooperative interests in realty in or from New York State which were initially offered during the preceding five years.

Mr. Jonathon C. Held is a Vice President of J.S. Held Incorporated, and acts as a real estate and construction consultant for various projects in the New York Metropolitan area and throughout various states. He is active in the management of various types of real property, and has negotiated both the purchase and sale of various types of properties involving the Held Organization. Jonathon C. Held has not taken part in any public offering of homeowners associations, condominiums or other cooperative interests in realty in or from New York State which were initially offered during the preceding five years.

Mr. Michael D. Held is a Vice President of J.S. Held Incorporated, and has been actively involved in both real property management and construction. He has been solely responsible for management of construction projects for residential and commercial properties as well as rehabilitation of residential structures. Michael D. Held has not taken part in any public offering of homeowners associations, condominiums or other cooperative interests in realty in or from New York State which were initially offered during the preceding five years.

D'Amato, Forchelli, Libert, Schwartz, & Mineo Esqs., 120 Mineola Boulevard, Mineola, New York 11501 has represented the Sponsor in connection with the preparation of the Offering Plan and will represent the Sponsor at the Home closings. This Offering Plan was prepared by Peter Alpert, Esq., an associate of the firm.

Sea Coast Realty, Inc., 50 Glen Street, Glen Cove, New York 11542 is the Selling Agent. Mr. Keith McCoy the Sales Manager of Sea Coast Realty, is an experienced real estate sales person.

The office of Ivan E., Czipott, Site Planning Consultant, with offices at 183 Broadway, Hicksville, New York 11801, has performed the surveying, site planning and site engineering. The firm has been established since 1964 and has completed numerous similar projects in the past including The Greens Condominium at North Hills and The Fairways at North Hills. The principal of the firm operates under a land surveyors license issued by the University of the State of New York.

We'll Manage Inc., a New York Corporation, with offices at 59-9 Central Avenue, Farmingdale, New York, is the Managing Agent. We'll Manage has been managing condominiums and homeowners associations for several years. Robert Roth, the President of We'll Manage, Inc., has managed condominiums and homeowners associations for over 12 years and is a licensed real estate broker. He also has served as President and Board member of a 300 unit condominium. We'll Manage is not owned, controlled or related to the Sponsor and Mr. Roth is not related to the Sponsor.

## REPORT TO MEMBERS

The Association is obligated to supply all Home Owners with an uncertified financial statement prepared by a independent certified public accountant , on an annual basis, and to give all Home Owners notice of the annual Association members meeting. If 51% of the Homeowners agree, the Association may retain an accountant to prepare certified financial statements at the Association's expense.

## DOCUMENTS ON FILE

The Sponsor will retain copies of this Offering Plan, Parts A, B and C of the Exhibits thereto and all documents referred to therein on file and available for inspection and copying, at the interested party's expense, at his office for six years from the date of the first Home closing.

## GENERAL

This Offering Plan contains a fair summary of the material facts of this Offering and does not knowingly omit any material fact or contain any untrue statements of any material fact.

There are no law suits, administrative or other proceedings the outcome of which may materially affect this Offering, the Property, the Sponsor's capacity to perform all of its obligations under this Plan or the operation of the Association.

The Property has never been the subject of any prior public offering. No preliminary non-binding agreements have been entered into and no deposits have been collected from prospective purchasers.

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 race, sex, creed, color, national origin or ancestry in the sale of Homes at Highland Mews Community.

No person has been authorized to make any representation which is not expressly contained herein. This Offering Plan may not be changed or modified orally, but only by a duly filed amendment.

EXHIBIT A

DECLARATION OF COVENANTS, RESTRICTIONS,  
EASEMENTS, CHARGES AND LIENS

DECLARANT -

CASHELD DEVELOPMENT CORP.  
10 Mineola Avenue  
Roslyn Heights, New York

DATE OF  
DECLARATION -

D'AMATO, FORCHELLI, LIBERT  
IOVINO, SCHWARTZ, & MINEO  
Attorneys for the Sponsor  
120 Mineola Boulevard  
Mineola, N. Y. 11501



TABLE OF CONTENTS

		<u>Page</u>
<u>ARTICLE I</u>	<u>DEFINITIONS</u>	1
<u>ARTICLE II</u>	<u>PROPERTY SUBJECT TO THIS DECLARATION</u>	2
Section 1.	The Property	2
<u>ARTICLE III</u>	<u>MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION</u>	2
<u>ARTICLE IV</u>	<u>PROPERTY RIGHTS IN THE COMMON PROPERTY</u>	3
Section 1.	Members' Easements of Enjoyment	3
Section 2.	Title to Common Property	3
Section 3.	Extent of Members' Easements	4
<u>ARTICLE V</u>	<u>DEVELOPMENT OF HIGHLAND MEWS</u>	5
Section 1.	Highland Mews Residential Development	5
Section 2.	Easements for the Association and and Home Owners	5
Section 3.	Reservation of Easements to the Developer	5
Section 4.	Encroachment on Lots	6
<u>ARTICLE VI</u>	<u>COVENANT FOR MAINTENANCE ASSESSMENTS</u>	6
Section 1.	Creation of the Lien and Personal Obligation	6
Section 2.	Purpose of the Assessment	7
Section 3.	Assessments	7
Section 4.	Due Dates; Duties of the Board of Directors	8
Section 5.	Effect of Non-Payment of Assessment; The Personal Obligation of the Member; The Lien; Remedies of the Association	8
<u>ARTICLE VII</u>	<u>ARCHITECTURAL CONTROL</u>	9
<u>ARTICLE VIII</u>	<u>USE OF THE PROPERTY</u>	10
Section 1.	Roads, Exterior Parking and Sewer Basin	10
Section 2.	Subject to Covenants and Restrictions	10
<u>ARTICLE IX</u>	<u>GENERAL PROVISIONS</u>	11
Section 1.	Beneficiaries of Easements, Rights and Privileges	11
Section 2.	Duration and Amendment	11
Section 3.	Disposition of Assets Upon Dissolution of the Association	12
Section 4.	Notices	13
Section 5.	Administration	13
Section 6.	Severability	13
Section 7.	Grades of Lots	13

DECLARATION OF COVENANTS  
RESTRICTIONS, EASEMENTS, CHARGES AND LIENS

Declaration made as of this            day of  
198 by CASHELD DEVELOPMENT CORP., a New York corporation,  
with an office at 10 Mineola Avenue, Roslyn Heights, New  
York hereinafter referred to as "Developer" and represented  
in this Declaration by JEROME HELD, a Vice-President of  
CASHELD DEVELOPMENT CORP., who is fully empowered and  
qualified to execute this Declaration on behalf of said  
corporation.

W I T N E S S E T H :

WHEREAS, Developer is the owner of the real  
property described in Article II of this Declaration and  
shown on the site plan attached hereto as Schedule A and  
marked "Site Plan" which Declarant desires to develop as a  
residential community with open spaces and other common  
facilities for the benefit of said community; and

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

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

WHEREAS, Developer has incorporated Highland Mews  
Homeowners Association, Inc. under the Not-for-Profit  
Corporation Laws of the State of New York for the purpose of  
exercising the aforesaid functions.

NOW, THEREFORE, the Developer, for itself, its  
successors and assigns, declares that the real property  
described in Article II is and shall be held, transferred,

sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

## ARTICLE I

### DEFINITIONS

The following words when used in this Declaration shall, unless the context otherwise prohibits, have the meanings set forth below:

(a) "Association" shall mean and refer to Highland Mews Homeowners Association, Inc., a New York Not-for-Profit Corporation;

(b) "Common Property" or "Common Areas" shall mean and refer to certain areas of land other than individual Homes as herein defined, intended to be devoted to the common use and enjoyment of the owners of the Property;

(c) "Development" shall mean Highland Mews, a residential development being constructed on the Property.

(d) "Developer" shall mean and refer to Casheld Development Corp. and its successors and assigns.

(e) "Home" shall mean and refer to all units of single family residential housing situated upon the Property but not upon the Common Property;

(f) "Institutional First Mortgage" shall mean a first mortgage granted by a Federal or State Savings and Loan Association, savings bank or commercial bank, a life insurance company, union pension fund, agency of the United States Government or agency of the State of New York, FHA or VA approved lender or a mortgage granted by the Owner to a purchaser of a Home.

(g) "Lot" shall mean and refer to any plot of land intended and subdivided for residential uses shown on the subdivision map of the Property but shall not include the Common Area.

(h) "Member" shall mean and refer to those Owners who have a membership interest in the Association, as such interest is set forth in Article III;

(i) "Owner" shall mean and refer to the record owner fee simple title to any Home, including the Developer with respect to an unsold Home. Every Home Owner shall be treated for all purposes as a single owner for each Home held, 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, the majority vote of such owners shall be necessary to cast any vote to which such owners are entitled;

(j) "Party Wall" shall mean and refer to the entire wall, from front to rear, all or a portion of which is used for support of each adjoining Home, situate or intended to be situate on the boundary line between adjoining Homes;

(k) "Property" shall mean and refer to all such existing properties as are subject to this Declaration;

## ARTICLE II

### PROPERTY SUBJECT TO THIS DECLARATION

Section 1. The Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is all that certain plot, piece or parcel of land situate, lying and being in the City of Glen Cove, County of Nassau and State of New York, being more particularly bounded and described on Schedule B which is annexed to and made a part of this Declaration.

## ARTICLE III

### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

The Association shall have one class of membership interest. The Owners of Homes subject to this Declaration shall be Members of the Association whether such ownership

is joint, in common or by tenancy by the entirety. Each member is entitled to one vote for each Home which he owns. When more than one person or entity owns a Home, the majority vote of such Owners shall be necessary to cast any vote to which such Owners are entitled. No Member shall split or divide his votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

#### ARTICLE IV

##### PROPERTY RIGHTS IN THE COMMON PROPERTY

###### Section 1. Members' Easements of Enjoyment.

Subject to the provisions of Section 3, every Member shall have a right and easement of enjoyment in and to the Common Property and such easement shall be appurtenant to and shall pass with the title to every Home.

2. Title to Common Property. On or before the closing of title to the first Home, the Developer shall convey legal title to the Common Property to the Association subject to the following covenant, which shall be deemed to run with the land and shall be binding upon the Association, its successors and assigns:

In order to preserve and enhance the property values and amenities of the community, the Common Property and all facilities now or hereafter built or installed thereon, shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards. The maintenance and repair of the Common Property shall include, but not be limited to, the repair of damage to pavement, walkways, buildings, outdoor lighting, sewers, water and utility lines, recreational equipment, drainage reserve areas and fences.

The Developer hereby reserves all easements necessary to construct the various facilities it is obligated to construct under the Offering Plan on the Common Property.

This section shall not be amended, as provided for in Article IX, Section 2, to reduce or eliminate the obligation for maintenance and repair of the Common Property.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to charge reasonable admission and other fees for the use of the Common Property by non-members;

(b) The right of the Association to dedicate or transfer all or any part of the Common Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast seventy-five (75%) percent of the eligible votes has been recorded, agreeing to such dedication, transfer, purpose or condition and unless written notice of the action is sent to every Member at least ninety (90) days in advance of any action taken; ✓

(c) The right of the Developer and of the Association to grant and reserve easements and rights-of-way, in, through, under, over and across the Common Property, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, fuel oil and other utilities, and the right of the Developer to grant and reserve easements and rights-of-way, in, through, under, over, upon and across the Common Property for the completion of the Developer's work under Section 1 of Article V; and

(d) The right of the Developer to continue to use the Property, including the Common Property, and any sales offices, model Homes and parking spaces located on the Property, in its efforts to complete and market Homes constructed on the Property.

## ARTICLE V

### DEVELOPMENT OF HIGHLAND MEWS

Section 1. Highland Mews Residential Development. The Developer shall build 12 Homes in 3 detached buildings on 12 lots.

Section 2. Easements. The Developer does hereby establish and create for the benefit of the Association and for all Owners from time to time of Homes, and does hereby give, grant and convey to each of the aforementioned, the following easements, licenses, rights and privileges:

(i) Right-of-way for ingress and egress by vehicles or on foot, in, through, over, under and across the streets, roads and walks in the Common Property (as shown on the Site Plan and as they may be built or relocated in the future) for all purposes, this easement shall include a right of access for the maintenance or construction of underground utilities.

(ii) Rights to connect with and make use of utility lines, wires, pipes, conduits, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the Property.

Section 3. Reservation of Easements. Developer reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Property, for the purpose of completing its work under Sections 1 and 2 above and, towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the Property, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, electric and other utilities and for any other materials or services necessary for the completion of the work. Developer also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewer and drainage lines which may from time to time be in or along any areas of the Property and to make use of any storage building during the period of construction. Finally, Developer reserves the right to continue to use the Property and any sales offices, model

homes, signs and parking spaces located on the Property, in its efforts to market Homes constructed on the Property. This paragraph may not be amended without the consent of the Developer.

Section 4. Encroachments on Lots. In the event that any portion of any water lines, sewer lines, utility lines, as originally constructed by Developer encroaches on any Lot, it shall be deemed that the Owner of such Lot has granted a perpetual easement to the Owner of the adjoining Lot or the Association as the case may be for continuing maintenance and use of such encroaching roadway, water line, sewer line, utility line. The foregoing shall also apply to any replacements of any such water lines, sewer lines or utility lines, if same are constructed to substantial conformance to the original. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions, without the written consent of the Developer.

## ARTICLE VI

### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation. The Developer, for each Home owned by it within the Property, hereby covenants, and each Owner of any Home by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or conveyance, shall be deemed to covenant and agree, to pay to the Association such assessments as are fixed by the Association's Board of Directors and assessed to the Members as hereinafter provided. All sums assessed by the Association but unpaid, together with such interest thereon as is hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest thereon and cost of collection thereof, as hereinafter provided, shall also be a personal obligation of the person who was the Owner of such property at the time when the assessment fell due.



Section 2. Purpose of the Assessment The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property as a community and in particular for the improvement and maintenance of properties, services and facilities devoted to these purposes and related to the use and enjoyment of the Common Property and the Homes. Including, without limiting the foregoing as to the Common Property, these items shall include the payment of taxes and insurance premiums, the cost of repairing, replacing and improving the Common Property including the cost of labor, equipment, materials, management and supervision.

Section 3. Assessments. The Association's Board of Directors shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Association and shall send a copy of the budget and any supplement to the budget to each Member prior to assessing the Members thereon. The Board shall determine the total amount required, including the operational items such as insurance, repairs, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years and capital improvements approved by the Board. The total annual requirements and any supplemental requirements shall be allocated among, the Members as follows:

(i) Each Member shall pay a portion of said requirements, which shall be a fraction, the numerator of which shall equal the number of Homes the Member owns and the denominator of which shall be 12. Payments of assessments by such Members shall be made to the Association through the Board of Directors of the Association. The sum due the Association from each individual Home Owner shall constitute the assessment of the Board of Directors and unpaid assessments shall constitute liens on the individual Homes, subject to foreclosure as hereinafter provided.

Notwithstanding anything to the contrary contained in this Declaration or the By-Laws, the Developer's covenant and obligation to pay assessments as a Member shall be limited to the lesser of the following sums:

(a) the maximum assessment determined in accordance with the first paragraph of this Section 3(i);

(b) The difference between the actual costs of Association expenses including reserves applicable to completed improvements as provided for in the Association's budget and all assessments levied against all other Home Owners for such fiscal year.

Section 4. Due Dates; Duties of the Board of Directors. All assessments shall be payable monthly in advance as ordered by the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Home and shall prepare a roster of the Homes and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member. Upon written request of a Member or of his mortgagee, the Board shall promptly furnish such Member or his mortgagee with a written statement of the unpaid charges due from such Member.

Section 5. Effect of Non-Payment of Assessment; The Personal Obligation of the Member; The Lien; Remedies of the Association. If an assessment is not paid on the date when due as fixed by the Board of Directors, such assessment shall become delinquent and shall, together with such interest thereon and the costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Member's Home which shall bind such property in the hands of the Member, his heirs, devisees, personal representatives and assigns. Such liens shall be prior to all other liens except: (a) tax or assessment liens on the Home by the taxing subdivision of any governmental authority, including but not limited to, State, County, Village and School District taxing agencies; and (b) all sums unpaid on any Institutional First Mortgage of record encumbering the Home. The personal obligation of the Member who was the Owner of the Home when the assessment fell due to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the highest rate permitted by law and the Association may bring an action at

law against the Member or former Member personally obligated to pay the same or to foreclose the lien against the property and there shall be added to the amount of such assessment all legal fees incurred in connection with such action, and in the event of a judgment is obtained, such judgment shall include interest on the assessment as above provided and attorneys' fees together with the costs of the action.

Where the holder of an Institutional First 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 First 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 the assessment chargeable to such Home which was assessed and became due prior to the acquisition of title to such Home by such acquirer. In such event, the unpaid balance of the assessment shall be charged to all other Home Owners as a common expense.

## ARTICLE VII

### ARCHITECTURAL CONTROL

No building, fence, wall or other structure, or change in landscaping, shall be commenced, erected or maintained upon the Property, nor shall any exterior addition, change or alteration be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event said Board, or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The provisions of this Article VII shall not apply to the Developer. This article may not be amended without the written consent of the Developer until such time as Developer no longer owns any Homes.

ARTICLE VIII

USE OF PROPERTY

Section 1. Roads, Exterior Parking and Sewage Basin. It shall be the responsibility and obligation of the Association to maintain and repair all of the roads and parking spaces located on the Property. Such maintenance shall include snow removal and such insurance as the Board of Directors shall deem appropriate. All such maintenance, insurance and repairs shall be paid for out of the general Association assessments. Parking spaces located on the Property, other than the driveway parking spaces outside of the individual Homes, if any, may be used by any member of the Association or his guests, subject to such rules and regulations as the Board of Directors shall from time to time promulgate.

Section 2. Subject to Covenants and Restrictions. The use of a Home by a Member or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Association promulgated by the Board of Directors and the following covenants and restrictions:

(a) A Home and all areas restricted to the Member's use shall be maintained in good repair and overall appearance;

(b) Any Member who mortgages his Home shall notify the Board of Directors of the name and address of his mortgagee;

(c) The Board of Directors shall, at the request of the mortgagee of a Home, report any delinquent assessments due from the Owner of such Home;

(d) No nuisances shall be allowed upon the Property nor shall any use or practice be allowed which is a source of annoyance to residents of the Development or which interferes with the peaceful possession and proper use of the Property by its residents;

(e) 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;

(f) Regulations promulgated by the Board of Directors concerning the use of the Property shall be observed by the Members; provided, however, that copies of such regulations are furnished to each Member prior to the time the said regulations become effective;

(g) The maintenance assessments shall be paid when due.

## ARTICLE IX

### GENERAL PROVISIONS

Section 1. Beneficiaries of Easements, Rights and Privileges. The easements, licenses, rights and privileges established, created and granted by this Declaration shall be for the benefit of, and restricted solely to the Association and the Owners of Homes. Any Owner may grant the benefit of such easements, licenses, rights or privileges to his tenants and guests and their immediate families for the duration of their tenancies or visits, subject in the case of the Common Property, to the Rules and Regulations of the Board of Directors, but the same is not intended nor shall it be construed as creating any rights in or for the benefit of the general public.

Section 2. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, any Member, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until December 31, 2014, unless otherwise expressly limited herein, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by seventy-five (75%) percent of the Home Owners has been recorded, agreeing to change said covenants and restrictions in whole or in

part. No such agreement to terminate the Declaration of Covenants and Restrictions shall be effective, however, unless made and recorded three (3) years in advance of the effective date of such amendment to terminate, and unless written notice of the proposed agreement is sent to every Owner, at least ninety (90) days in advance of any action taken.

Notwithstanding the foregoing, the easements, licenses, rights and privileges established and created with respect to the Common Property by Section 2 of Article V shall be perpetual, shall run with the land and shall survive the destruction, reconstruction and relocation of the physical structures, located on the Property unless said provision is abrogated by the unanimous written consent of all the Home Owners. Subject to any specific prohibitions contained in this document, this Declaration may be amended by an instrument signed by Members holding not less than seventy-five (75%) of the votes of the membership. Any amendment must be properly recorded to be effective.

Notwithstanding anything herein to the contrary, so long as the Developer continues to own 3 or more Homes, or for two years from the date of conveyance of title to the first Home, whichever is sooner, the Developer's prior written consent shall be required in order to amend either this Declaration or the By-Laws of the Association and, in the event that the resulting cumulative financial cost to the Association in any year, inclusive of any resulting deficiency or liability, would exceed 20% of the Association's prior year's operating budget, the Association may not take any action to (a) make capital additions or improvements to the Association's Property; (b) increase the level of services over those provided for in the prior year's operating budget; (c) establish additional reserve funds; (d) borrow money on behalf of the Association; or (e) hire additional employees (except to fill existing staff vacancies) without obtaining the prior written consent of the Developer.

Section 3. Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Association, its real and personal assets, including the Common Property, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as near as practicable to those to which they were required to be devoted to by the Association. In the event such dedication is refused, such assets shall be granted, conveyed and assigned to any

non-profit corporation, association, trust or other organization which shall devote said assets to the purposes as near as practicable to those which they were required to be devoted to by the Association. No such disposition of the Association property shall be effective to divest or diminish any right or title of any Member vested in him under any subsequently recorded covenants and deeds applicable to the Property, unless made in accordance with the provisions of this Declaration or said covenants and deeds.

Section 4. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 5. Administration. The administration of the Association shall be in accordance with the provisions of the Association By-Laws which are made a part of this Declaration and attached hereto as Schedule C.

Section 6. Severability. Invalidation of any of the covenants, limitations or provisions of this Declaration by judgment or court order shall in no wise affect any of the remaining provisions hereof, and the same shall continue in full force and effect.

Section 7. Grades of Lots. The grades on the individual lots cannot be changed.

CASHELD DEVELOPMENT CORP.

BY: \_\_\_\_\_  
JEROME HELD, VICE-PRESIDENT

ATTEST:

\_\_\_\_\_  
Secretary  
[SEAL]

STATE OF NEW YORK )  
                               ) ss.:  
 COUNTY OF NASSAU )

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me came JEROME HELD, to me known, who being by me duly sworn, did depose and say that he resides at \_\_\_\_\_

\_\_\_\_\_ that he is Vice-President of CASHELD DEVELOPMENT CORP., the corporation described herein, and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of said corporation; and that he signed his name by like order.

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SCHEDULE B

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City of Glen Cove, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point on the Southerly side of Highland Road distant 286.77 feet as measured Easterly from the corner formed by the intersection of the Southerly side of Highland Road with the Easterly side of School Street;

RUNNING THENCE along the Southerly side of Highland Road the following two courses and distances:

1. South 75 degrees 22 minutes 56 seconds East, 141.81 feet;
2. South 74 degrees 17 minutes 36 seconds East, 140.00 feet to land of St. Paul's Church;

THENCE along said lands South 2 degrees 23 minutes 29 seconds West, 319.03 feet;

THENCE North 86 degrees 50 minutes 16 seconds West, 100 feet;

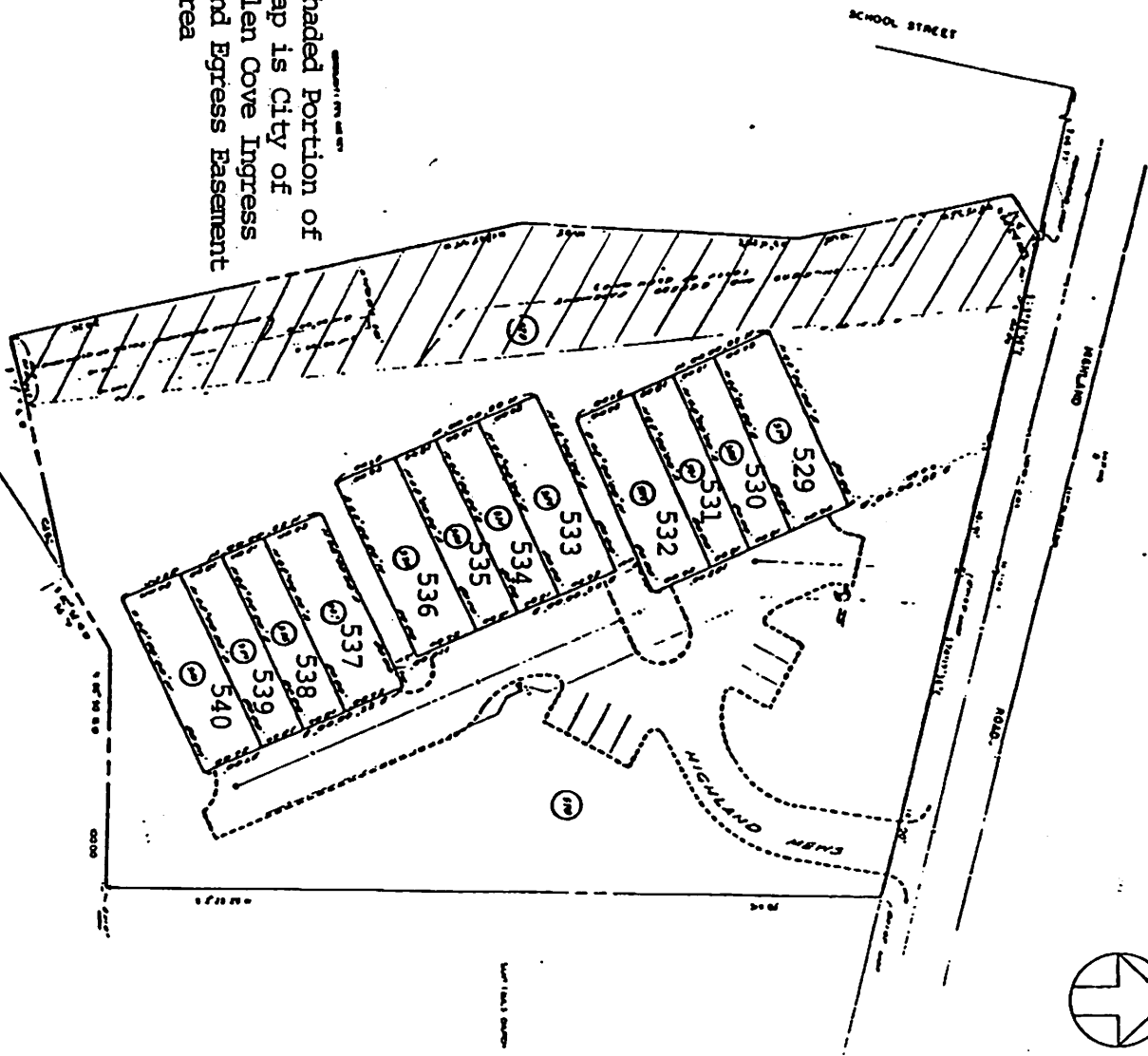
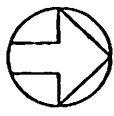
THENCE South 60 degrees 52 minutes 14 seconds West, 36.79 feet;

THENCE South 79 degrees 17 minutes 10 seconds West, 103.60 feet to lands now or formerly of the City of Glen Cove;

THENCE along said lands the following three courses and distances:

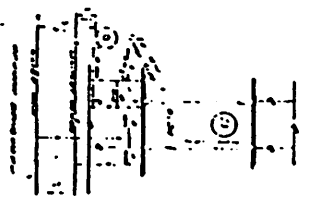
1. North 10 degrees 42 minutes 50 seconds West, 214.26 feet;
2. North 5 degrees 11 minutes 20 seconds East, 115.93 feet;
3. North 9 degrees 19 minutes 30 seconds West, 90.08 feet;

THENCE North 64 degrees 09 minutes 40 seconds East, 21.16 feet to the Southerly side of Highland Road at the point or place of BEGINNING.



Shaded Portion of Map is City of Glen Cove Ingress and Egress Easement Area

\*The Association Property consists of all property other than the numbered lots



TYP. FLOOR PLAN

**NOTES**

1. The lot area shown on this map is based on the official record map of the City of Glen Cove.
2. The lot area shown on this map is based on the official record map of the City of Glen Cove.
3. The lot area shown on this map is based on the official record map of the City of Glen Cove.
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8. The lot area shown on this map is based on the official record map of the City of Glen Cove.
9. The lot area shown on this map is based on the official record map of the City of Glen Cove.
10. The lot area shown on this map is based on the official record map of the City of Glen Cove.

**DEPT. OF PUBLIC WORKS**

**HEALTH DEPARTMENT**

**PLANNING BOARD**

**CITY OF GLEN COVE**

<p><b>LOCATION</b></p>	<p><b>DEPT. OF PUBLIC WORKS</b></p> <p><b>HEALTH DEPARTMENT</b></p>		<p><b>NOTES</b></p> <p>1. The lot area shown on this map is based on the official record map of the City of Glen Cove.</p>	<p><b>TYP. FLOOR PLAN</b></p>	<p><b>CITY OF GLEN COVE</b></p> <p><b>PLANNING BOARD</b></p>
<p><b>RECORDING INFO</b></p> <p>RECORDING INFO</p>	<p><b>DEPT. OF PUBLIC WORKS</b></p> <p><b>HEALTH DEPARTMENT</b></p>	<p><b>DEPT. OF PUBLIC WORKS</b></p> <p><b>HEALTH DEPARTMENT</b></p>	<p><b>NOTES</b></p> <p>1. The lot area shown on this map is based on the official record map of the City of Glen Cove.</p>	<p><b>TYP. FLOOR PLAN</b></p>	<p><b>CITY OF GLEN COVE</b></p> <p><b>PLANNING BOARD</b></p>

SCHEDULE C

BY-LAWS

- OF -

HIGHLAND MEWS HOMEOWNERS ASSOCIATION, INC.

D'AMATO, FORCHELLI, LIBERT  
IOVINO, SCHWARTZ & MINEO  
Attorneys for the Sponsor  
120 Mineola Boulevard  
Mineola, N.Y. 11501

TABLE OF CONTENTS

		<u>PAGE</u>
<u>ARTICLE I</u>	<u>NAME, LOCATION AND PRINCIPAL OFFICE</u>	1
<u>ARTICLE II</u>	<u>DEFINITIONS</u>	1
<u>ARTICLE III</u>	<u>PURPOSE</u>	2
<u>ARTICLE IV</u>	<u>APPLICABILITY</u>	3
<u>ARTICLE V</u>	<u>USE OF FACILITIES</u>	3
<u>ARTICLE VI</u>	<u>MEMBERSHIP AND VOTING RIGHTS</u>	3
Section 1.	Membership	3
Section 2.	Suspension of Membership	4
Section 3.	Voting Rights	4
<u>ARTICLE VII</u>	<u>QUORUM, PROXIES AND WAIVERS</u>	4
Section 1.	Quorum	4
Section 2.	Vote Required to Transact Business	4
Section 3.	Right to Vote	5
Section 4.	Proxies	5
Section 5.	Tenants and Occupants	5
Section 6.	Waiver and Consent	5
Section 7.	Place of Meetings	5
Section 8.	Annual Meetings	5
Section 9.	Special Meetings	6
Section 10.	Notice of Meetings	6
Section 11.	Order of Business	6
<u>ARTICLE VIII</u>	<u>BOARD OF DIRECTORS</u>	6
Section 1.	Number and Term	6
Section 2.	Cumulative Voting and Right of Developer to Designate Certain Board Members	7
Section 3.	Vacancy and Replacement	7
Section 4.	Removal	7
Section 5.	Powers	8
Section 6.	Compensation	9
Section 7.	Meetings	9
Section 8.	Annual Statement	10
Section 9.	Fidelity Bonds	11
Section 10.	Managing Agent	11
Section 11.	Specific Duties	11

TABLE OF CONTENTS  
(Continued)

		<u>PAGE</u>
<u>ARTICLE IX</u>	<u>OFFICERS</u>	12
Section 1.	Elected Officers	12
Section 2.	Election	12
Section 3.	Appointed Officers	12
Section 4.	Term	13
Section 5.	The President	13
Section 6.	The Vice President	13
Section 7.	The Secretary	13
Section 8.	The Treasurer	13
Section 9.	Agreements, etc.	14
<u>ARTICLE X</u>	<u>NOTICES</u>	14
Section 1.	Definition	14
Section 2.	Service of Notice - Waiver	14
<u>ARTICLE XI</u>	<u>ASSESSMENTS AND FINANCES</u>	15
Section 1.	Creation of the Lien and Personal Obligation of Assessments	15
Section 2.	Use of Assessments Proceeds	15
Section 3.	Basis of Assessments	15
Section 4.	Date of Commencement of Assessments: Due Date	15
Section 5.	Effect of Non-Payment of Assessment: Remedies of the Association	16
Section 6.	Subordination of Lien to Mortgages	16
Section 7.	Checks	16
Section 8.	Operating Account	16
Section 9.	Other Accounts	16
<u>ARTICLE XII</u>	<u>INSURANCE</u>	17
<u>ARTICLE XIII</u>	<u>AMENDMENTS</u>	17
<u>ARTICLE XIV</u>	<u>SELLING, LEASING AND GIFTS OF HOMES</u>	18
Section 1.	Selling and Leasing Homes	18
Section 2.	Gifts, etc.	18
<u>ARTICLE XV</u>	<u>GENERAL PROVISIONS</u>	19
Section 1.	Fiscal Year	19
Section 2.	Seal	19
Section 3.	Architectural Control	19
Section 4.	Examination of Books and Records	19
Section 5.	Construction	19
Section 6.	Mortgages on Homes	20
Section 7.	Severability	20

BY-LAWS  
OF  
HIGHLAND MEWS HOMEOWNERS ASSOCIATION, INC.  
A New York Not-for-Profit Corporation

ARTICLE I      NAME, LOCATION AND PRINCIPAL OFFICE

These are the By-Laws of the Highland Mews Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located in the City of Glen Cove, County of Nassau, City and State of New York.

ARTICLE II      DEFINITIONS

The following words when used in these By-Laws shall, unless the context otherwise prohibits, have the meanings set forth below:

(a) "Association" shall mean and refer to the Highland Mews Homeowners Association, Inc., a New York Not-for-Profit Corporation;

(b) "Common Property", "Common Area" shall mean and refer to those areas of land, including the facilities constructed thereon, described in and shown upon the Site Plan attached to and forming a part of the Declaration, devoted to the common use and enjoyment of the Members;

(c) "Declaration" shall mean and refer to the Declaration of Covenants, Restrictions, Easements, Charges and Liens applicable to the Subject Property recorded among the land records in the Office of the Clerk of Nassau County, New York simultaneously with the recording of these By-Laws.

(d) "Developer" shall mean and refer to Casheld Development Corp., a New York corporation, and its successors and assigns.

(e) "Home" shall mean and refer to all units of single-family residential housing situated upon lots located on The Subject Property.

(f) "Institutional First Mortgage" shall mean a first mortgage granted by a Federal or State Savings and Loan Association, savings bank or commercial bank, a life insurance company, union pension fund, agency of the United States Government or agency of the State of New York, FHA or VA approved lender or a mortgage granted by the Owner to a purchaser of a Unit.

(g) "Lot" shall mean and refer to any plot of land located on the Subject Property intended to be subdivided for residential use, shown upon the subdivision map of the Subject Property, but shall not include the Common Areas as herein defined.

(h) "Member" shall mean all those Owners who are holders of a membership interest in the Association, as such interest is set forth in Article VI.

(i) "Owner" shall mean and refer to the record owner of fee simple title to any Home, including the Developer with respect to an unsold Home. Every Home Owner shall be treated for all purposes as a single owner for each Home held, irrespective of whether such ownership is joint, in common, or tenancy by the entirety. When such ownership is joint, in common, or tenancy by the entirety, the majority vote of such owners shall be necessary to cast any vote to which such owners are entitled.

(j) "The Subject Property" shall mean and refer to all those areas of land described in and subject to the Declaration.

### ARTICLE III      PURPOSES

This Association is formed to own, operate, manage and control the Common Property as an automatic Home Owners' Association for the benefit of its Members.

ARTICLE IV      APPLICABILITY

All present and future Members, lessees, tenants, their families, guests, licensees, agents, employees and any other person or persons that shall be permitted to use the Common Property shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the conduct of its Members.

ARTICLE V      USE OF FACILITIES

The Common Property shall be limited to the use of the Members and their guests. In the event that a Member shall lease or permit another to occupy his Home, however, the lessee or occupant shall at the option of the Member, be permitted to enjoy the use of the Common Property in lieu of and subject to the same restrictions and limitations as said Member. Any Member, lessee or occupant entitled to the use of the Association facilities may extend such privileges to members of his family residing in his household by notifying the Secretary of the Association in writing of the names of any such persons and of the relationship of such Member, lessee or occupant to such persons.

ARTICLE VI      MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership The Association shall have one class of membership interest as follows:

The Owner of each Lot on the Subject Property shall be a member whether such ownership is joint, in common or tenancy by the entirety. Each member is entitled to one vote for each Lot in which they hold a membership interest. When more than one person or entity holds such interest in any lot, the one vote attributable to such Lot shall be exercised by the majority vote of such Owners. Members may not split or divide their votes on any motion or resolution except to elect the directors of the Association.



Section 2. Suspension of Membership During any period in which a Member shall be in default in the payment of any assessment levied by the Association, the voting rights, of such Member and the Member's right to use of the Common Property may not be suspended by the Board of Directors.

Section 3. Voting Rights. No vote of the Members shall be taken until the Developer conveys title to the Common Property to the Association which title shall be conveyed prior to the conveyance of title to the first Home. Upon such conveyance, every Home for which a Certificate of Occupancy (Temporary or Permanent) has been issued and every proposed Home owned by the Developer for which a Building Permit has been issued, shall have full voting privileges

ARTICLE VII QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. So many Members as shall represent at least 51% of the total authorized votes of all Members present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Association for the transaction of business, except as otherwise provided by Statute, by the Declaration, the Certificate of Incorporation of the Association or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the 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. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 2. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of 51% of the Members present in person or represented by written proxy shall decide any question brought before such meeting. Any such vote shall be binding upon all Members, unless the question is one upon which, by express provision of Statute, the Declaration, Certificate of Incorporation 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 3. Right to Vote. Members shall be entitled to vote either in person or by proxy at any meeting of the Association. Any such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 4. 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 5. Tenants and Occupants. Notwithstanding any other provisions of these By-Laws, in the event a Member shall lease or permit another to occupy his Home and elects to permit the lessee or occupant to enjoy the use of the Common Property in lieu of the Member himself, the Member may, by a writing directed and in form satisfactory to the Board of Directors of the Association, also permit the lessee or occupant to exercise his right to vote for the duration of the lease or permitted occupancy, or for a period of ten years, whichever is shorter. Upon the expiration of said period, and each successive period, the Member shall have the right to extend the lessee's or occupant's right to his vote if the aforesaid conditions are again satisfied.

Section 6. Waiver and Consent. Wherever the vote of the membership at a meeting is required or permitted by Statute or by any provision of the Declaration, Certificate of Incorporation or of these By-Laws to be taken in connection with any actions of the Association, the meeting and vote of the membership may be dispensed with if all Members 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 7. Place of Meetings. Meetings shall be held at such suitable place convenient to the Members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 8. Annual Meetings. The annual meeting of the membership of the Association shall be held on such

date as is fixed by the Board of Directors. A Board of Directors shall be elected by ballot of the membership at such meeting. The Members may also transact such other business as may properly come before the meeting.

Section 9. Special Meetings. It shall be the duty of the President to call a special meeting of the Association, if so directed by the Board of Directors, or upon the presentation to the Secretary of a petition signed by a majority of the Members.

Section 10. 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 Member and to each tenant or occupant entitled to vote pursuant to Section 5 of this Article, at least ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 11. 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) Appointment of inspectors of election (in the event there is an election);
- (g) Election of Directors (in the event there is an election);
- (h) Unfinished business;
- (i) New business.

## ARTICLE VIII

### BOARD OF DIRECTORS

Section 1. Number and Term. The number of Directors which shall constitute the whole Board shall be three. An initial Board consisting of three Directors shall be designated by the Developer to serve until the first

annual meeting of the Association. Within six months of the closing of the first Home, elections shall be conducted for a new Board of Directors. At the first annual meeting and at all subsequent meetings, the Members shall vote for and elect three Directors to serve for one year terms and until their successors have been duly elected and qualified. All Directors, other than those the Developer shall have the right to designate, must be either Members of the Association, or lessees or occupants entitled to the use of the Common Property in lieu of the Members renting or permitting them to occupy the Home in which they reside.

Section 2. Cumulative Voting and Right of Developer to Designate Certain Board Members. In any election of Directors, each Member shall be entitled to as many votes as shall equal the number of Directors to be elected and a Member may cast all of such votes for a single Director or may distribute them among two or more Directors as he sees fit. Notwithstanding the foregoing, the Developer shall have the right to designate at least two Directors at any annual meeting of the Association until the sooner of the five years from the date of the closing of the first Home, or until the Developer closes title to 6 Homes under the Offering Plan.

Section 3. Vacancy and Replacement. If the office of any Director becomes vacant by reason of the death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurred and until his successor is duly elected and qualified, except that Directors who were elected or designated by the Developer shall only be succeeded by an individual appointed by the Developer.

Section 4. Removal. Directors may be removed with or without cause by an affirmative vote of a majority of the Members. No Director, other than a designee of the Developer, shall continue to serve on the Board if, during his term of office, he shall cease to be either a Member, or a lessee or occupant entitled to the use of the Common Property in lieu of the Member renting or permitting him to occupy the Home in which he resides. Notwithstanding the foregoing, Directors elected or designated by the Developer may only be removed by the Developer.

Section 5. Powers.

(a) The property and business of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts and things as are not by Statute, Declaration, Certificate of Incorporation or by these By-Laws, directed or required to be exercised or done by the Members or Owners personally. These powers shall specifically include, but not be limited to, the following items.

1. To determine and levy monthly assessments ("Association Assessments") to cover the cost of repairing, operating and maintaining the Common Property, including snow removal from all roads and the parking spaces located on the Subject Property, payable in advance. The Board of Directors may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses;

2. To collect, use and expend the assessments collected to maintain, care for and preserve the Common Property;

3. To make repairs, restore or alter any of the Common Property after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

4. To open bank accounts on behalf of the Association and to designate the signatories to such bank accounts;

5. To insure and keep insured the Common Property in accordance with Article XII of these By-Laws;

6. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from Members for violations of the house rules or rules and regulations herein referred to;

7. To make reasonable rules and regulations and to amend the same from time to time. Such

rules and regulations and amendments thereto shall be binding upon the Members when the Board has approved them in writing and delivered a copy of such rules and all amendments to each Member. Such rules and regulations may, without limiting the foregoing, include reasonable limitations on the use of the Common Property by guests of the Members, as well as reasonable admission and other fees for such use;

8. To employ workmen, janitors and gardeners and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of Directors in connection with the matters hereinabove set forth;

9. To bring and defend actions by or against more than one Member and pertinent to the operation of the Association.

(b) The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) Directors or Members one of whom shall be a Director, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may have the power to sign all papers which may be required, provided the said resolution or 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 Directors. Committees established by resolution of the Board of Directors shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 6. Compensation. Directors and officers, as such, shall receive no compensation for their services.

Section 7. Meetings.

(a) The first meeting of each Board newly elected by the Members 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 Directors

shall be held at the same place as the annual meeting of the Association Members and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

(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 Director 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) Directors.

(d) At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, 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 meeting of Directors, the Directors 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 Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Annual Statement. The Board of Directors shall annually furnish to all Members and to the mortgagees of such Member's homes within 90 days of the close of the Association's fiscal year and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business conditions and affairs of the Association, including a balance sheet and profit and loss statement verified by an independent certified public accountant and a statement regarding any taxable income attributable to the Members and a notice of the holding of the annual meeting of the Association Members.

Section 9. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be an expense of the Association.

Section 10. Managing Agent. The Board of Directors may employ for the Association a managing agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to all of the delegable duties of the Board listed in this Article.

Section 11. Specific Duties. In addition to whatever general duties these By-Laws may impose upon said Board of Directors, the Board of Directors shall have the following specific duties:

1. To prepare the estimated cost of expenses for the Association during the year; to render a certificate of assessment to each Member.

2. Keep accurate records including vouchers authorizing payments.

3. Have such records and vouchers available for an examination by the Members at convenient hours on weekdays, which records will show the assessment, the payments, the dates of payments, and the balance for each Member.

4. Render a written report to all Members summarizing such receipts and expenditures at least once annually.

5. Keep on file in the office of the Board of Directors true copies of the floor plans, Declaration, By-Laws and Rules and Regulations, which shall be available for inspection at convenient hours of weekdays by persons having an interest therein.

6. Procure fire, liability and any other insurance that the Board in its discretion deems necessary in the best interests of the Association. The premium for such insurance shall be deemed a common expense.



7. Determine the amounts of fire and casualty insurance that each Member must carry on his Home, and what provisos the Board may deem necessary for the best interests of the Association. In the event a Member does not comply with the Board's demand regarding said insurance, the Board shall have the right to place said insurance and charge the said Member with the premium thereof.

8. In the event the Member does not comply with the requirements set forth in Paragraph 7, above, the Board will have the right to hold the Member violating same responsible for any damages which the Association may suffer by virtue of such non-compliance.

#### ARTICLE IX      OFFICERS

Section 1. Elected Officers. The officers of the Association shall be chosen by the Board of Directors and shall be a President, a Vice-President, a Secretary and a Treasurer. The Board of Directors 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 either members of the Board of Directors, Members of the Association, or lessees or occupants entitled to the use of the Common Property in lieu of the Member renting or permitting them to occupy the Home in which they reside. Two or more offices may be held by the same person.

Section 2. Elections. The Board of Directors, at its first meeting after each annual meeting of Association Members, shall elect a President, a Vice-President, a Secretary and a Treasurer. Only the President must be a member of the Board.

Section 3. Appointed Offices. 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 for the term to which they are elected and appointed and until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Association Members and the Board of Directors, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Association, 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 corporation organized under the Not-for-Profit Corporation Law 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 corporation organized under the Not-for-Profit 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 meetings of the Association Members 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 meetings of Association Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Association including the vouchers for such disbursements,

and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. These duties of Treasurer may also be exercised by the managing agent, if any.

He shall disburse the funds of the Association as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Directors, 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 Association.

He shall keep detailed financial records and books of account of the Association, including a separate account for each Member, which among other things, shall contain the amount of each assessment, the date when due, the 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 Directors.

## ARTICLE X      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 Directors or to any Director or Association Member, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Directors, such Director or Member at such address as appears on the books of the Association.

Section 2. Service of Notice - Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE XI

ASSESSMENTS AND FINANCES

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Member has covenanted to pay to the Association all annual and special assessments made by the Board of Directors upon his Home. Such assessments, together with interest, costs and reasonable attorneys' fees are both a personal obligation of the Members and a charge and a continuing lien on any non-paying Member's Home. Under no circumstances may a Member avoid liability for the payment of such assessments by refraining from using the Common Property, by abandoning his Home, or by any other means.

Section 2. Use of Assessment Proceeds. The proceeds of the Association Assessments shall be used to promote the recreation, enjoyment, health, safety and welfare of the Members and other residents of the Property as a community and in particular to maintain and operate the Common Property, including without limiting the foregoing, the payment of taxes and insurance thereon, the making of repairs, replacements and additions thereto, and paying for the cost of labor, equipment, materials, management and supervision in connection therewith. The proceeds of any special assessments shall be used only in connection with the Common Property for capital improvements, for the repair of unexpected damage, or for needed replacement or reconstruction.

Section 3. Basis of Assessments. The Board of Directors shall assess the Members in the manner set forth in Section 3 of Article VI of the Declaration.

Section 4. Date of Commencement of Assessments Due Dates. The Board of Directors shall notify each Member of the amount of his annual Association Assessment at least thirty (30) days before the date when the first monthly installment payment of such assessment is due. The amount of the first annual Association Assessment shall be reduced in proportion to the amount of time elapsed in the Association's fiscal year as of the date when the Board of Directors shall send notice of the assessment to the Members.

Section 5. Failure to Pay Assessments; Effect, Remedies of the Association. Any assessments of whatever kind not paid by the thirtieth day after its due date shall be an event of default and shall bear interest from the due date at the highest rate permitted by law. The Association may institute an action at law to recover from the Member or former Member personally obligated to pay any such assessment, or to foreclose the lien against the Home involved. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, attorneys' fees together with the costs of the action.

Section 6. Subordination of the Lien to Mortgages. The lien of the assessments upon any Member's Home shall be subordinated to the lien of any Institutional First Mortgage. When any Home is sold or transferred pursuant to the foreclosure of such mortgage, or any proceeding in lieu thereof, the lien of all assessments whose payments become due after the execution of such mortgage but before such sale or transfer shall be extinguished. No sale or transfer of any other kind shall affect the assessment lien. All assessments whose payments become due after any foreclosure sale or transfer shall continue to be a lien as provided for in the Declaration. Assessments upon a Home whose lien has been extinguished pursuant to this Section shall continue to be the personal obligation of the Member or former Member who was the owner of the Home at the time the assessment fell due.

Section 7. Checks. All checks or demands for money and notes of the Association 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 Directors may from time to time designate.

Section 8. 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 installments of the Association Assessment and all special assessments as fixed and determined for all Members. Disbursements from said account shall be for the general needs of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the community and recreational facilities.

Section 9. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes.

ARTICLE XII      INSURANCE

The Board of Directors shall maintain public liability insurance, to the extent obtainable, covering each member of the Board of Directors, each Association Member, lessee and occupant, and the managing agent, if any, against liability for any negligent act of commission or omission attributable to them which occur on or in the Common Property. Such public liability insurance coverage shall be in at least the minimum amount of \$500,000.00 with a limit of \$300,000.00 per person, covering all claims for bodily injury or property damage arising out of any one occurrence. To the extent obtainable, the Board of Directors shall also obtain the following insurance: (a) fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the facilities on the Common Property, in an amount equal to their full replacement values and (b) workmen's compensation insurance. All insurance premiums for such coverage shall be paid for by the Association.

Each Home owner must obtain and maintain insurance on his Home covering property damage in an amount equal to the replacement cost of the Home, agreed amount, no co-insurance, naming the Association as an insured, as its interest may appear. Said insurance must also provide that written notice of cancellation be forwarded to the Board of Directors of the Association.

ARTICLE XIII      AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called meeting of Association Members, provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment and (2) that the amendment shall be approved by vote of seventy-five (75%) percent of the Members. No amendment, however, shall affect or impair the validity or priority of the Members' interests or the interests of holders of a mortgage encumbering a Member's Home.

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased by a Member free of any restrictions except that no Member shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid Association expenses assessed against the Home shall have been paid as directed by the Board of Directors. Such unpaid Association expenses, however, may be paid out of the proceeds from the sale of a Home, or by the Grantee. Any sale or lease of a Home in violation of this section shall be voidable at the election of the Board of Directors. Upon the written request of a Member or his mortgagee, the Board or its designee shall furnish a written statement of the unpaid charges due from such Member which shall be conclusive evidence of the payment of amounts assessed prior to the date of the statement but unlisted thereon. A reasonable charge may be made by the Board for the issuance of such statements.

The provisions of this section shall not apply to the acquisition of a Home by a mortgagee who shall acquire title to such Home by foreclosure of an Institutional First Mortgage or by deed in lieu of foreclosure of an Institutional First Mortgage. In such an event the unpaid assessments against the Home which were assessed and became due prior to the acquisition of title to such Home by such mortgagee shall be deemed waived by the Association as a common expense. Such provisions shall, however, apply to any assessments which are assessed and become due after the acquisition of title to such Home by the mortgagee and to any purchaser from such mortgagee.

Whenever the term "Home" is referred to in this Section, it shall include the Home, the Member's interest in the Association and the Member's interest in any Homes acquired by the Association.

Section 2. Gifts, etc. Any Member may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy without restrictions, however, the recipient of said Home shall be responsible for all unpaid assessments which are due or overdue.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 2. Seal. The Association seal shall have inscribed thereon the name of the Association and the year of its incorporation under the laws of the State of New York. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 3. Architectural Control. No building, fence, wall or other structure, or change in landscaping, shall be commenced, erected or maintained upon The Subject Property, nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event the Board, or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Section will be deemed to have been duly complied with.

Section 4. Examination of Books and Records. Each Member, or their respective representatives, shall be entitled to a reasonable examination of the books and records of the Association at any time upon reasonable notice to its Board of Directors. The Declaration, Certificate of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association.

Section 5. Construction. Whenever 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, whenever the context so required.



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

Section 6. Mortgages on Homes. No mortgage on a Home may provide that the mortgage holder has the right to apply the proceeds of any casualty insurance policy on the Home to the Homeowner's mortgage indebtedness.

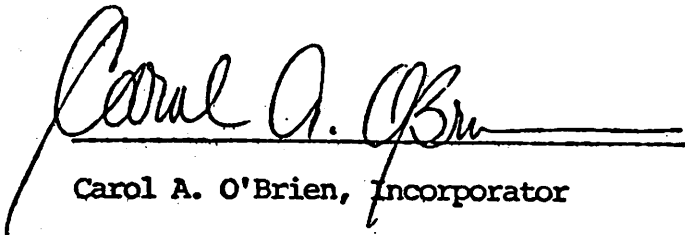
Section 7. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

CERTIFICATE OF INCORPORATION  
OF  
HIGHLAND MEWS HOME OWNERS ASSOCIATION INC.

RESIGNATION OF FIRST INCORPORATOR

The undersigned, Incorporator named in the Certificate of Incorporation for HIGHLAND MEWS HOME OWNERS ASSOCIATION INC. hereby tenders her resignation as Incorporator of said corporation, and transfers her rights, title and interest of said corporation to the membership of the corporation, effective at the opening meeting of Members and/or Directors held this 29th day of October, 1984.

DATED: October 29, 1984

  
\_\_\_\_\_  
Carol A. O'Brien, Incorporator

CERTIFICATE OF INCORPORATION  
OF  
HIGHLAND MEWS HOME OWNERS ASSOCIATION INC.

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

IT IS HEREBY CERTIFIED THAT:

(1) The name of the proposed corporation is:

HIGHLAND MEWS HOME OWNERS ASSOCIATION INC.

(2) The corporation is a corporation as defined in subparagraph (a) (5) of Section 102; the corporation is a Type A Corporation.

(3) The purpose or purposes for which this corporation is formed are as follows, to wit:

To promote the health, safety and welfare of the residents of the residential community known as Highland Mews in lands situated in the City of Glen Cove, County of Nassau and State of New York.

To own, acquire, build, operate and maintain land facilities for recreational, cultural and community use, including buildings, structures, improvements and personal property incidental thereto.

To enforce any and all covenants, restrictions and agreements applicable to the residential parcels within the above described residential community and the common properties (the enforcement of which is not specifically and exclusively reserved to others), and particularly the Declaration of Covenants, Restriction, Easements, Charges, and Liens which may hereinafter be made by Highland Mews and recorded among the land records of Nassau County, New York.

To make and perform any contracts and do any other acts and things, the exercise of any powers suitable, convenient, proper or incidental for the

accomplishment of any objects enumerated herein, but not for the pecuniary profit or financial gain of its members, directors or officers of the corporation.

In general to do any and all acts and things and to exercise any and all powers which it may now or hereafter be lawful for the Corporation to do or exercise under and pursuant to the Laws of the State of New York for the purpose or accomplishing any of the purposes of the corporation, but not for the pecuniary profit or financial gain of its members, directors, or officers. Nothing contained in this certificate shall authorize or empower the corporation to perform or engage in any act or practice prohibited by General Business Law, Section 340 or any other antimonopoly statute of the State of New York.

(4) The office of the corporation is to be located in the City of Glen Cove, County of Nassau, State of New York.

(5) The territory in which its activities are principally to be conducted is Nassau County.

(6) The initial directors of the corporation until the first annual meeting are as follows:

Keith McCoy	23 Village Square Glen Cove, New York 11542
Debra Quinn	50 Glen Cove Street Glen Cove, New York 11542
Jack Quinn	50 Glen Cove Street Glen Cove, New York 11542

(7) The duration of the corporation is perpetual.

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

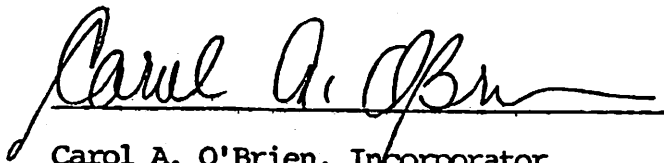
c/o HIGHLAND MEWS HOME OWNERS ASSOCIATION INC.

Highland Mews At Highland Road

Glen Cove, New York

The undersigned incorporator is of the age of eighteen years or over.

IN WITNESS WHEREOF, this certificate has been subscribed this 29th day of October, 1984, by the undersigned who affirms that the statements made herein are true under the penalties of perjury.

A handwritten signature in cursive script, reading "Carol A. O'Brien", is written over a horizontal line.

Carol A. O'Brien, Incorporator

500 Central Avenue, Albany, New York 12206

MANAGEMENT AGREEMENT

This Agreement made this \_\_\_\_\_ day of December, 1984, between the BOARD OF DIRECTORS of Highland Mews Homeowners Association, Inc., Glen Cove, New York, 11542, a twelve unit Homeowners Association formed pursuant to the Not For Profit Corporation Laws of the State of New York (hereinafter referred to as the "ASSOCIATION"), and WE'LL MANAGE, INC., 59-9 Central Avenue, Farmingdale, New York, 11735, (hereinafter referred to as the "MANAGING AGENT").

W I T N E S S E T H

The parties hereto mutually agree as follows:

FIRST: This Agreement shall commence on the first day of \_\_\_\_\_, 1985.

SECOND: The ASSOCIATION hereby appoints the MANAGING AGENT and the MANAGING AGENT hereby accepts appointment as such upon the terms and conditions hereinafter provided, as exclusive MANAGING AGENT of the Property of the ASSOCIATION located at Glen Cove, New York.

THIRD: The MANAGING AGENT shall perform the following services:

- 1) bill and collect common charges,
- 2) prepare annual budgets,
- 3) bookkeeping,
- 4) records keeping,
- 5) generate contract specifications,
- 6) negotiation of contracts,
- 7) scheduling maintenance activities,

- 8) plan and organize membership meetings,
- 9) channel customer service inquiries to the sponsor during warranty period,
- 10) channel routine maintenance requests by unit owners to maintenance staff,
- 11) generally perform the duties of a MANAGING AGENT of a Homeowners Association,
- 12) cut grass lawns weekly from April 1, through November 1, each year,
- 13) edge grass/concrete borders as necessary to maintain a neat appearance from April 1, through November 1, each year,
- 14) trim grass/turf borders as necessary to maintain a neat appearance from April 1, through November 1, each year,
- 15) fertilize cultivated areas with 10-6-4 fertilizer on or about April 15, June 30, and September 30, each year,
- 16) fertilize shrubs and ornamental trees with 5-10-5 fertilizer on or about April 15, and June 30, each year,
- 17) seed bare spots of cultivated lawn area with up to two hundred pounds of premium quality lawn seed on or about October 1, each year,
- 18) clear cultivated areas of dead plants and debris on or about April 1, and November 1, each year,
- 19) weed planting beds once every two weeks from April 1, through November 1, each year,
- 20) prune bushes and shrubs during June, and October, each year,
- 21) clear snow from roadways, unoccupied driveways and sidewalks beginning when snowfall has reached a depth of two inches as officially measured, between November 1, and April 15,



each year, including all snowfalls up to an accumulation of fourteen inches,

22) winterization, summerization, and regular inspection and adjustment of underground lawn sprinkler system.

FOURTH: The BOARD OF DIRECTORS hereby authorizes the MANAGING AGENT to perform any act or do anything necessary or desirable to carry out the MANAGING AGENT'S agreements contained in Article "THIRD" hereof and everything done by the MANAGING AGENT under the provisions of said Article "THIRD" shall be done as MANAGING AGENT of the ASSOCIATION and the BOARD OF DIRECTORS, and all obligations and expenses incurred thereunder shall be done for the account on behalf of and at the expense of the ASSOCIATION and its BOARD OF DIRECTORS. The BOARD OF DIRECTORS will indemnify the MANAGING AGENT and hold the MANAGING AGENT harmless against any liability for acts properly performed by the MANAGING AGENT pursuant to the agreement or the BOARD OF DIRECTORS instructions, or for injury to persons or property not resulting from the MANAGING AGENT'S gross negligence or willful failure to comply with his obligations under this MANAGEMENT AGREEMENT.

FIFTH: The BOARD OF DIRECTORS and the ASSOCIATION shall name the MANAGING AGENT as an insured with respect to all liability insurance coverages purchased on behalf of the ASSOCIATION in connection with any damage or injury whatever to persons or property arising out of the use, management, maintenance or control of the Property.

SIXTH: The ASSOCIATION and the BOARD OF DIRECTORS shall pay the MANAGING AGENT as compensation for its services hereunder the sum of ELEVEN THOUSAND SIX HUNDRED EIGHTY DOLLARS (\$11,680.00) per annum payable in monthly installments on the first day of each

month of NINE HUNDRED SEVENTY THREE DOLLARS AND THIRTY-THREE CENTS (\$973.33).

SEVENTH: The MANAGING AGENT shall have full authority to enter into all contracts on behalf of the BOARD OF DIRECTORS necessary to carry out the affairs of the ASSOCIATION. However, in the event any contract shall obligate the ASSOCIATION for an expenditure in excess of ONE THOUSAND DOLLARS (\$1,000.00) such contract shall not be entered into without written approval of the BOARD OF DIRECTORS.

EIGHTH: This agreement shall remain in force for a period of three years from the commencement date in Paragraph "FIRST" hereof unless terminated by a majority vote of all unit owners at the first annual meeting of the ASSOCIATION.

NINTH: Upon termination, the contracting parties shall account to each other with respect to all matters outstanding as to the date of termination. All records and instruments within the possession of the MANAGING AGENT will be returned to the ASSOCIATION within thirty days of the effective date of the termination. All sums due from the ASSOCIATION to the MANAGING AGENT will be paid in full on the effective date of the termination, or when all records and instruments within the possession of the MANAGING AGENT are returned to the ASSOCIATION, whichever occurs last.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

BY

Board of Directors, Highland Mews  
Homeowners Association, Inc.

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FOR ADJOINING AREA SEE MAP B PAGE 34

Hagstrom Co.

## PURCHASE AGREEMENT

AGREEMENT made as of the            day of  
1985, between CASHELD DEVELOPMENT CORP., a New York  
corporation having its offices at 10 Mineola Avenue, Roslyn  
Heights N.Y., hereinafter called the "Seller" and

residing at

hereinafter called the "Purchaser".

WHEREAS, the Seller wishes to offer to Purchaser,  
a home situated on the land owned by Seller located in the  
incorporated City of Glen Cove, New York, together with  
mandatory membership in HIGHLAND MEWS HOMEOWNERS  
ASSOCIATION, INC., hereinafter called the "Association", and  
the Purchaser is desirous of purchasing such home therein  
and obtaining membership in the Association.

NOW, THEREFORE, in consideration of the mutual  
promises and undertakings hereinafter set forth, the parties  
hereto mutually agree as follows:

1. Sale. Seller agrees to sell and convey to  
Purchaser who agrees to purchase: All that certain plot,  
piece and parcel of land, with the buildings and  
improvements thereon erected or to be erected, situate, lying  
and being in the City of Glen Cove, County of Nassau and  
State of New York, known as home #            ("Home") being more  
fully described on Schedule A attached hereto and made a  
part hereof. Together with easements over the walkways,  
shown on the Subdivision map of Highland Mews, to the  
nearest public street, but excepting and reserving the fee  
to the walkways, the title of which will be deeded to and  
owned by the Association pursuant to the Offering Plan and  
Declaration of Covenants, Restrictions, Easements, Charges  
and Liens (hereinafter referred to as "Declaration").

2. Closing of Title. The closing of title shall  
take place at the office of D'Amato, Forchelli, Libert,  
Iovino, Schwartz, & Mineo at 120 Mineola Boulevard, Mineola  
N.Y. at            o'clock on or about  
1985, or at such other date and time designated by Seller

upon thirty (30) days written notice mailed to Purchaser at his address hereinabove set forth. Purchaser and Seller shall be entitled to reasonable adjournments in the closing of title, however if Purchaser is not ready to close title at the date and time fixed pursuant to this contract, any adjournment exceeding fourteen (14) days granted at the request of Purchaser shall be upon the condition that all adjustments including the Home's pro rata share of all mortgage interest payable by Seller, shall be made as of the date originally fixed for the closing of title. Nothing herein contained shall be construed to require Seller to grant any adjournment not reasonable in duration.

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

\$ , on the signing of this agreement, the receipt whereof is hereby acknowledged;

\$ , by certified or official cashier's check, in either case drawn on a bank that is licensed to do business in the State of New York, on closing of title;

\$ , by obtaining a conventional first mortgage loan in that amount, to be procured by Purchaser from a lending institution, the proceeds of which will be turned over to Seller at closing. (See Paragraph 6).

Any payment made by check is accepted by Seller, subject to collection.

4. The Association. The Seller has delivered to the Purchaser who has read and agrees to be bound by the proposed Declaration of Covenants, Restrictions, Easements, Charges and Liens, By-Laws and Offering Plan of the Association (and the Exhibits attached thereto), as the same have been amended, all of which are incorporated by reference and made a part of this Purchase Agreement with the same force and effect as if set forth in full herein. With the purchase of this Home, the Purchaser acknowledges that he will automatically thereby become a Member of the

Association, subject to its rules and regulations and liable for its assessments. Purchaser acknowledges that this Agreement is being executed more than 72 hours after the receipt by the Purchaser of a copy of said Offering Plan.

5. Closing Costs and Adjustments. At closing Purchaser agrees to pay:

(a) all New York State Transfer Taxes applicable to the sale;

(b) all recording and filing charges for the recordation of the deed;

(c) \$200.00 to the Association at the closing of title representing Purchaser's share of the initial working capital of the Association.

(d) his share of any Association assessments assessed during the year that title closes, or established as a reserve. This shall be based upon the last bill rendered for such charge.

(e) Fee title insurance, if ordered, in accordance with the schedule of rates currently set by the title company and filed with the N.Y.S. Department of Insurance.

(f) In the event the Purchaser obtains mortgage financing, any and all charges imposed by Purchaser's mortgagee including without limitation the following customary charges:

(i) Mortgage recording taxes (one-half) 1/2 of one (1%) percent of the first \$10,000.00 and three-quarters (3/4) of one (1%) percent of the balance of mortgage principal);

(ii) Mortgage recording fees of approximately \$40.00;

(iii) Mortgage title policy charge, (generally one (1%) percent of mortgage principal);

(iv) Institution's attorney's fee, (generally about (\$300.00));

- (v) Mortgage origination (points) and processing fees;
- (vi) Miscellaneous bank fees such as credit report fee, appraisal fee, processing fee and tax search charge.
- (g) Purchaser's attorney's fee.

(h) In the event Purchaser is not required to pay the full mortgage recording tax applicable to his mortgage because of mortgage recording tax previously paid by Seller, Purchaser shall pay the difference between the full mortgage recording tax and the amount of recording tax he must pay, to Seller.

If Purchaser desires to have the closing other than at the office of D'Amato, Forchelli, Libert, Iovino, Schwartz, & Mineo, Purchaser must reimburse the Seller for the \$300.00 attendance fee which D'Amato, Forchelli, Libert, Iovino, Schwartz, & Mineo will charge the Seller. Closings will only be held in Nassau or Suffolk Counties or in the Boroughs of Manhattan and Queens.

Purchaser agrees to apportion with Seller and to pay such taxes, water charges, insurance premiums on existing policies, fuel and other customary and normal charges and other apportionments as may be determined to be due at the time of closing of title. Purchaser shall make the usual and/or required adjustments with and prepayments to his lending institution, if any.

6. Contract Conditional on Receiving Mortgage Commitment.

A. The obligations of Purchaser hereunder are contingent on:

(a) the issuance of a commitment letter by a commercial bank, savings bank, savings and loan association or insurance company doing business in the State of New York to Purchaser, on or before the sooner of 45 days from the date hereof, (a copy of which letter shall be furnished to Seller promptly after receipt thereof), pursuant to which the institution agrees to lend not less than seventy (70%) percent of the purchase price at the prevailing rate of interest at time of closing for a term of at least 25 years solely upon the security of a first mortgage encumbering the Home to be purchased;

B. Purchaser shall apply for the loan and within five (5) days of Purchaser's receipt of an executed counterpart of this Agreement, shall furnish to the institution accurate and complete information on Purchaser and members of Purchaser's family, as required. Purchaser shall advise Seller of the name and address of the institution to which such application has been made and the date upon which it was made.

C. Purchaser shall accept any commitment letter complying with the terms of subparagraph A(a) hereof, if issued, shall pay any application, appraisal, commitment or other fees in respect of the loan, and shall comply with the requirements of the commitment letter.

D. Provided that Purchaser shall have complied with all of Purchaser's obligations under paragraph B hereof, if the aforementioned commitment letter is not issued by the date provided for in paragraph A(a) hereof, Purchaser shall have the right to terminate this agreement on written notice given not more than ten (10) days thereafter, and in such event all sums theretofore paid on account of the purchase price shall be returned without delay and without interest to Purchaser, and all parties hereto shall be relieved of and from any further liability hereunder except that Seller reserves the right for a period of thirty (30) days to designate another lending institution for the Purchaser to apply to or to grant a 25 year mortgage loan itself at a prevailing rate of interest.

E. Once a Purchaser's mortgage loan application is approved, this Purchase Agreement will be fully binding on both the Purchaser and the Seller according to its terms even if the commitment should expire, subject to the following: If a Purchaser's mortgage loan commitment expires before the closing date set forth herein, the Purchaser will be obligated to make a good faith effort to (i) extend the expired commitment or (ii) obtain a new commitment from another lending institution. However, if Purchaser is unable to secure the extension or to obtain a new commitment after making a good faith effort, Purchaser will have the right to cancel this Purchase Agreement by notice to the Seller. (As used in this paragraph, "good faith effort" includes acceptance of an extension or new commitment at the then prevailing mortgage loan rate and terms within five days after the date the commitment expires, or the Purchaser's right to cancel will be deemed waived). Upon cancellation, all sums theretofore paid on



account of the purchase price shall be returned without delay and without interest to Purchaser, and all parties hereto shall be relieved of and from any further liability hereunder.

7. Escrow of Deposit. Seller will hold all monies received hereunder, in trust, until the closing of title. Such funds will be held as trust funds pursuant to Section 352-h and 352-e (2)b of the General Business Law, in a special non-interest bearing account in Roslyn Savings Bank, entitled "Highland Mews, Special". Monies will be released from such account only upon signature of the Seller and a member of D'Amato, Forchelli, Libert, Iovino, Schwartz, & Mineo, 120 Mineola Boulevard, Mineola, N.Y. 11501. The funds existing in the trust account will be payable to Seller after closing of title to the Unit covered by this Purchase Agreement. If Purchaser defaults and such default continues for thirty (30) days after notice of default from Seller to Purchaser, the down payment and the cost of special work ordered may be released to Seller from such account as liquidated damages and thereafter this contract shall be deemed null and void and neither party shall have any rights or obligations against or to the other.

In the event Seller cannot convey title to the Home on or before six (6) months after the closing date set forth herein, all monies advanced by Purchaser hereunder shall, at the option of Purchaser, be returned to him and this contract shall be deemed null and void and neither party shall have any rights or obligations against or to the other.

8. Subordination of Purchase Agreement to Mortgages. The Purchaser agrees that all terms and provisions of the contract are and shall be subject and subordinate to the lien of any building loan mortgage heretofore and hereafter made thereon and any payment or expenses already made or incurred which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security 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 building loan 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. Seller shall satisfy all such mortgages or shall obtain a release of the Home from the lien(s) of such mortgage(s) at or prior to the closing date except for the individual mortgage of Purchaser thereon, whether same be by extension, assumption, consolidation or otherwise.

9. Selection of Colors. It is agreed that wherever Purchaser has the right to make a selection of colors, fixtures and/or materials, he shall do so within seven (7) days after written demand therefor. In the event Purchaser fails to make such selection within such period, Seller shall have the right to use its own judgment in the selection of colors, fixtures and materials and Purchaser shall accept the same. Such written demand shall be forwarded by certified mail, return receipt requested addressed to Purchaser at the address herein set forth.

10. Seller's Right to Make Changes in Materials, etc. Seller reserves the right to: (a) make changes or substitutions of materials or construction for items as set forth in the Offering Plan, provided any such changes are of comparable value and quality; (b) determine the grading, elevation and design (including reversal of the building layout) of all plots, dwellings and patios to fit into the general pattern of the community; and (c) determine elevation and location of foundations.

11. Closing Deed. The closing deed shall be a Bargain and Sale Deed with covenants against grantor's acts, shall be duly executed and acknowledged by the Seller at the Seller's expense, excluding the New York State Transfer Tax, and any other transfer taxes which are payable; and shall contain such a description of the premises as shall be acceptable and approved by First American Title Insurance Company of New York to validly convey the Home. The Purchaser acknowledges and agrees that the following clauses, or clauses substantially similar thereto, shall appear in the deed;

"The Grantee herein, by taking title to the premises above described, hereby becomes a member of Highland Mews Homeowners Association, Inc., a not-for-profit corporation, which holds title to the open spaces and park areas set forth on the subdivision map applicable hereto. Grantor and Grantee both covenant that membership in the Highland Mews Homeowners Association, Inc., and ownership of the premises herein conveyed cannot be separated. The transfer of title to the premises set forth herein, by operation thereof, transfers membership in the Highland Mews Homeowners Association, Inc. Grantee herein, his heirs, successors, and assigns, covenant that they will abide by all rules and regulations and pay all assessments which may be imposed by Highland

Mews Homeowners Association, Inc. in order to maintain the common area, the walks, the paved streets, the garage the retaining walls, if any, located on the map above set forth, and in order to obtain all services necessary to assure efficient, attractive, and satisfactory maintenance of the common property. Grantee, his heirs, successors and assigns, covenants with each owner, his heirs, successors and assigns, owning other properties on the map set forth above, that he is firmly bound to maintain the premises herein conveyed in good order, clean and in good condition and as an attractive residence."

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

12. Marketable Title. The Seller shall give and the Purchaser shall accept a good and marketable title free and clear of all liens and encumbrances except the lien of any mortgage applied for by Purchaser and subject to the terms of the Declaration of Covenants and Restrictions, the By-Laws of the Highland Mews Homeowners Association, the Highland Mews Homeowners Association Offering Plan and those liens, encumbrances and title conditions enumerated in Exhibit "A" attached hereto ("Permitted Encumbrances") and such title as First American Title Insurance Company of New York through Topaz Abstract Company will approve and insure for mortgage and/or fee title insurance. Any other liens, encumbrances, or conditions shall not be an objection to title if: (i) the instrument required to remove it from the record is delivered to the representative of Purchaser's title insurance company (or, if none, Seller's attorney) for recording in the proper office, together with the requisite recording or filing fees; or (ii) First American Title Insurance Company of New York will insure Purchaser against its collection or enforcement out of the Home.

13. Purchaser Bound by Offering Plan. Purchaser acknowledges receipt of the Offering Plan at least three (3) full business days prior to the execution of this Purchase

Agreement, and Purchaser has read and agrees to be bound by the proposed Declaration, By-Laws and Offering Plan of the Highland Mews Community (and the Schedules, Plans and Exhibits attached hereto) 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. Purchaser acknowledges that he is purchasing a Home in a Homeowners Association Community to be formed, and that except as stated in this agreement (and as set forth in the Declaration, By-Laws and Offering Plan), he has not relied on any representations or other statements of any kind or nature made by Seller or otherwise, including but not limited to any relating to the estimated monthly Homeowners Dues.

14. Seller's Failure to Convey. Seller's liability under this agreement for failure to complete and/or deliver title for any reason other than Seller's willful default, shall be limited to the return of the money paid hereunder, and upon the return of said money, this agreement shall be null and void and the parties hereto released from any and all liability hereunder.

In the event that 75% or more of all the Homes to be constructed as part of the Highland Mews Community are not sold within one year after the date of the initial filing of the Offering Plan, title to any Home has not been conveyed and the Declaration has not been recorded, the Seller has the option to refuse to close title to the Home described herein. In such event Seller shall refund Purchaser's downpayment, without interest, and this Agreement shall be null and void and of no effect and neither party shall have any right against the other.

15. 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 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.

16. Limited One Year Warranty. At the closing of title, Seller will deliver the certificates and warranties delivered to it and transferable to Purchaser or to the Association and it is further agreed that title will not close without Purchaser's consent until a temporary or permanent Certificate of Occupancy has been issued covering the building in which the Home is located. Seller's liability pursuant to the manufacturers' warranties covering electric heating and air conditioning systems, appliances, plumbing and roofing are limited solely to the extent that such warranties are delivered to Seller, transferable to Purchaser or to the Association and then only as against such manufacturer. In addition, however, Seller will promptly correct any defects in the construction of the Home or the building containing such Home or in the installation or operation of any mechanical equipment therein due to defective materials or improper workmanship substantially at variance with the plans and specifications, provided only that it is notified of such defects in writing by certified mail within one (1) year from the date of closing of title to such Home in which the alleged defect exists. The provisions of this paragraph shall survive the closing of title and the delivery of the deed.

17. Lack of Labor/Materials; Seller's Right to Cancel. The parties hereto do hereby agree that Seller may cancel this agreement by forwarding its check in the full amount paid by Purchaser, without interest, together with a notice in writing, addressed to Purchaser, at the address hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or subdivision thereof 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 Seller from obtaining such materials from its regular suppliers or from using same in the construction and/or completion of the Home; or (2) that Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies or (3) the installation of public utilities is restricted or curtailed.

18. 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 Purchasers under this agreement. In the event of a casualty or taking by eminent domain, the respective rights of Seller and Purchaser shall be as follows:

(a) If all or a material portion of the Home is destroyed without fault of Purchaser, or is taken by eminent domain, and neither legal title nor possession of the Home has been transferred to Purchaser, Purchaser shall have the option of cancelling this Agreement and having his downpayment refunded, without interest, or of closing title to the Home without abatement in the purchase price.

(b) If an immaterial portion of the Home is destroyed without fault of Purchaser, or is taken by eminent domain, and neither legal title nor possession of the Home has been transferred to Purchaser, this Agreement shall remain in full force and effect and both Seller and Purchaser shall have the right to enforce same, however the purchase price shall be adjusted to reflect the diminution in value of the Home.

(c) When either legal title or possession of the Home has been transferred to Purchaser, if all or any part of the Home is destroyed without fault of Seller or is taken by eminent domain, this Agreement shall remain in full force and effect and Seller shall have the right to enforce this Agreement against Purchaser without any abatement of the purchase price.

(d) If all or any part of the Homeowners Association Property is damaged or is taken by eminent domain, regardless of whether legal title or possession of the Home has been transferred to Purchaser, provided in the event of a casualty that the Seller assigns all his rights to the proceeds of any casualty insurance policies covering the Homeowners Association Property to the Highland Mews Homeowners Association or, in the event of a taking by eminent domain, that Seller assigns all of his rights to any condemnation award to the Highland Mews Homeowners Association, this Agreement shall remain in full force and effect and Seller shall have the right to enforce this Agreement against Purchaser without any abatement of the purchase price.

19. Execution of Required Documents. Purchaser agrees to deliver to Seller all documents and to perform all acts required by the Seller to carry out the provisions of the Offering Plan, establish the Association and conform to the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

20. Options Ordered by Purchaser. Any extras or changes ordered by Purchaser shall be set forth in a writing signed by Purchaser and must be paid for in full within seven (7) days of the order. If for any reason Seller fails to install said extras in accordance with the work order, Seller's liability shall be limited to a refund of all amounts paid for said work by Purchaser.

21. Default under Purchase Agreement. Should Purchaser violate, repudiate, or fail to perform any of the terms of this agreement ("Default of Purchase Agreement") which default continues for thirty (30) days after notice of such default from the Seller to the Purchaser, Seller shall retain all of the money on account hereunder including the actual cost of any special work ordered, as liquidated damages in which event the parties shall be discharged of all further liability hereunder, or Seller may avail itself of any legal or equitable rights which it may have under this agreement or under law. This provision shall apply regardless of any sale of the Home subsequent to Purchaser's default.

22. Binding Nature of Agreement; Non-Assignability; Notice. The parties agree that the stipulations and agreement herein contained shall be binding upon them, their respective heirs, executors, administrators and/or assigns. Purchaser agrees that he will not record or assign this agreement or any of his rights hereunder without the written consent of Seller which consent may be withheld by Seller in its discretion. Any notice to be given hereunder, shall be in writing and sent by certified mail, return receipt requested, to the parties at the address above given or at such address as either party may hereafter designate to the other in writing.

Any notices declaring a party to this Agreement in default or cancelling this Agreement shall be forwarded to the parties' respective counsel at the addresses set forth below by ordinary mail:

Seller's Counsel:

Peter Alpert, Esq.  
D'Amato, Forchelli, Libert,  
Iovino, Schwartz, & Mineo  
120 Mineola Boulevard  
Mineola, New York 11501

Purchaser's Counsel:

23. Brokers. The Purchaser warrants and represents to the Seller that the Purchaser has dealt with no broker, finder, or similar agent in connection with the sale of the Premises, except for SEA COAST REALTY INC. and the Seller agrees to pay any commission earned by SEA COAST REALTY INC. on the sale of the Home pursuant to separate written agreement. Purchaser agrees to indemnify and hold Seller harmless from and against any claim that may be made by any other broker in connection with this transaction and to reimburse Seller for attorney's fees incurred in defense of such claim if such claim arose by reason of Purchaser's alleged conduct. The aforesaid mentioned warranty, representation and covenant to indemnify and hold Seller harmless shall survive the delivery of the deed hereunder.

24. Purchasers - Agents for Each Other. If two or more persons are named as 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.,

25. No Oral Changes. This Agreement cannot be changed or any provision waived orally. ANY CHANGES OR ADDITIONAL PROVISIONS OR WAIVERS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES.

26. No Possession Prior to Closing. It is expressly understood and agreed that Purchaser shall in no event take possession of the Home prior to the delivery of the deed and compliance with the terms of this Agreement without the express written consent of Seller. Such violation shall constitute a breach of this Agreement by the Purchaser and in such event the Purchaser consents that the Seller shall have the right to dispossess him from the Home as a squatter or intruder by summary proceedings or otherwise, such proceeding shall not constitute a waiver by Seller of any other rights it may have in law or in equity. Upon Purchaser's unauthorized possession, the Seller at its option may elect to declare the Purchaser in default and the amount paid under this Agreement shall belong to the Seller



as liquidated damages, or, at the option of the Seller the entire balance of the purchase price shall immediately become due and payable. The foregoing is without prejudice to the Seller's right of eviction or removal. It is further agreed, that Seller will not be responsible for damage or loss to any property belonging to the Purchaser whether the same is delivered (with or without consent of the Seller) to the property on or after the closing of title herein.

27. Incomplete Home, At Time Of Closing. In the event that the Home or its environs shall not be fully completed at the time set by Seller for closing of title the same shall not constitute an objection to such title closing, provided Purchaser or Purchaser's lending institution shall issue an inspection report and an escrow fund be deposited by Seller with the lending institution if required by it under such report, or with Seller's attorney if Purchaser is not obtaining financing, and furthermore Seller shall, by appropriate letter arrangement, to survive closing, agree to complete any open items within a reasonable time after closing, weather and circumstances permitting. If however, Seller makes an allowance to Purchaser or if Purchaser is to do any work or supply any material after the closing to complete the Home and Purchaser's lending institution withholds from Seller an escrow deposit to insure the completion of such work and material, Purchaser agrees to pay to the Seller, in cash, at closing the amount of such escrow deposit. In no event however shall title close unless and until a temporary or permanent certificate of occupancy is issued for the Home and the building in which said Home is located.

28. 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. Any conflict between the Purchase Agreement and the Offering Plan shall be resolved in favor of the Offering Plan.

29. Time to Accept. If this Agreement shall not be accepted by the Seller within twenty (20) days of the date hereof by the delivery or mailing to Purchaser of an endorsed and fully signed copy, this Purchase Agreement shall be deemed to be rejected and cancelled and Purchaser's deposit shall be promptly refunded to Purchaser.

**THIS AGREEMENT STATES THE ENTIRE UNDERSTANDING OF THE PARTIES AND THE SELLER SHALL NOT BE BOUND BY ANY ORAL REPRESENTATIONS AND/OR AGREEMENTS.**

IN WITNESS WHEREOF, the parties hereto have  
executed this Agreement as of the date first above written.

CASHELD DEVELOPMENT CORP.

BY: \_\_\_\_\_

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Purchaser

EXHIBIT "A"

PERMITTED ENCUMBRANCES

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. Sewer, water, drainage, electric, plumbing, heating, gas, telephone, cable and other utility easements and consents, if any, granted or to be granted thereafter, including the right to maintain and operate lines, wires, cables, pipes, conduits, poles and distribution boxes in, over, under and upon the Association Property.

3. All of the terms, covenants and conditions of the Declaration of Covenants and Restrictions, the Association By-Laws and the Building Plans as they are subsequently filed or recorded and this Offering Plan and any amendments thereto.

4. All easements set forth in the By-Laws and Declaration of Covenants and Restrictions as they are subsequently recorded and in this Plan and the purchase agreement including:

(A) Easements in favor of the Owners of other Homes to use the pipes, wires, conduits and public utility lines located in the Association Property or in the Home itself servicing such other Homes and easements of necessity in favor of the other Homes and/or the Association Property;

(B) Easements in favor of the Board of Managers, its agents, contractors and employees of access to the Homes and Association Property to inspect, maintain or repair or to make repairs to the Home to prevent damage to the Association Property or any other Homes;

(C) Easements for the continuance of encroachments on the Home and on the Association Property by other Homes or portions of the Association Property, 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 other casualty or after taking in condemnation or eminent domain proceedings, or by reason of an alteration to the Association Property made by the Board of Managers, so that any such encroachment may remain as long as the Homes stand.

(D) 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 Association Property to inspect, maintain or repair or to make repairs to the Homes to prevent damage to the Association Property or any other Homes, to make repairs to the Association Property, to any wires, pipes, conduits or cable television system servicing any of the Homes or to make repairs to any other Home;

5. Permanent easement and right of way in favor of the City of Glen Cove along the westerly portion of the premises for purposes of ingress and egress and permanent easement and right of way for the use and maintenance of a concrete drainage sluice, both reserved in the deed recorded in Liber 9588 cp 890.

6. Concrete sluice leading to a drain on the premises to the south as shown on Survey made by P.J. Maccarone, dated 9/2/81.

1 JOHN A. GRAMMAS • PROFESSIONAL ENGINEER

LICENSED IN NEW YORK • NEW JERSEY • CONNECTICUT • NATIONAL REGISTRATION #4455

630 WILLIS AVENUE  
ALBERTSON, NEW YORK 11507  
TELEPHONE (516) 248-9230

May 1, 1985

Casheld Development Corp.  
10 Mineola Avenue  
Roslyn Heights, New York 11577

RE: Highland Mews

Gentlemen:

The following report describing the Highland Mews Homeowners Association Property has been ordered by you for inclusion into the Highland Mews Offering Plan. It is understood that this report may be included in the Offering Plan so that prospective purchasers may rely on the report. All items included in this report are based on the plans and specifications for the site improvements. In some cases the plans and specifications have not received all required municipal approvals. In the event that changes to the plans and specifications must be made to secure municipal approval, said changes will be noted in a supplement to this report.

A. Location of Highland Mews Homeowners Association Property ("Property")

The property is located in the City of Glen Cove, Nassau County, New York. It fronts Highland Road and is between School Street and Franklin Avenue. The Property permits the development of the homeowners association described in the Offering Plan. The Property is designated as Section 23, Block E, Part of Lot 390 on the land and tax maps of the County of Nassau.

B. Site

The Property consists of 77,492 square feet (1.779 acres). No buildings or roads will be constructed on the Property, however, there will be a 22 foot wide entrance way which will lead into two parking areas and up to each dwelling unit. One parking area will contain 4 parking spaces, the other will contain 3 parking spaces. The entrance way will be constructed of bituminous pavement. It will be bounded by concrete curbs.

Site Drainage

Site drainage will be collected in inlets and catch basins located throughout the site at natural and artificial low points on the site and will be piped to diffusion wells for disposal in to the ground. The site drainage plan proposed must be approved by the Nassau County Department of Public Works, the City of Glen Cove Department of Public Works and the Nassau County Department of Health.

Site Lighting

The parking areas and the entrance way will be illuminated by seven "street pole" lighting fixtures located along the entrance way. The Sponsor intends to use the Hadco #2 Series luminaire in black with white metal dome with the 100 w. H.P.S. lamp and a Hadco P1250' black steel post.

C. Subsoil Conditions

1 foot of top soil and loam; 1-10 feet, more or less, of hard pan; 10-26 feet core sand and gravel with a trace of silt (test hole terminated at 26 feet, no ground water encountered). In my opinion there is no danger from flooding due to water table or overflow from other local bodies of water.

The steep slope existing along the west side of the property is presently in stable condition. However there is potential for erosion. Planting and landscaping are proposed to increase the stability of the area and prevent erosion.

D. Landscaping

The landscaping plan of Land Design Associates which indicates the size, location and species of all plantings is attached. Specifically:

1) Areas indicated to be planted with sod are to be sodded with 100% Merion Bluegrass, unless the area to be sodded is in a steep, disturbed area. In those instances the area will be seeded with a mixture of Red Fescue, Tall Fescue, Merion Bluegrass and Annual Rye in a ratio of 40-40-15-5 respectively.

2) Large tree plantings are to be Red and Pin Oaks, Thornless Honeylocusts and Linden.

3) Medium size trees are to be a mixture of flowering crabapples, dogwoods, magnolias and redbud.

4) Coniferous materials are to be white and black pine.

5) Shrub materials will be a mixture of Rhododendron, forsythia, Euonymus alatus compactus and cotoneaster.

6) Groundcovers other than sod are to be Euonymus radicans coloratus and Vinca minor.

7) Walls for the purposes of retention, containment and screening are to be constructed of concrete block and/or reinforced concrete and are to have some stone fascias and caps.

E. Utilities

The Property will be serviced by the Long Island Lighting Company for electric service, and by the City of Glen Cove for water.

F. Sewers

Sewage pipes shall be either 8" asbestos cement pipes or 8" pvc pipe connecting to the Glen Cove Municipal sewer system. There will be no sewage pumps.

The proposed sewage and drainage systems must be approved by the City of Glen Cove Department of Public Works, and the Nassau County Health Department.

Storm drainage for the Property will be accomplished by inlets and catch basins located throughout the site at natural and artificial low points will be piped to diffusion wells for disposal into the ground. The system consists of four catch basins located along the Entrance Way, Yard drainage will be collected through five great inlets and connected to diffusion wells together with roof drains. The piping will be asbestos cement pipe or pvc 8"-18" in diameter. There will be no eject or sump pumps.

G. Refuse Disposal

Refuse will be collected times a week by a private contractor employed by the Homeowners Association. Until pick up by private contractor trash shall be stored in trash cans outside the dwelling units.

H. Roads & Parking Areas

There is one entrance road and two parking areas containing a total of seven parking spaces located off the Entrance. We are aware that the specifications for road construction do not meet local requirements for county roads as to size and dimensions. The plans however, prepared by Ivan Czipott indicate that the pavement is to be 1-1/2" compacted asphalt topping on a 4-1/2" stone blend or recycled concrete subsurface, which meets all requirements for construction of this type. The subsurface will be placed directly on the compacted existing subsurface. The parking areas shall be illuminated by two street lights, one for each area. Each parking area will be drained by one catch basin, and each will be unattended.

I. Buildings

No buildings shall be constructed on the Property.

J. Plumbing

Water shall be supplied to the Property from the City of Glen Cove through 8" ductile iron pipes. One fire hydrant will be centrally located on the Property. There will be a private water supply system.



Casheld Development Corp.

- Page 5 -

K. Television

Each dwelling unit will be provided with a hook-up to a local cable service which the Unit Owner may elect to utilize at his own expense. Exterior T.V. antennae are prohibited.

Very truly yours,

*John A. Grammas*  
John A. Grammas, P.E.

JAG:aw

*Camille Fitzcavage*  
*May 7, 1935*

CAMILLE FITZCAVAGE  
Notary Public, State of New York  
No. 30-460-055  
Qualified in Nassau County  
Term Expires March 30, 1935

CERTIFICATION BY SPONSOR AND  
SPONSOR'S PRINCIPALS PURSUANT  
TO 13 NYCRR 22.4 (b)

Department of Law  
Two World Trade Center  
New York, N.Y. 10047

RE: Highland Mews Homeowners Association

Gentlemen:

We are the sponsor and the principals of sponsor of the homeowners association 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 Attorney General in Part 22 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan for the homeowners association does, and that documents submitted hereafter by us which amend or supplement the offering plan for the homeowners association will:

(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.

Very truly yours,

CASHELD DEVELOPMENT CORP.

By: Alexander N. Casella  
Alexander N. Casella - President

Sponsor's Principals

Jerome S. Held  
Jerome S. Held  
Jonathon C. Held  
Jonathon C. Held

Alexander N. Casella  
Alexander N. Casella  
Michael D. Held  
Michael D. Held

Sworn to before me this 3<sup>rd</sup> day of January, 1985.

Virginia L. Stabasefski  
Notary Public

VIRGINIA L. STABASEFSKI  
NOTARY PUBLIC, State of New York  
No. 30-4693990  
Qualified in Nassau County  
Term Expires March 30, 1985

# WE'LL Manage, Inc.

59-9 CENTRAL AVENUE, FARMINGDALE, N.Y. 11735 (516) 420-0040  
CERTIFICATION OF ADEQUACY OF SCHEDULE A  
PURSUANT TO 13 NYCRR 22.4 (e)

Date: November 26, 1984

Department of Law  
Two World Trade Center  
New York NY 10047

RE: Highland Mews Homeowners  
Association, Inc.

Gentlepeople:

This organization has been retained by the sponsor to review Schedule A, which contains income and expense projections for the first year of operation of the homeowner's association. Our opinion is based on our review of the plans submitted to us by the sponsor, and our experience and expertise in the business of homeowner association management since 1980. This writer has experience in the management of homeowner's associations since 1972.

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

We have received the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential property.

We certify that the projections in Schedule A appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of operation as a homeowners association.

We certify that the Schedule:

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

# WE'LL Manage, Inc.

- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where 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 the knowledge concerning the representations or statements made.

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

This certification is made under 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 of Penal Law.

Very truly yours,

WE'LL MANAGE, INC.  
Name of Firm

BY: *Robert H. Bell*  
Signature of Individual

PRESIDENT  
Title or position

Sworn to before me this  
27 day of NOVEMBER 1984

*Lenore Bifulco*  
Notary Public

LENORE BIFULCO  
NOTARY PUBLIC, State of New York  
No. 30-4733244  
Qualified in Nassau County 85  
Commission Expires March 30, 1985



**JOHN A. GRAMMAS • PROFESSIONAL ENGINEER**

LICENSED IN NEW YORK • NEW JERSEY • CONNECTICUT • NATIONAL REGISTRATION #4655

830 WILLIS AVENUE  
ALBERTSON, NEW YORK 11507  
TELEPHONE (516) 248-9230

May 7, 1985

New York State Department of Law  
Two World Trade Center  
New York, NY 10047

ATT: Real Estate Financing Bureau

RE: Highland Mews, Glen Cove, NY  
Homeowners Association

Gentlemen:

The sponsor of the captioned offering plan for a Homeowners Association retained me to review a report describing the Homeowners Association property when constructed. I examined the site plan and plans and specifications for the site improvements that were prepared by Ivan Czipott dated May 29, 1984 (last revision of October 15, 1984); and I completed a report dated May 1, 1985 (the "Report"), a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

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

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. I certify the report does:

- (1) set forth in narrative form the significant elements of the entire property as it will exist upon completion of construction is in accordance with the plans and specifications that I examined;

- (2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I examined;
- (3) do not omit any material fact;
- (4) do not contain any untrue statement of a material fact;
- (5) do not contain any fraud, deception, concealment or suppression;
- (6) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (7) do not contain any representation or statement which is false, where I: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statements made;

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a cooperative 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.

JOHN A. GRAMMAS, P.E.

SWORN to before me  
this 7 day of  
May, 1985.

Camille Pitcavage  
Notary Public

CAMILLE PITCAVAGE  
Notary Public, State of New York  
No. 30-4604055  
Qualified in Nassau County  
Term Expires March 30, 1985

**FIRST AMENDMENT TO OFFERING PLAN FOR  
HIGHLAND MEWS HOMEOWNERS ASSOCIATION  
HIGHLAND ROAD, GLEN COVE, NASSAU COUNTY, NEW YORK 11542**

The Offering Plan for the above premises dated June 6, 1986, (the "Plan"), is hereby amended as follows:

**I. COUNSEL FOR SPONSOR**

Sponsor will hereafter be represented by the firm of Phillips, Nizer, Benjamin, Krim & Ballon at 40 West 57th Street, New York, New York 10019, attention: Walter D. Goldsmith, Esq. in connection with contracts for purchase of and closings of title to Homes, and matters directly related thereto. All portions of the Plan and related documents (including, without limitation, the section on page 26 of the Plan entitled "Trust Fund Provisions") shall be deemed amended accordingly.

**II. SPECIAL RISK FACTOR - NO WARRANTY REGARDING HOMES OR HOMEOWNERS ASSOCIATION PROPERTY**

The following shall be deemed added as a Special Risk Factor on page 4 of the Plan:

ALL HOMES, PORTIONS AND COMPONENTS THEREOF AND ANY PERSONAL PROPERTY APPURTENANT THERETO, INCLUDING APPLIANCES, AS WELL AS ALL PERSONAL PROPERTY AND APPURTENANCES CONNECTED THEREWITH, TO BE OWNED BY THE HOMEOWNERS ASSOCIATION WITH PERSONAL PROPERTY ARE SOLD "AS IS". NEITHER SPONSOR, ITS AGENTS AND SUCCESSORS NOR ANY OTHER OFFEROR HEREUNDER MAKES ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, REGARDING MATERIALS, WORKMANSHIP OR ANY OTHER ASPECT OF THE HOMES, HOMEOWNERS ASSOCIATION PROPERTY OR ANY PORTION THEREOF.

Any provisions of the Offering Plan, Purchase Agreement for Homes or related documents contrary to the above shall be deemed deleted, void and of no effect.

Notwithstanding the above the Sponsor will assign to the purchaser upon the closing of title to his Home warranties, if any, of manufacturers and subcontractors relating to heating, electrical work, plumbing, and appliances, as well as bonds relating to the purchaser's Home, if any. Sponsor undertakes to do the above only to the extent that warranties are actually made by such manufacturers and subcontractors and only to the extent such warranties and bonds are assignable.



**III. CHANGES IN DECLARATION OF COVENANTS  
AND RESTRICTIONS**

A) An additional paragraph shall be added at the end of Article IX, Section 2 of the Declaration of Covenants and Restrictions appearing on page 45 of the Plan as follows:

"Notwithstanding anything to the contrary contained herein, no provision of this Declaration may be amended so as to adversely affect the Sponsor, its designees, successors or assigns without the consent of such adversely affected parties".

B) An additional paragraph shall be added at the end of Article V, Section 3, appearing on page 38 of the Plan as follows:

"The Developer, its affiliates and designees reserve all rights of way, licenses, easements, rights of entry and access of any form or description to effectuate or cause to be effectuated in the Homes, Homeowners Association Property (including both real property and any personal property appurtenant to either of the above) or any lot, any action or conduct consistent with law for purposes of carrying out the provisions of the Offering Plan for the Association, as same may be amended."

**IV. CHANGES IN BY-LAWS**

An additional paragraph shall be added at the end of Article VIII, Section 1 of the By-laws and Homeowners Association Rules appearing on page 58 of the Plan as follows:

"Notwithstanding anything to the contrary contained in these By-laws, so long as Sponsor, its affiliates, designees, successors or assigns shall own a Home subject to these By-laws and the Declaration of Covenants and Restrictions for Highland Mews Homeowners Association, Inc., such parties shall be entitled to designate at least one (1) member of the Board of Directors".

A paragraph shall be added to the end of Article XII of the By-laws appearing on page 68 of the Plan, as follows:

"Notwithstanding anything to the contrary contained herein, no provision of these By-laws may be amended so as to adversely affect the Sponsor, its designees, successors or assigns without the consent of such adversely affected parties".

**V. NEW FORM OF PURCHASE AGREEMENT**

The form of Purchase Agreement appearing on pages 82 through 98 of the Plan shall be deemed deleted in its entirety and is hereby replaced with the revised form of Purchase Agreement attached to this Amendment as Exhibit 1. Such Agreement should be carefully reviewed by prospective purchasers and their attorneys.

**SPECIAL NOTE SHOULD BE TAKEN OF THE FOLLOWING PROVISIONS:**

(A) PARAGRAPH 5A(9) WHICH LIMITS LOCATION OF CLOSINGS TO THE BOROUGH OF MANHATTAN, QUEENS AND NASSAU AND REQUIRES PAYMENT BY PURCHASERS OF AN APPEARANCE FEE FOR SPONSOR'S COUNSEL IN THE AMOUNT OF \$400 IN THE EVENT OF CLOSINGS OCCURRING AT LOCATIONS OTHER THAN THE OFFICE OF SUCH COUNSEL.

(B) PARAGRAPH 25 ("INCOMPLETE HOME AT TIME OF CLOSING") WHICH PROVIDES AS FOLLOWS:

"IN THE EVENT THAT THE HOME OR ITS ENVIRONS SHALL NOT BE FULLY COMPLETED AT THE TIME SET BY SELLER FOR CLOSING OF TITLE, THE SAME SHALL NOT CONSTITUTE AN OBJECTION TO SUCH TITLE CLOSING, PROVIDED ONLY THAT THE INCOMPLETE ITEMS DO NOT RENDER THE HOME UNINHABITABLE AND THAT SELLER DELIVERS TO PURCHASER AT CLOSING A "SURVIVAL LETTER," THE SOLE CONTENTS OF WHICH SHALL BE A STATEMENT OF THE INCOMPLETE ITEMS AND A REPRESENTATION BY SELLER THAT SUCH ITEMS SHALL BE COMPLETED WITHIN A REASONABLE TIME.

PURCHASERS AND THEIR COUNSEL SHOULD CAREFULLY NOTE THAT UNDER NO CIRCUMSTANCES WILL ESCROWS IN ANY AMOUNT OR DESCRIPTION WHATSOEVER BE SET ASIDE FOR INCOMPLETE ITEMS AT CLOSING.

**VI. RESCISSION OFFER TO PURCHASERS**

Any purchasers with a Purchase Agreement in effect on the date of acceptance for filing by the Department of Law of this Amendment are hereby offered the right to rescind and cancel their Purchase Agreements. Such right of rescission must be exercised by means of a writing sent certified mail, return receipt requested to the Sponsor within fifteen (15) days after receipt by such purchaser of this Amendment. Upon receipt of written notice of election to rescind by any purchaser as set forth above, Sponsor will promptly arrange for refund of any funds belonging to such purchaser which are being held by it.

DATED: MAY 1, 1986

CASHELD DEVELOPMENT CORP.  
Sponsor

## AMENDMENT

## BY-LAWS OF HIGHLAND MEWS HOMEOWNERS ASSOCIATION, INC.

## ARTICLE XIV(a)

## SELLING, LEASING AND GIFT OF HOMES

Effective November 1, 1992 no member shall lease or rent his home.

However, if exigent circumstances arise a member may apply to the Board of Directors, in writing, for an exemption. The decision to grant or deny this exemption is solely within the discretion of the Board.

Any member requesting permission to lease or rent his home must submit his request in writing to the Board of Directors and this request must specify the reason for making this request.

The Board of Directors has the absolute right to interview and approve all prospective tenants/lessees. All prospective tenants/lessees will provide any information required by the Board of Directors and execute all documents requested by the Board.

This provision supersedes and nullifies any and all existing by-laws, rule or regulation, to the contrary.

HIGHLAND MEWS HOMEOWNER'S ASSOCIATION  
HIGHLAND MEWS  
GLEN COVE, N.Y. 11542

To: All Unit Owners  
Highland Mews

From: Board of Managers

Date: July 1, 1993

The Board of Managers of the Highland Mews Homeowners Association has amended the Association rules. Effective immediatley:

THERE WILL BE NO PLAYGROUND OR BICYCLE ACTIVITY WITHIN THE DRIVEWAY  
AND PARKING AREA OF THE HIGHLAND MEWS PROPERTY

Thank you for your cooperation.

HIGHLAND MEWS HOMEOWNER'S ASSOCIATION  
BOARD OF MANAGERS

**AMENDMENT**

**BY-LAWS OF HIGHLAND MEWS HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE XIV (a)**

**SELLING, LEASING AND GIFT OF HOMES**

Effective December 30, 1997 no member shall lease or rent his home.

However, if exigent circumstances arise a member may apply to the Board of Directors, in writing, for an exemption. The decision to grant or deny this exemption is solely within the discretion of the Board.

Any member requesting permission to lease or rent his home must submit his request in writing to the Board of Directors and this request must specify the reason for making this request.

The Board of Directors has the absolute right to interview and approve all prospective tenants/lessees. All prospective tenants/lessees will provide any information required by the Board of Directors and execute all documents requested by the Board.

This provision supersedes and nullifies any and all existing by-laws, rule or regulation, to the contrary.

**AMENDMENT**

**BY-LAWS OF HIGHLAND MEWS HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE V**

**USE OF FACILITIES**

Effective April \_\_\_\_, 2005, no member shall utilize their home or permit their home to be utilized for any commercial activities which are "readily discernible" to the members of the Highland Mews Homeowners' Association, Inc. Examples of "readily discernible" prohibited commercial activities are manufacturing, shipping, receiving, advertising, client meetings, mass mailings, increased vehicle traffic. No manufacturer, trade or business, or professional offices, of any kind whatsoever, shall at any time hereafter be operated, erected, maintained or permitted in any Member's home.

These examples are set forth as illustrative but are not intended to be exclusive.