

OFFERING PLAN

REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC.

THIS OFFERING RELATES SOLELY TO MEMBERSHIP IN THE REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC. AND THE DECLARATION AND COVENANTS AND RESTRICTIONS APPLICABLE TO ALL HOMES SOLD WITHIN THE SUBDIVISION PLAT KNOWN AS REAGAN'S MILL SUBDIVISION, REAGAN'S MILL ROAD, TOWN OF DOVER, DUTCHESS COUNTY, STATE OF NEW YORK.

NUMBER OF HOMES 110

APPROXIMATE AMOUNT OF OFFERING: \$59,000.00
(This is the estimated value of the common property to be owned and maintained by the Homeowners' Association and is included in the purchase price of Homes.)

NAME AND ADDRESS OF SPONSOR: R.M.S. DOVER CORP.
P.O. Box 373
Dover Plains, New York 12522

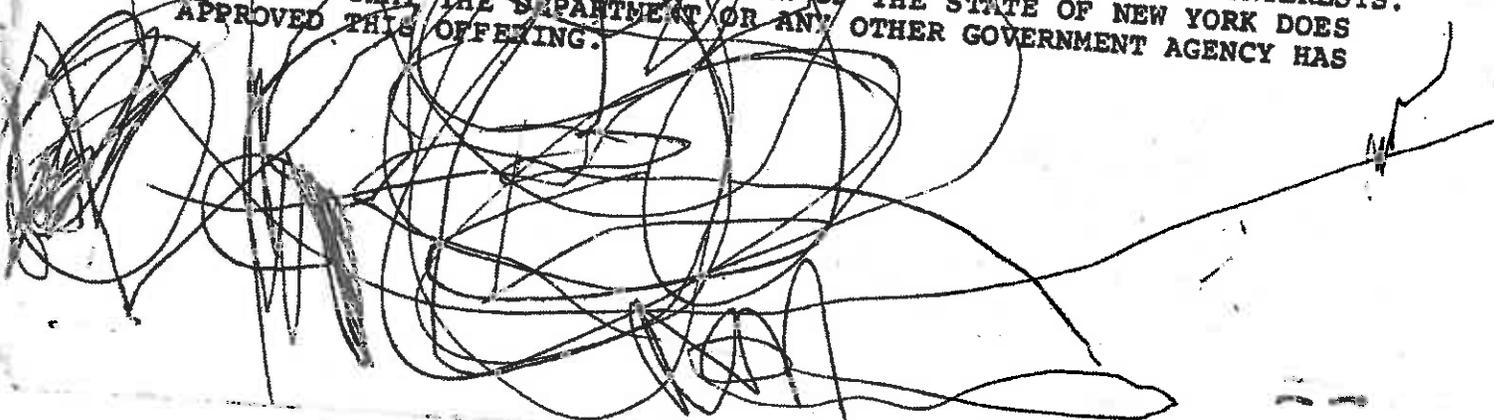
NAME AND ADDRESS OF SELLING AGENT: KERPEN REALTY
Box 35
Lincolndale, New York 10540

Date of the offering Plan: November 15, 1987

This Plan may not be used after November 15, 1988 unless extended by Amendment.

SEE PAGE 1 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 OF THE STATE OF NEW YORK DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.



104 0-10
 1/2 31.8
 1/2 15.9

pg 2 Quorum: Presence of 60% of all votes of membership (person or proxy)
 then 1/2 of quorum @ preceding mtg
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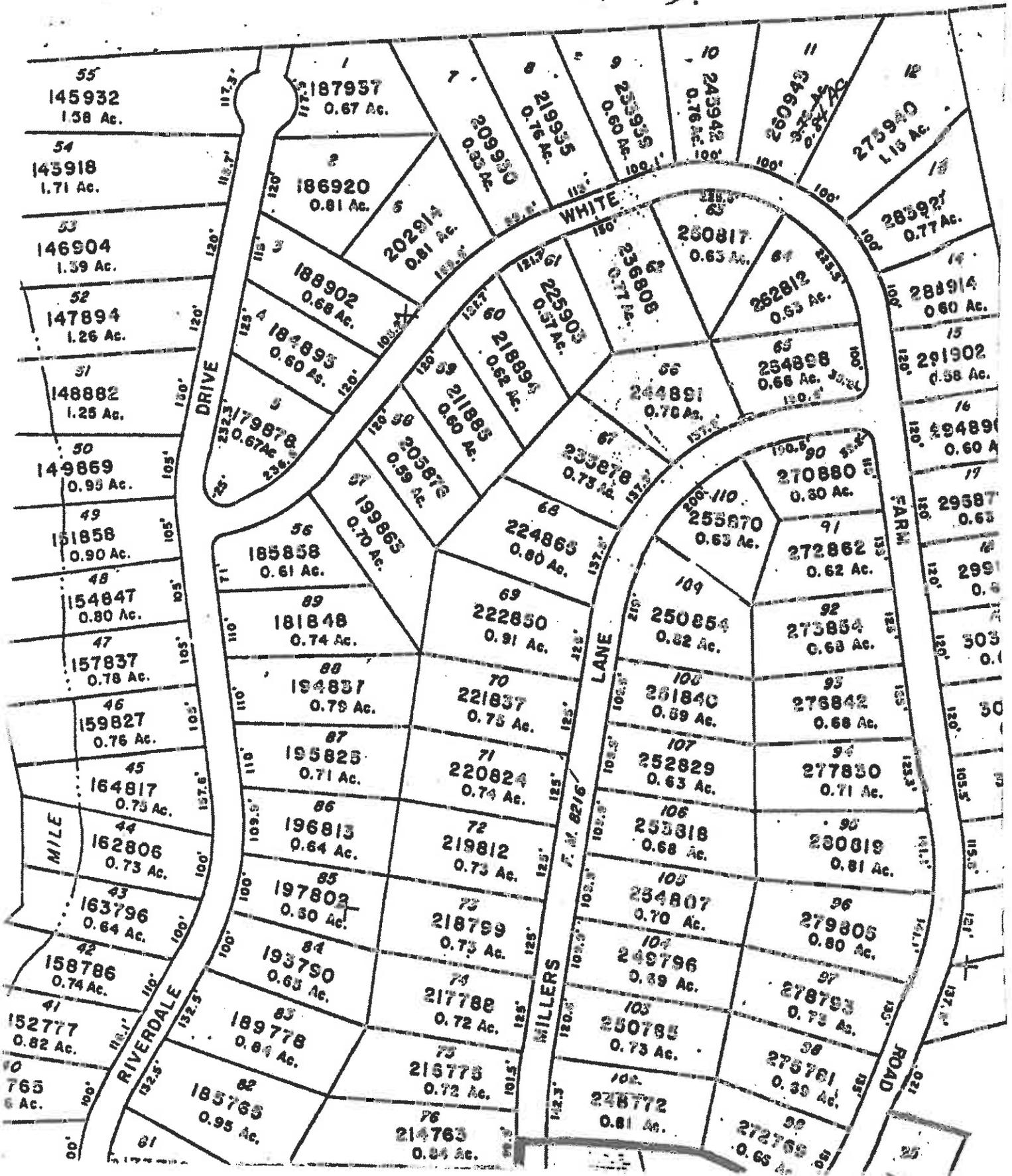
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ALL SAME Section # 04-7160-01
 Block # 6 No digit + Bold print under lot no.
 Lot # is actual lot # (1-110)



PART I

SPECIAL RISKS

Sponsor shall have the right to elect a majority of the Board of Directors of the Association until the closing of title of the last Home in the Development or three years from the first closing, whichever is earlier.

INTRODUCTION

The Sponsor, R.M.S. Dover Corp., intends to construct one hundred ten (110) single-family homes in a development known as "Reagan's Mill Subdivision" ("The Development"), located on approximately 129 acres in the Town of Dover, County of Dutchess, State of New York. Sponsor received preliminary subdivision approval for the Development from the Town of Dover Planning Board on May 19, 1987. The Sponsor will acquire the property before the closing of the sale of the first home.

The Sponsor intends to construct the 110 Dwelling Units ("Homes") on the property. Construction of roads in the Development started on or about August 5, 1987, and construction of Homes shall commence on or about October 30, 1987. The Sponsor currently estimates that the Development will be completed on or about August 15, 1989, barring circumstances outside the Sponsor's control.

All purchasers of Homes in the Development will automatically become members of Reagan's Mill Homeowners' Association, Inc. (the "Association" or "HOA"). Use and ownership of land within the Development will be governed by the Declaration of Covenants and Restrictions (the "Declaration"). A summary of the Declaration is set forth in Part I at pages 22 and 23

and the Declaration is set forth in Part II at pages 34 to 50.

The Association will own and maintain certain property within the Development consisting of approximately 35.8 acres of open space (the "HOA Property") for the use and enjoyment of its Members. The HOA property will be left in its original condition, and it is a condition of subdivision approval by the Town of Dover that the HOA property remain undeveloped open space.

Tennis
et
playground
✓ Town
Bumps

The roads in the Development shall be dedicated to the Town of Dover.

Members of the Association will have a right to vote annually for the Board of Directors who will conduct the affairs of the Association and supervise the operation of the HOA property (see Part I, The Association, at page 15). Members will pay annual maintenance charges to the Association for the operation and maintenance of the HOA property and the creation of a reserve for contingencies as the Board of Directors may deem proper. The estimated maintenance charges for the first year of operation are set forth in Part I, Schedule A, at page 6.

The Certificate of Incorporation and the By-Laws of the Association are set forth in Part II at Pages 51 and 54, respectively.

All purchasers of Homes in the Development shall pay a one time capital reserve fund contribution of fifty (\$50.00) Dollars. Upon the resale of Homes, each new purchaser will also

Where is
this money?
Esrow.

automatically become members of the Association, assume all rights and obligations of membership, and be required to pay the capital reserve fund contribution of \$50.00. See Part II, the Declaration and By-Laws, at pages 34 and 54.

Each Association Member shall be responsible for the costs of maintenance of his own Home and lot and for liability and fire insurance covering the Home and lot.

The prices of the Homes and lots include the cost of membership in the Association, are set by the Sponsor alone, and are not subject to review or approval by the Department of Law or any other government agency.

The Purchaser of a Home must be 21 years of age or over.

Police protection for the Development will be provided by the Dutchess County Sheriff's Department and New York State Police. Fire protection will be provided by the J. H. Ketcham Volunteer Fire Company. Snow removal and road maintenance services will be provided by the Town of Dover following dedication of the roads by Sponsor. Sanitation services must be privately arranged and paid for by each Homeowner. Water and sewer service will be furnished by private water and sewer companies organized under the Transportation Corporation Law and be paid for by individual Homeowners and not the Association. Water and sewer hookups to each Home shall be provided by the Sponsor as part of the price of each Home.

The areas adjoining the Development to the north consist of vacant undeveloped land and are located in a R-40 zone, in which single family residences are permitted. The areas to the east and west of the Development are also in a R-40 zone. The land to the south are zoned "M" Industrial.

The purpose of this Offering Plan is to set forth all of the terms and conditions of the Offer concerning the HOA. The Plan may be altered from time to time by amendments filed with the Department of Law. All such amendments will be served on purchasers and members.

The Plan as presented to prospective purchasers contains all of the detailed terms of the transaction as it relates to the HOA. Parts A, B and C of the Exhibits delivered to the Department of Law contain all of the documents referred to in this Plan. Copies of the Plan and Parts A, B and C of the Exhibits will be available for inspection without charge to prospective purchasers and their attorneys at the office of the Selling Agent, Kerpen Realty, and at the office of Van DeWater & Van DeWater, attorneys for the Sponsor, at 40 Garden Street, Poughkeepsie, New York.

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 FIRST YEAR OF OPERATION
COMMENCING DECEMBER 15, 1987

Projected Income

Maintenance charges (\$50.00 per home per year payable based on 110 homes)	\$ <u>5,500.00</u>
Estimated receipts from other sources (explain).	<u>0.00</u>
TOTAL	\$ <u>5,500.00</u>

Projected Expenses

*No
TRESPASSING ?*

(1) Repairs and Maintenance	\$ <u>1,450.00</u>
(2) Supplies and Office Equipment	\$ <u>200.00</u>
(3) Insurance	\$ <u>1,800.00</u>
(4) Accounting. <i>whd</i>	\$ <u>600.00</u>
(4) Legal	\$ <u>700.00</u>
(5) Taxes	
Real Estate	\$ <u>0.00</u>
Franchise & Corporate	\$ <u>250.00</u>
Income.	\$ <u>0.00</u>
(6) Reserve	\$ <u>250.00</u>
(7) Contingencies, Petty Cash	\$ <u>250.00</u>
TOTAL	\$ <u>5,500.00</u>

REAGAN'S MILL HOMEOWNERS' ASSOCIATION
FOOTNOTES TO BUDGET

- (1) This estimate is based on a quotation from Charles H. Stillson, Sr. dated July 24, 1987 for maintaining retention basins and road rights of way located on the HOA property. Mr. Stillson's proposal provides for the maintenance and cutting of the retention basins, removal of shrubs, brush and silt from the retention basins, and clearance and maintenance of sight distances at the east and west entrances to Reagan's Mill Subdivision from Reagan's Mill Road.
- (2) This is the amount estimated by the Sponsor for office supplies needed for HOA meetings and correspondence.
- (3) Based on an insurance quotation by The Daniels Agency dated July 14, 1987 to provide the following coverage for the Association's first year of operation:

\$1,000,000.00 - General Liability
\$1,000,000.00 - Directors and Officers Liability
(\$500.00 deductible)
- (4) Based on an estimate from Van DeWater and Van DeWater, Sponsor's attorneys, 40 Garden Street, Poughkeepsie, New York, and DelMastro & Greeley, certified public accountants, Two Park Avenue, Suite 2202, New York, New York for legal and accounting services on the basis of experience with similar Developments. The legal services budgeted include general counseling to the HOA but do not include unusual services such as litigation. The accounting services budgeted include review of the HOA's balance sheet and related statements of income of earnings, preparation of federal and state income tax returns, and preparation of the HOA's annual financial statement.
- (5) Based on (a) the opinion of Kenneth W. Foley, Tax Assessor of the Town of Dover, that the common property will have an assessed value of \$0.00 and that the value will be reflected in the valuation and tax assessment of the individual Homes and lots, (b) the opinion of counsel that the Homeowners' Association, as a Not-for-Profit Corporation, may be required to pay \$250.00 per year in franchise taxes and (c) the opinion of counsel that Reagan's Mill Homeowners' Association will be entitled to apply for treatment as a tax exempt entity.

- (6) This amount has been reserved for possible future repair or replacement of the retention basins if repair costs exceed the amount budgeted for repairs and maintenance. The retention basins consist of certain regraded areas of the HOA property designed to retain and dissipate surface water and it is expected that the retention basins will function indefinitely without major repairs.
- (7) This amount has been included for contingencies not included in the budget.

September 10, 1987

R.M.S. Dover Corp.
P.O. Box 373
Dover, New York 12522

Re: Reagan's Mill Homeowners' Association

Gentlemen:

You have requested our opinion concerning certain matters in connection with an Offering Plan pursuant to Section 352(e) of the General Business Law for membership in Reagan's Mill Homeowners' Association, Inc., a corporation organized under the Not-for-Profit Corporation Law of the State of New York. We understand that this letter will be made a part of the Offering Plan in connection with the sale of homes in the Reagan's Mill Subdivision (the "Development"), in the Town of Dover, Dutchess County, New York.

In rendering our opinion, we have examined the Offering Plan of Reagan's Mill Homeowners' Association, Inc. and the documents referred to therein, including the Declaration of Covenants and Restrictions. We have also examined the applicable Federal and New York State tax laws.

We understand that title to common lands will be held by Reagan's Mill Homeowners' Association, Inc. (the "Association"), and all owners of homes in the Development will automatically become members of the Association.

In our opinion, members of the Association will not be entitled to deduct any portion of Association charges for Federal or State tax purposes.

Each individual home owner will own fee title to his home. Each owner will be entitled to deduct, for Federal and New York State income tax purposes, all state and local real property taxes assessed against his home and the interest on any mortgage on the home.

Section 528 of the Internal Revenue Code affords certain Homeowners' Associations the opportunity to elect to be treated as organizations exempt from income taxes. In order to qualify, 60% or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Homeowners and 90% or more of the expenditures must be for the acquisition, construction, management, maintenance and care of the Homeowners' Association property, which property as defined in Section 528 includes property held by the Homeowners' Association and property commonly held by the members of the Homeowners' Association.

Based on our examination of Reagan's Mill Offering Plan and subject to the Homeowners' Association satisfaction of the minimum percentage income and expenditure criteria established under Section 528, it is our opinion that Reagan's Mill Homeowners' Association will be eligible to elect to be treated as a tax exempt organization under Section 528, of the Internal Revenue Code.

Such an election may entail the filing of an income tax return by the Association, but will exempt all amounts received by the Homeowners' Association as membership dues, fees or assessments. The Homeowners' Association will be taxed, however, on the excess of income over expenses from unrelated sources. In addition, the Homeowners' Association will not be exempt from sales taxes and may have to pay corporate franchise taxes under present state and local law.

In our opinion, the HOA property and Homes sold in conjunction with the Homeowners' Association, if built in accordance with the plans and specifications, will conform to applicable zoning ordinances and statutes.

Upon our examination of the Declaration of Covenants and Restrictions (the "Declaration"), it is our opinion that the Declaration, when recorded, will be legal, valid, and binding on all purchasers of homes in the Development.

This opinion is based solely on the facts and documents referred to above. No warranties are made that the tax laws upon which this opinion is based will not change. In no event will the

Sponsor, the Sponsor's counsel, the Homeowners' Association, the Selling Agent or any other person be liable if by reason of future changes in fact or applicable law, regulations, 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,

VAN DE WATER & VAN DE WATER

BY:


GERARD J. CONATOB

GJC:lac

DESCRIPTION OF COMMON AREAS TO BE
MAINTAINED BY THE ASSOCIATION

The HOA property is shown in relation to the Homes in the Development in Part II, Site Plan, at page 65. The HOA property, to consist of 35.8 acres, is in its original, undeveloped condition and is to remain in that condition in perpetuity. No roads, structures, or other improvements are to be located or installed on the HOA property. However, utilities and municipalities shall have the right to install sewer, water and electric lines and utility appurtences on or in the HOA property. Further, as a condition of obtaining subdivision approval, retention basins will be strategically located on the HOA property. It will be the responsibility of the HOA to maintain the retention basins and maintain the entrance way to the Reagan's Mill Subdivision.

UTILITIES

The water for the Development will be supplied by the Reagan's Mill Water Company, Inc. formed by Sponsor pursuant to the Transportation Corporations Law of the State of New York. The water corporation will be owned, operated and maintained by the Sponsor. The water rate is fixed by the Public Service Commission and will be charged directly to the Home Owner. Said water charges will not be part of the Association's assessments.

The Development's sewage system is to be provided by the Reagan's Mill Sewer Company, Inc., formed pursuant to the Transportations Corporations Law of the State of New York. This company will be owned, operated and maintained by the Sponsor. The sewage system will be a sewage treatment plant built to design specifications of the Dutchess County Board of Health in conjunction with the New York State Department of Environmental Conservation and New York State Health Department. Sewer charges will be charged directly to the Home Owner and will not be a part of the Association's assessments.

Water and sewer hookups to each Home shall be provided by the Sponsor as part of the price of each Home.

The Sponsor will post such security for the completion of the roads, sewer and water facilities as may be required by the Town of Dover.

Electric power is provided by New York State Electric and Gas Corporation and charges for electric power will be charged directly to the Home Owners. Such charges will not be part of the Association Charges.

Pipe, conduits and related facilities providing electrical power and telephone service are installed underground within the Subdivision. No pipe for natural or manufactured gas for heating is available.

The open Common Areas to be owned and maintained by the Association shall be graded and seeded by the Sponsor. There are no adverse sub-soil water conditions, and the Subdivision is not within a designated flood plain.

FIRE PROTECTION

Fire protection for the Reagan's Mill Subdivision is provided by the J. H. Ketcham Hose Company Inc., Station #2 which is approximately 1.3 miles from the Development and the J. H. Ketcham Hose Company Inc., Station #1 which is located 6.0 miles from the Development.

HOSPITALS

The J. H. Ketcham Hose Company supplies emergency medical transportation to area hospitals. Hospital care is available in Poughkeepsie, New York (Vassar Brothers and Saint Francis Hospitals), New Milford, Connecticut (New Milford Hospital), and Sharon, Connecticut (Sharon Hospital).

POLICE PROTECTION

Police protection for the Development is provided by the New York State Police and the Dutchess County Sheriff's Department.

SCHOOLS

The development is located in the Dover Union Free School District. Children in the Development will attend the following schools in the district:

	<u>Grades</u>
Wingdale Elementary	K-3
Dover Elementary	4-6
Dover Jr. Sr. High School	7-12

HOUSES OF WORSHIP

The following churches are located in the Town of Dover:

Dover Plains United Methodist Church
Mill Street, Dover Plains, New York 12522

St. Charles Borromeo
Mill Street, Dover Plains, New York 12522

Dover Plains Community Church
Masonic Temple, Route 343, Dover Plains, New York 12522

Second Baptist Church of Dover
Mill Street, Dover Plains, New York 12522

St. James Episcopal Church
Reimer Avenue, Dover Plains, New York 12522

The following churches are located in Wingdale:

Wingdale United Methodist Church
Church Hill Road, Wingdale, New York 12594

First Baptist Church
Church Hill Road, Wingdale, New York 12594

SHOPPING CENTERS

Neighborhood shopping includes one small shopping center in Wingdale approximately 2 miles from the Development and two small shopping centers in Dover located approximately 7 miles from the Development. There are two large shopping centers, The South Hills Mall and The Galleria, located in Poughkeepsie approximately 25 miles from the Development. The Danbury Mall is located approximately 30 miles from the Development and New Milford Mall is approximately 15 miles from the Development.

THE ASSOCIATION

The Association is a New York State type "A" Not-for-Profit Corporation formed on August 11, 1987. A copy of the Certificate of Incorporation is set forth in Part II at page 51.

The purpose of the Association is to manage and maintain the HOA property for the benefit and enjoyment of the Association and its Members, who shall be all purchasers of Homes in the Development. Membership in the Association is mandatory for Home owners. The Sponsor intends to construct no more than 110 homes on the property, all of which will be part of the Association.

Prior to the closing of title to a Home, the Sponsor must record and file the Declaration of Covenants and Restrictions (the "Declaration"). A copy of the Declaration is set forth in Part II at page 34.

The HOA property is to remain in its undeveloped state. There will be no improvements which the Association will have to maintain, repair and keep insured except retention basins located at various parts of the HOA property and the entrance to the subdivision. The Association will not pay real estate taxes on the HOA property. The Tax Assessor of the Town of Dover has determined that the HOA property will have no assessed value and

the value of the HOA property will be reflected in the assessed values of individual Homes or lots. The estimated costs for the first year of operation including costs for maintenance and insurance, are set forth in Part I, Schedule A, at page 6.

Under the Declaration, each Home owner shall be given an easement for access to and common use and enjoyment of the HOA property. However, such easements shall not permit access to the HOA property over or across the lot of any other Home Owner.

The covenants and restrictions contained in the Declaration shall run with and bind the land in perpetuity, and shall be for the benefit of and be enforceable by the Association, or the owner of any land subject to the Declaration.

All purchasers of Homes in the Association must be at least 21 years of age. By acceptance of a deed to a lot, each Home owner will agree to abide by the restrictions and covenants set forth in the Declaration. No Home shall be used for any purpose other than as a single family residence. The conditions and restrictions are described in Part I, Summary of Declaration of Covenants and Restrictions at page 22, and Part II, Declaration of Covenants and Restrictions at page 34.

The Sponsor covenants that there will be no disturbance of the HOA's or Home Owners' use of the HOA property in the event of foreclosure of any land or construction loan mortgage of Sponsor.

The Association shall be managed by a Board of Directors. The Board of Directors shall be elected by a majority of the members of the Association present at the annual meeting. The term of office for a Director shall be three years. However, at the first annual meeting of the Association, two Directors shall be elected to serve three years, two shall be elected to serve two years and one Director shall be elected to serve one year.

Meetings of the Board of Directors shall be held two times per year. The first meeting of the Board of Directors will be held within three months of the date of the first closing.

Any Director or Officer may be removed from office by the majority of the votes cast by the members present either in person or by proxy, at any regular or special meeting called for that purpose. (For a more detailed description of the Board of Directors and voting requirements, see Association By-Laws in Part II on page 54.)

The Declaration of Covenants and Restrictions may be amended by an instrument signed by Owners holding not less than 90% of the votes of the membership at any time until December 31, 1988 and thereafter by an instrument signed by the Owners holding not less than two thirds (2/3) of the votes of the membership. The Association's By-Laws may be amended at a regular or special

Based on
106

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71

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70

meeting of the Members, by a vote of a majority of Members present. ?

The Sponsor reserves the right, and shall be entitled to elect a majority of the Board of Directors of the Association until such time as the Sponsor conveys the last lot in the Development or three years after the conveyance of the first lot, whichever is earlier.

A majority vote of the votes cast at any annual or special meeting of the Association Members shall be determinative of the subject matter of the vote, provided that a quorum is present.

The By-Laws require five Directors. The initial Board of Directors will be:

Thomas F. Flood

P. O. Box 54, Lovell Street
Lincolndale, New York 10540

Charles W. Hatcher

32 Eastview Drive
Valhalla, New York 10595

Patricia W. Hatcher

32 Eastview Drive
Valhalla, New York 10595

Diane Flood

P. O. Box 54, Lovell Street
Lincolndale, New York 10540

Tucker Flood

P. O. Box 54, Lovell Street
Lincolndale, New York 10540

Each unit Owner, by taking title to his or her home, whether or not it shall be expressed in the Deed, is deemed to covenant and agree to pay to the Association: (a) general assessments and charges and (b) special assessments, such assessments to be established and collected as provided in the Declaration of Covenants and Restrictions. General and special assessments, together with interest, costs, and reasonable attorneys' fees incurred in connection with the collection thereof shall be a charge against the Home and lot and shall be a continuing lien upon the property against which each such assessment was made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be a personal obligation of the person who was the Owner of such property at the time when the assessment was made.

The first year's assessment will be levied on the day of the closing of the Member's unit. Thereafter, the assessment will be levied on January 1 of each succeeding year.

If an assessment (general or special) is not paid within thirty (30) days after the same has become due and payable, the assessment shall also bear interest from the date of delinquency at the then current prime rate of Citibank, N.A. The lien for any such unpaid assessments will be subordinate to any first mortgages. In no event will nonpayment of assessments deny the

home owner ingress and egress to and from his home. However, nonpayment of assessments, at the sole discretion of the Board of Directors, may prohibit such Owner from use of the HOA property. In no event may a Home Owner's voting rights be suspended for nonpayment of assessments. The Declaration sets forth no other fines or other penalties which would be levied against a Home Owner for violation of the rules and regulations promulgated by the Association.

Each purchaser of a home shall be required to make a one time capital reserve fund contribution of \$50.00 to the Association. Upon resale, each new purchaser will be obligated to pay the capital reserve fund contribution of \$50.00 to the Association. This fee will be used to set up a reserve fund for the Association. Such reserve fund, in the opinion of the Sponsor's budgetary expert, is sufficient to cover foreseeable capital expenditures. While the Sponsor is in control of the Board of Directors, reserve funds will not be used to reduce projected Association charges. Neither the Department of Law nor any other governmental agency has passed upon the adequacy of this reserve fund.

Based upon the Sponsor's designation of Directors of the Board, Sponsor will control the Association. This control will continue until three years from the date of the conveyance of the first Home to a purchaser, or may terminate at an earlier date if

Sponsor voluntarily relinquishes control. In no event may Sponsor use its control of the Board to reduce the level of services described in the Offering Plan or to prevent capital repairs expenditures required to comply with applicable laws or regulations.

While the Sponsor is in control of the Board of Directors, no mortgage liens will be placed on the Association property without the consent of at least 51% of the home owners excluding the Sponsor or Sponsor's nominees. While the Sponsor is in control of the Board of Directors, certified financial statements will be provided each year to the Members of the Association.

SUMMARY OF DECLARATION OF COVENANTS AND RESTRICTIONS

Prior to conveyance of the first home Sponsor will record a Declaration of Covenants and Restrictions (the "Declaration") in the Dutchess County Clerk's Office. A complete copy of the Declaration is set forth in Part II, at page 34.

A summary of some of the provisions of the Declaration is as follows:

1. Each purchaser of a Home, by acceptance of the Deed, has agreed to pay the Association all maintenance charges, annual assessments, and special assessments. The obligation to pay these charges and assessments is a continuing lien upon the property as well as a personal obligation upon the owner of the property at the time the charge or assessment was made. Membership in the Association is mandatory for all Home owners.

2. Each owner of a Home has the right to the use and enjoyment of the Common Areas.

3. Sponsor shall retain easements for ingress, egress and use for so long as it owns any part of the land to be developed herein and during the time Sponsor will be constructing.

4. No Home shall be used for any purpose other than a single family residence or dwelling. Sponsor shall have the right to use the model Home as a sales office.

5. The Declaration provides that no animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot. Dogs, cats or other common household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. There shall be no more than three common household pets in any Home.

6. Sponsor will be responsible for and pay all annual assessments, taxes and other expenses allocable to any unsold Home for which a permanent certificate of occupancy has been issued until such time as Sponsor sells said home to a bona fide purchaser for value.

7. No television dishes shall be permitted.

8. No fences may be erected or installed without HOA approval.

9. No unregistered vehicles, trailers or commercial vehicles may be stored or parked on lots in the Development.

10. Any additions or structures shall be erected without HOA approval.

11. No above ~~ground~~ pools are allowed. *summer pool*

12. No storage of garbage, waste, or debris on lots is allowed and may not be placed for collection earlier than twenty-four (24) hours before the scheduled pick-up.

LOCAL GOVERNMENT APPROVAL

The Town of Dover Planning Board gave preliminary subdivision approval for the Development on May 15, 1987. A copy of the Site Plan is set forth in Part II at page 65. Sponsor shall furnish a filed subdivision map when received.

OBLIGATIONS OF SPONSOR

The Sponsor is required to perform the following obligations:

1. The Sponsor intends to construct 110 single family residences in the Development and to complete construction by August 15, 1989.
2. All lots and Homeowners' Association property will be released from the provisions of the Sponsor's construction loan mortgage at the closing of title to each particular Home or lot.
3. To defend any suits or proceedings arising out of Sponsors acts or omissions and to indemnify the Board of Directors.
4. Sponsor's right to enter HOA property or any Home to complete construction will not interfere with the member's use of the HOA property and Sponsor will repair any damages caused by such entry.
5. To be responsible for and pay all annual assessments, taxes and other expenses allocable to any lot or Home owned by Sponsor until such time as Sponsor shall sell said Lot or home to a bona fide purchaser for value.
6. To deliver title to each Home free of any mortgage or other lien, except such mortgage as the Purchaser may obtain and the Association's lien for annual and special assessments.

7. To deliver to purchaser at time of closing a temporary or permanent Certificate of Occupancy for his home..

8. To pay all costs and expenses in connection with the formation of the Association.

9. To call the first annual meeting of the Membership within six (6) months of the filing of the Declaration for the election of Association's Board of Directors.

10. Prior to the closing of the first Home or lot, to file the Declaration and deliver to the Association a duly executed Bargain and Sale Deed in recordable form with transfer stamps affixed, to the HOA property, free of liens and encumbrances, except such encumbrances as are created by this Plan. Title to the HOA property shall be insured by Chicago Title Insurance Company, a title company authorized to do business in the State of New York.

11. To file with Sponsor's attorney whose offices are at 40 Garden Street, Poughkeepsie, New York, copies of this Offering Plan and all exhibits or documents referred to herein in compliance with Section 352-(e)9 of the General Business Law, for examination by any person who has purchased a home offered pursuant to this Plan or otherwise has participated in this Offering.

TRUST FUNDS

All contract deposits shall be held in escrow by Sponsor's attorneys, Van DeWater & Van DeWater, in a segregated special escrow account at The Fishkill National Bank, 200 Main Street, Beacon, New York. The funds may only be released by signature of a member of the firm of Van DeWater & Van DeWater, attorneys for Sponsor, at the time of closing. Sponsor will be responsible for complying with the escrow and trust fund provisions of the General Business Law, Sections 352-e(2)(b) and 352-h. All contract deposits shall receive interest at 5-1/4% and will begin to accrue interest when the funds are deposited. Such interest will be credited to the Purchaser's account at closing.

IDENTITY OF SPONSOR

The Sponsor, R.M.S. Dover Corp., is a New York Corporation formed for the purpose of developing the Development in the Town of Dover, Dutchess County, New York.

The principals of the Sponsor are as follows:

Thomas F. Flood, III received a Bachelor of Arts degree from Colgate University in 1959. He has been in the construction and land development business for the past sixteen years. Mr. Flood's present address is P. O. Box 54, Lovell Street, Lincolndale, New York 10570.

Charles W. Hatcher received a Bachelor of Arts degree from Colgate University in 1956. He has been a builder and land developer for fourteen years. Mr. Hatcher's present address is 32 Eastview Drive, Valhalla, New York 10595.

The Sponsor has not taken part in any previous public offering of homeowners' associations, condominiums, and other cooperative interests in realty in or from New York State. The principals of the Sponsor have taken part in four public offerings, including this offering, involving condominiums within the previous five years. These offerings are Chappaqua Commons Condominiums located at 150 North Bedford Road, Chappaqua, New York. The approximate date of the Offering Plan for Chappaqua Commons was July 1, 1981. The principals of the Sponsor have also

taken part in the Kensico Arms Condominium project, which is located at 60 Kensico Road, Thornwood, New York. The approximate offering date of the Kensico Arms Condominium project was July 1, 1984. The principals of the Sponsor also took part in a multi-family homeowners' association projects known as The Willows, Route 202, Somers, New York, Old Farm Lake, Chappaqua, New York, and 149 King Street, Chappaqua, New York. The approximate date of the Willows offering was June 19, 1984, the Old Farm Lake offering was July of 1983, and the 149 King Street offering was July 4, 1987.

The Sponsor and its principals have no prior felony convictions and there have been no injunctions or judgments against them that may be relevant to this or any other offering plan or offerings of securities generally.

Sponsor's attorneys are Van De Water & Van De Water, P.O. Box 112, 40 Garden Street, Poughkeepsie, New York 12602, who prepared this offering plan and who will represent the Sponsor at all closings of lots or Homes.

The Selling Agent is Kerpen Realty, Box 35, Lincolndale, New York 10540. There are no prior felony convictions of the Selling Agent and no felony convictions, injunctions, or judgments against the Selling Agent that may be relevant to this or any other offering plan or to an offering of securities generally.

REPORTS TO MEMBERS

All Members of the Association will be entitled to receive, annually, from the Association at the expense of the Association, copies of the following:

- A. An annual financial statement prepared by a certified public accountant.
- B. Prior notice of the annual members' meeting.

The aforesaid obligations may be changed later pursuant to the By-Laws.

DOCUMENTS ON FILE

Sponsor shall keep copies of the Plan, Parts A, B and C of the Exhibits and documents referred to in the plan on file and available for inspection at the offices of Van DeWater & Van DeWater, 40 Garden Street, Poughkeepsie, New York, for six (6) years from the date of the first closing.

GENERAL

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

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or the Association or any person or persons which might become a lien against the property or which materially affect this Offering.

This Plan is offered only to persons over 21 years of age.

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that the Sponsor, the Association and Selling Agent will not discriminate against any person because of race, creed, color, national origin or ancestry in the sale of homes at the Reagan's Mill Subdivision or in the Offering of memberships in the Association.

As of the date of first presentation of the Offering Plan, neither the Sponsor nor the Selling Agent nor any representative, or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with prospective homeowners at the Reagan's Mill Subdivision.

PART II

DECLARATION OF COVENANTS AND RESTRICTIONS

This DECLARATION made by R.M.S. DOVER CORP., a New York corporation, Box 900, Dover Plains, New York 12522 (hereinafter called the "Declarant").

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain real property located in Dutchess County in the State of New York, which real property is described in Article I of this Declaration;

WHEREAS, Declarant wishes to insure that the property is developed in a manner that will protect and preserve the pristine and rural character of the Town of Dover; and

WHEREAS, Declarant desires the property owners to maintain and enjoy privacy through private access to this property;

NOW, THEREFORE, Declarant does hereby declare that the property shall be held, sold, conveyed and developed subject to the following restrictions, covenants, obligations, easements and agreements which are for the purpose of protecting the value and desirability of the property, and which shall run with the property, binding every party having any right, title or interest in the property or any part thereof and binding all heirs, successors and assigns.

ARTICLE I

DEFINITIONS

1. "Association" or "HOA" shall mean and refer to REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.
2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract Sellers, but excluding those having such interest merely as security for the performance of an obligation.
3. "Properties" shall mean and refer to the real property described in Schedule A annexed to this Declaration of Covenants and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

4. "Common Areas" shall mean all real property and the improvements thereon owned or hereafter acquired by the Association for the common use and enjoyment of the Owners.

5. "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article III hereof.

6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision or resubdivision map of the Properties, with the exception of the Common Areas.

7. " Dwelling Unit " shall mean and refer to any portion of a building situated, designed and intended for use of occupancy as a residence by a single family.

8. "Declarant" shall mean and refer to R.M.S. DOVER CORP., its successors and assigns. A Purchaser of a Lot or Lots from the above corporation shall not be a successor or assignee of said corporation.

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

10. "Declaration" shall mean and refer to this Document.

ARTICLE II

RIGHTS IN THE COMMON AREAS

Section 1. Members Easements of Enjoyment. Subject to the provisions of Section 2 of this Article and the provisions of the By-Laws of the Association, every Member shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and will pass with the title to every Lot.

Section 2. Extent of Members' Easements. The rights and easements created hereby shall be subject to the following:

(a) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas against foreclosure.

(b) The right of the Declarant and of the Association to grant and reserve easements and rights-of-way through, under, over and across the Common

Areas, for ingress and egress, and for the installation, replacement, maintenance, repair and inspection of lines and appurtenances for all public or private utilities including, but not limited to, water, sewer, drainage, fuel oil, electric, gas, telephones, television (cable, antenna, etc.) and other utilities.

(c) The right of further restrictions imposed herein or by the Board of Directors, and/or by the By-Laws of the Association.

(d) In no event shall any Owner have a right of ingress and egress to or from any portion of the Common Areas, on, over, or across the land or lot of any other Owner.

Section 3. Use of the Common Areas. The Common Areas shall be used strictly in accordance with the easements granted thereon. There shall be no obstruction or interference whatever with the rights and privileges of other Owners in the Common Areas and nothing shall be placed, altered, constructed upon or removed from the Common Areas by any Owner, except by prior written consent of the Board of Directors. The Common Areas shall remain and be maintained as open areas forever. If an Owner shall violate this Section, the Association shall have the right to restore the Common Areas to their prior condition and assess the cost thereof against the Owner who violates this Section and such cost shall become a lien upon the Lot and Dwelling Unit of such Owner, which shall become due and payable upon demand. The Association shall have the same right and powers to collect the cost of such restoration as provided in Article IV for the collection of delinquent annual assessments. If an Owner interferes with the rights and privileges of another Owner in the use of the Common Area, the Association or the Owner may commence an action to enjoin such interference and the prevailing party shall be entitled to recover such reasonable attorneys' fees as the Courts may allow together with all necessary costs and disbursements incurred in connection therewith.

ARTICLE III

MEMBERSHIP IN THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot which is subject to this Declaration shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from

ownership of any Lot which is subject to this Declaration. Ownership of a Lot shall be the sole qualification for membership. Membership in the Association shall lapse and terminate when a Member shall cease to be an Owner; however, any delinquent assessments will still be the personal liability of said Owner despite termination of membership.

Section 2. Voting Membership. The Association shall have only one class of voting membership. Owners shall be entitled to one vote. When more than one person (or entity) owns any Lot, their vote shall be exercised as they, among themselves, determine but in no event will a split vote be honored and in no event shall more than one vote be cast with respect to any such Lot.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments. Except for the Declarant, each Owner of any Lot by taking title to same, whether or not it shall be expressed in deed, is deemed to covenant and agree to pay to the Association: (a) general assessments and charges; and (b) special assessments, such assessments to be established and collected as hereinafter provided. General and special assessments, together with interest, costs and reasonable attorneys' fees incurred in connection with the collection thereof, 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, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment accrued. The personal obligation for delinquent assessments shall also pass to an Owner's successor in title by his acceptance of Deed or by any other means of conveyance to such Lot for which such assessments are delinquent.

Section 2. Purpose of Assessments. The assessments levied upon the Association shall be used exclusively for maintenance of Common Areas, and services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas including but not limited to the payment of taxes, insurance, utility charges, etc. on the Common Areas, and repair,

replacement, and additions thereto and for the cost of labor, equipment, material, management, improvements, and supervision thereof.

Section 3. Basis of General Assessments and Changes in Rate. The amount of the general assessment paid monthly per Lot shall be determined and set from time to time by the Board of Directors. If the Board of Directors determines that the existing general assessment rate does not meet the demands of operation and maintenance of the Common Areas, a new general assessment rate may be set by the Board, and the Owners and/or Members of the Association shall, upon notice of the same, be subject to the payment of the new general assessment rate.

The Board may, after consideration of future costs for maintenance of the Common Areas, establish a reserve fund for such purposes with the monies necessary for such reserve fund to be part of the general assessment.

Section 4. Special Assessments. In addition to the general assessment outlined in Sections 2 and 3 hereof, the Board may levy a special assessment provided that the Board in its discretion determines that there is a need for the same and it shall thereupon notify Members of the Association by written notice of said need and the amount and due date(s) of payment of such special assessment.

Section 5. Date of Commencement of General Assessments. The general assessments provided herein are payable annually and will commence and be payable in advance on the first day of each year, except the initial general assessment shall be collected at the closing of a lot.

Assessment

Section 6. Default. In the event the membership fee or one or more payments of the general or special assessment are not paid within 30 days from the date the same shall become due and payable, then the entire delinquent assessment shall, together with such interest thereon and the costs of collection therefor as herein provided, become a continuing lien on the property which shall bind such property in the hands of the then Owner, his successors in title and assigns. The personal obligations of the then Owner to pay such assessment, however, shall remain his personal obligation until same is paid. The acquirer of title to a Lot shall be jointly and severally liable with his predecessor in title thereto for the amounts owing by the latter to the Association up to the time of the transfer of title, without prejudice to the acquirer's right to recover from his predecessor

to be the personal obligation of any person who was the Owner or part-Owner of the property at the time the assessment fell due.

Section 8. Exempt Properties. The Common Areas shall be exempt from the general and special assessments and liens created and referred to herein this Declaration. This Section shall not be amended.

Section 9. Reserve Fund. Each Owner of a Home, including successors in title, shall be required to pay a capital reserve fund contribution of \$50.00 to the Association at the closing of title to a Home. Such contribution is separate from, and in addition to, general and special assessments described above.

ARTICLE V

RESTRICTIONS

All Lot and/or Dwelling Unit Owners, as well as all Members, guests, residents, occupants, lessees, etc., in addition to any other obligation, duty, right and limitation imposed upon them by this Declaration, the Certificate of Incorporation, By-Laws of the Association, and Rules and Regulations that may be promulgated by the Association, shall be subject to and agree to abide by the following restrictive covenants, which shall be applicable to all Lot and/or Dwelling Unit Owners, occupants, guests, invitees, tenants, residents, and lessees, etc., to wit:

Section 1. No Dwelling Unit shall be used for any purpose other than as and for a single family residence or dwelling.

Section 2. No exterior radio, television or electronic antenna, aerial, or dish, except for a master antenna or aerial, shall be erected, maintained or operated upon any of the Lots or buildings or structures located thereon, and the erection, maintenance or operation of any of the same is prohibited except as designated and approved by the Board of Directors.

Section 3. No signs of any nature whatsoever shall be erected or displayed upon any of the Properties except when express prior written approval of the size, shape, content, and location thereof has been obtained from the Board of Directors. Excepted from this provision are signs used by the Declarant during the construction and sales period.

Section 4. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other common household pets, other than bees and snakes, may be kept provided that they are not kept, bred or maintained for any commercial purpose. There shall be no more than three common household pets in the aggregate in any Dwelling Unit. Each unit Owner who owns a household pet agrees to remove and clean up any bodily waste or excrement produced by their pets, from the common areas or the property of other Owners. In addition, all dogs must be kept on a leash at all times when off the Owner's Dwelling Lot.

Section 5. ~~The parking and storage of automobiles and motorcycles except upon paved areas is prohibited. The overnight parking or storage of trucks, commercial vehicles, camping vehicles, boats and boat trailers on outside unenclosed spaces is prohibited, except as expressly permitted by the Board of Directors. This paragraph will not prohibit the parking of trucks or vans in enclosed garages. In addition, repairing vehicles on the premises is prohibited. All vehicles must be registered with the appropriate motor vehicle department.~~

Section 6. ~~No addition, structure, trailer, basement, tent, shack or garage, barn or other out-building or fence or above ground swimming pools shall be erected or used on any Lot either temporarily or permanently, without HOA approval.~~

Section 7. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers and may not be placed for collection earlier than twenty-four (24) hours before the schedule pick-up. The keeping or storage of explosive, flammable, or hazardous materials is prohibited.

Section 8. No individual Dwelling Unit Owner shall install a sewage-disposal system (cesspool, septic tank, and/or dry well, etc.) on any Lot.

Section 9. No fences, laundry or clotheslines or poles shall be permitted on the grounds of any Lot unless approved in writing by the Board of Directors.

Section 10. No Lot Owner, Member, guest, lessee, resident, occupant, invitee, etc., shall commence any digging or earth moving or regarding operations of any nature whatsoever without first obtaining written permission of the Board of

Directors. This paragraph shall not apply to ordinary landscaping.

ARTICLE VI

INSURANCE

Section 1. Maintenance of Insurance. Each Owner of any Dwelling Unit by acceptance of a Deed or other conveyance therefore, whether or not it shall be expressed in any such Deed or other conveyance, covenants to carry, maintain, and timely pay the premium or premiums on a policy of fire, extended coverage, vandalism, and malicious mischief, with all-risk endorsement insurance to cover a minimum of the entire replacement cost of the Dwelling Unit located on such Lot, and to be placed with an insurance company authorized to do business in the State of New York. Each unit Owner agrees and covenants to use and apply the proceeds of such insurance to rebuild his Dwelling Unit. The Association shall provide public liability and fire insurance covering the Common Area in a single limit amount of not less than one million dollars (\$1,000,000.00) covering claims for bodily injury or death and one million dollars (\$1,000,000.00) covering all claims for property damage arising out of any one occurrence.

Section 2. Waiver of Subrogation. To the extent permitted by the standard New York form of fire and extended coverage insurance and to the extent benefits are paid under such policy, each Owner, the Declarant, and the Association do hereby mutually release each from the other, and their respective officers, agents, employees or invitees, from all claims for damage or destruction of their respective physical Properties if such damage or destruction results from one or more of the perils covered by the standard New York form of fire and extended insurance coverage.

ARTICLE VII

EASEMENTS

Section 1. General Utility Easements. All individual Lots and Common Areas shall each be subject to the rights of the Declarant, the Association, and or their assigns, to an Easement hereby reserved on, under, through, and over said Lots or Common Areas for the purpose of installation, maintenance, repair and replacement of drainage, sanitary sewers, water, gas, electric, telephone, fuel oil, and any other utilities and appurtenances thereto to serve the Properties. The aforesaid general Easement

is in addition al and includes, but is not limited to, those various utility easements herein provided or now shown or to be shown on Subdivision Maps of the Properties now filed or to be filed with the Clerk of Dutchess County.

Section 2. Easement for Utilities, Roadways, Snowplowing and Landscaping. Perpetual easements for the installation, maintenance, repair and replacement of utilities, paving and landscaping are hereby reserved in, on, under and over all Lots for the exclusive benefit of the Declarant and its assignees and of the Association, its assignees, and its Members, their invitees and licensees. An additional perpetual easement is hereby reserved in, on and over each Lot for snow removal and storage purposes. This easement is for the exclusive benefit of the Declarant and its assignees, and for the Association, its assignees and its Members, their invitees and licensees. Additional perpetual easements for the installation, repair, replacement and maintenance of utilities are reserved in, on, over and under all Lot lines. Additional easements for the installation, maintenance, repair and replacement for storm drainage and utilities for the benefit of the Association, its assignees and its Members, their invitees, and licensees, are reserved in, on, over and under all Lot lines. Lot owners shall have an easement of ingress and egress for all purposes over private streets from the nearest public highway to their respective Lot until the streets are dedicated to the local municipalities.

Section 3. During Construction. As long as sales and construction continue, Declarant reserves the right to go through, over and across the Common Areas and to show the Common Areas to prospective purchasers of Lots. Declarant also reserves the right to store and remove construction material on and to enter upon the Common Areas for any purpose during the construction and sale of Dwelling Units and Lots.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, in perpetuity, and shall inure to the benefit of and be enforceable by the Association, or Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns. Unless specifically prohibited herein, this Declaration may be amended by an instrument signed by Owners

holding not less than eighty (80%) percent of the votes of the membership at any time until 1989 and thereafter by an instrument signed by the Owners holding not less than two-thirds (2/3) of the votes of the membership. Any amendment must be properly recorded to be effective. In no event may any amendment of this Declaration of Covenants and Restrictions modify or change any specific limitation or condition set forth in the approvals of the Town of Dover affecting the property.

Section 2. Notices. Any notice required to be sent to any Member or Owner under any provision 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 3. Enforcement. The Association or any Owner shall have the right to enforce these covenants and restrictions by any proceeding at law or in equity, against any person or persons violating or attempting to violate any covenant or restriction, to restrain violation, to require specific performance and/or to recover damages, and against the land to enforce any lien created by these covenants, and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The expense of enforcement by the Association shall be chargeable to the Owner of the Lot violating these covenants and restrictions and shall constitute a lien on the Lot, collectible in the same manner as assessments hereunder.

Section 4. Severability. ^{SEE ADDITIONAL AMENDED DECLARATION}Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect the validity of any other provision, which shall remain in full force and effect.

Section 5. Governmental Approval. In the event that any governmental authority requires the modification of any provision contained in this Declaration, the Declarant shall have the power and authority to amend any provision in this Declaration, to conform to the said governmental requirements and for the purpose of effectuating such amendments, each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, hereby appoints Declarant as his attorney-in-fact with full power to execute a Supplement Declaration on behalf of such Owner.

SCHEDULE A
OPEN SPACE PARCEL 1

Beginning at a point in the northerly line of Reagans Mill Road marking the southwest corner of a 50 foot wide right-of-way designated for the western entrance road to Reagans Mill Subdivision, said road being called either now or formerly Riverdale Drive and continuing from said point of beginning thence westerly along the northerly line of Reagans Mill Road the following four courses and distances:

N 83 degrees 48'37" W 141.14 feet
N 86 degrees 20'16" W 376.53 feet
N 76 degrees 25'46" W 148.72 feet
N 71 degrees 23'40" W 90.84 feet

To a point on the west bank of the Ten Mile River, thence northerly along the low water mark on the west bank of the Ten Mile River, and along the lines of Reardon and Sainz the following two courses and distances:

N 29 degrees 17'44" E 210.01 feet
N 33 degrees 30'57" E 58.73 feet

To a point along the west bank of the Ten Mile River marking the northwest corner of the herein described parcel thence easterly, crossing the Ten Mile River and continuing along the southerly bounds of Lots 37, 36, and 34 of Reagans Mill Subdivision, S 77 degrees 47'05" E for a distance of 645.96 feet.

To a point marking the southeast corner of lot 34 of Reagans Mill Subdivision thence S 5 degrees 41'24" 199.56 feet along the western bounds of the aforementioned 50' wide right-of-way for Riverdale Drive to the point of beginning. Containing 3.89 acres of land more or less.

OPEN SPACE PARCEL 2

Beginning at a point in the northerly line of Reagans Mill Road which also marks the southwest corner of the 50' wide right-of-way designated for the eastern entrance road of Reagans Mill Subdivision said road being called either now or formerly White Farm Road and continuing from said point of beginning thence westerly along the northerly line of Reagans Mill Road the following four courses and distances:

N 83 degrees 44'04" W	14.75 feet
N 85 degrees 31'36" W	176.16 feet
N 85 degrees 03'07" W	401.59 feet
N 83 degrees 48'28" W	15.00 feet

To a point marking the southeast corner of the 50' wide right-of-way designated for the western entrance road of Reagans Mill Subdivision said entrance road being called either now or formerly Riverdale Drive.

Thence in a northerly direction along the eastern perimeter of the designated right-of-way for Riverdale Drive N 5 degrees 41'24" E for a distance of 200.00 feet to a point marking the southwest corner of lot 32.

Thence S 85 degrees 07'42" E for a distance of 606.01 feet along the southern bounds of Lots 32, 31, 30, and 28 to a point marking the southeast corner of lot 28.

Thence S 5 degrees 15'59" W 200.00 feet along the western perimeter of the aforementioned 50' foot wide right-of-way designated for White Farm Road to the point of beginning.

Containing 2.792± acres of land more or less.

OPEN SPACE PARCEL 3

BEGINNING at a point in the northerly line of Reagans Mills Road marked by a drill hole marking the southwest corner of a 5.1176 acre parcel conveyed by Merlon White to New York State Electric and Gas Corp. as recorded in the Dutchess County Clerk's Office in Liber 1379 of Deeds at Page 235, and continuing from said point of beginning thence westerly along the northerly line of Reagans Mills Road the following twelve courses and distances:

S 59 degrees 02'09" W	154.24 feet
S 65 degrees 00'29" W	97.08 feet
S 77 degrees 50'44" W	80.80 feet
N 86 degrees 41'46" W	203.79 feet
N 83 degrees 52'06" W	249.75 feet
N 83 degrees 44'01" W	15.00 feet

To a point marking the southeast corner of the 50 foot wide right-of-way designated for the eastern entrance road to Reagans Mill Subdivision at the intersection of the right-of-way with Reagans Mill Road.

Thence N 5 degrees 15'59" E for a distance of 240.00+ ft. along the eastern perimeter of the right-of-way to a point marking the south west corner of Lot 27. Thence S 84 degrees 44'01" E 260.00+ feet along the southerly boundary of Lot 27 to a point marking the southeast corner of Lot 27.

Thence N 9 degrees 15'59" E for a distance of 200.00+ feet along the eastern bounds of Lot 27 and Lot 26 to a point marking the northeastern corner of lot 26 and the southeastern corner of lot 25. Thence N 32 degrees 13'21" 259.75+ feet along the eastern perimeter of Lot 25 to a point marking the northeast corner of that Lot. Thence N 59 degrees 48'35" W 125.00+ along the northern perimeter of Lot 25 to a point marking the northwest corner of Lot 25.

Thence N 30 degrees 11'25" E for a distance of 120.00+ feet to a point marking the southwest corner of Lot 24. Thence N 85 degrees 10'50" E 400.77+ feet along the southerly perimeter of Lot 24 to a point marking the southeast corner of Lot 24.

Thence N 2 degrees 24'52" W for a distance of 1641.05+ feet along the eastern boundaries of Lots 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, and 12 to a point marking the northeast corner of Lot 12 as it is located along a line formed by remnants of a stone wall and post and wire fence.

Thence following the remains of the stone wall and post and wire fence S 88 degrees 24'37" E for a distance of 220.00+ feet. Thence N 37 degrees 24'38" E 59.40 feet and S 72 degrees 50'24" E 157.26 feet to the northeast corner of the herein described parcel, thence S 0 degree 00'36" E 64.79 feet to a point on the northerly border of the land of Rhonda Carter, thence westerly along the northerly line of Rhonda Carter S 87 degrees 23'14" W 150.00 feet to a point marking the northwest corner thereof, thence S 13 degrees 35'06" E 167.00 feet along the westerly line of said lands of Carter to a point marking the southwest corner thereof, thence N 72 degrees 14'59" E 94.59 feet along the southerly line of lands of Carter and more or less along a post and wire fence to a point marking the northwest corner of lands of Honsinger, thence southerly and more or less along a post and wire fence and along westerly line of lands of Honsinger, Thompson, Marino, Kuckyr, Brown, Lennon, Bush, Wood, Revette, McEathron, Bassett, Brandt, LaPoint, Merrifield, the following four courses and distances:

S 14 degrees 31'41" E 197.74 feet
 S 14 degrees 52'31" E 100.37 feet
 S 13 degrees 20'56" E 794.46 feet
 S 18 degrees 17'56" E 367.80 feet

To a point marking the southwest corner of lands of Merrifield, thence S 86 degrees 28'01" E 220.80 feet and more or less along a post and wire fence and along the woutherly line of lands of Merrifield to a point in the westerly line of Clearview Road marking the southeast corner of lands of Merrifield, thence S 38 degrees 36'31" E 103.45 feet along the westerly line of Clearview Road to a point marking the northeast corner of lands of Post, thence S 66 degrees 10'29" W 127.00 feet along the northerly line of lands of Post to a point marking the northwest corner thereof, thence N 22 degrees 54'21" W 100.00 feet along the easterly line of lands of Dean to a point marking the northeast corner thereof, thence S 74 degrees 53'39" W 212.00 feet along the northerly line of said lands of Dean to a point marking the northwest corner thereof, thence S 30 degrees 14'01" E 10.00 feet along the westerly line of said lands of Dean to a point marking the northeast corner of lands of Pulver, thence S 62 degrees 32'39" W 285.00 feet along the northerly line of lands of Pulver to a point marking the northwest corner thereof, thence S 30 degrees 14'01" E 30.00 Feet along the westerly line of said lands of Pulver to a point marking the northeast corner of lands of Higgins, thence S 63 degrees 14'14" W 200.00 feet along the northerly line of said lands of Higgins to a point marking the northwest corner of said lands of Higgins, thence S 61 degrees 33'19" W 107.88 feet along the northerly line of lands of White to a point in the easterly line of the aforementioned 5.1176 acre parcel of New York State Electric and Gas Corp., thence northerly, westerly, southerly, easterly and southerly along the lands of the New York State Electric and Gas Corp. the following five courses and distances:

N 01 degree 18'36" W 358.64 feet
S 85 degrees 10'51" W 447.01 feet
S 04 degrees 49'09" E 450.00 feet
N 85 degrees 10'51" E 250.00 feet
S 04 degrees 49'09" E 231.84 feet

To a point or place of beginning, containing 29.126+ acres, or 1,268,725 square feet of land more or less.

CERTIFICATE OF INCORPORATION

OF

REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC.

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

The undersigned, for the purpose of forming a corporation under Section 402 of the Not-for-Profit Corporation Law, hereby certifies:

1. The name of the corporation is Reagan's Mill Homeowners' Association, Inc.
2. The Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law and shall be a Type A corporation pursuant to Section 201 of the Not-for-Profit Corporation Law.
3. The purpose or purposes for which the Corporation is being formed are as follows:
 - A. To acquire and maintain Common Areas on behalf of, and for the benefit of the homeowners in a residential development (the "Development") to be developed by R.M.S. Corp (the "Developer"), a New York Corporation, on lands situated in the Town of Dover, County of Dutchess and State of New York.
 - B. To promote the common benefit, health, safety, and welfare, of the residents within the Development and such additions thereto as hereafter may be brought within the jurisdiction of this corporation by annexation as provided in any Declaration of Covenants and Restrictions and By-Laws of the

Corporation, which may hereafter be made with respect to the Development.

C. To enforce any and all covenants, restrictions and agreements applicable to the Common Areas and Dwelling Units in the Development and particularly any Declaration of Covenants and Restrictions or similar declaration which may hereafter be made with respect to the Development, and which may hereafter be recorded among the land records of Dutchess County, New York.

D. To make and perform any contracts and do any acts and things, and exercise any powers necessary, suitable, convenient, proper or incidental for the accomplishment of any objects enumerated herein.

E. To have any and all powers, rights and privileges which a corporation organized under the Not-for-Profit Corporation Law by law may now or hereafter exercise.

4. The office of the corporation is to be located in the County of Dutchess, State of New York.

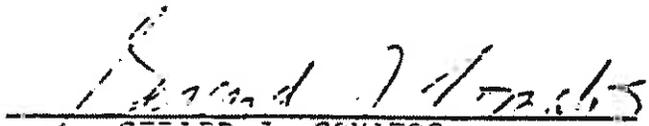
5. The names and addresses of the initial directors of the corporation are:

<u>NAME</u>	<u>ADDRESS</u>
THOMAS F. FLOOD	P.O. Box 54, Lovell Street Lincolndale, New York 10540
CHARLES W. HATCHER	32 Eastview Drive Valhalla, New York 10595
PATRICIA W. HATCHER	32 Eastview Drive Valhalla, New York 10595
DIANE FLOOD	P.O. Box 54, Lovell Street Lincolndale, New York 10540
TUCKER FLOOD	P.O. Box 54, Lovell Street Lincolndale, New York 10540

6. The Secretary of State of the State of New York is designated as the agent of the corporation upon whom process against it may be served, and the post office address to which the Secretary of State shall mail a copy of any such process served upon him is P.O. Box 373, Dover Plains, New York 12522.

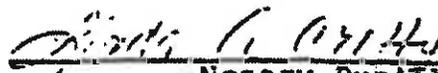
6. The subscriber is of the age of eighteen years or over.

IN WITNESS WHEREOF, this Certificate has been signed by the subscriber this 31st day of July, 1987.


GERARD J. COMATOS
P.O. Box 112
Mill & Garden Streets
Poughkeepsie, New York 12602

STATE OF NEW YORK)
) ES. 1
COUNTY OF DUTCHESS)

On this 31st day of July, 1987, before me personally came GERARD J. COMATOS, to me known and known to me to be the person described in and who executed the foregoing certificate of incorporation and he duly acknowledged to me that he executed the same.


Notary Public
LINDA A. CROTTY
Notary Public, State of New York
Qualified in Dutchess County
Commission Expires Oct. 31, 1991

BY-LAWS OF
REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

APPLICABILITY AND DEFINITIONS

Section 1. Applicability. These By-Laws shall be applicable to Reagan's Mill Homeowners' Association, Inc. (the "HOA"), a New York not-for-profit corporation, its members, and to any and all property which now or may hereafter be owned by the Association.

Section 2. Office. The principal office of the HOA shall be located in the Town of Dover, Dutchess County, New York.

Section 3. Definitions. The following words when used in these By-Laws shall have the following meanings:

(a) "Association" shall mean Reagan's Mill Homeowner's Association, Inc., its successors and assigns.

(b) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, but excluding those having such interest merely as security for the performance of an obligation.

(c) "Property" shall mean and refer to that certain planned development known as "Reagan's Mill Subdivision", located in the Town of Dover, Dutchess County, New York, as described in the "Declaration", and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

(d) "Common Areas" shall mean all real property, improvements thereon, and facilities, now or hereafter owned by the HOA for the common use and enjoyment of owners.

(e) "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article II hereof.

(f) "Lot" shall mean and refer to any plot of land shown on the map entitled "Reagan's Mill Subdivision", filed in the office of the Planning Board of the Town of Dover, and the Office of the Clerk of Dutchess County, New York, with the exception of the Common Areas.

2 ^{BYLAWS} → How To Govern

Declaration →

(g) "Developer" shall mean and refer to R.M.S. Dover Corp., its successors or assigns.

(h) "Board of Directors" (or "Directors" or "Board") shall mean the Board of Directors of the Association.

(i) "Declaration" shall mean and refer to the Declaration of Covenants and Restrictions which applies to the premises upon which the development known as Reagan's Mill Subdivision is located, in the Town of Dover, Westchester County, New York, and shall include any supplemental Declaration.

(j) "Dwelling" or "Home" shall mean and refer to any portion of a building situated, designed and intended for use and occupancy as a residence by a single family.

ARTICLE II

MEMBERSHIP, VOTING RIGHTS, AND MEETINGS

Section 1. Membership. Every Owner of a Lot which is subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the Declaration. Ownership of a Lot shall be the sole qualification for membership. Membership in the Association shall lapse and terminate when a Member shall cease to be an Owner; however, any delinquent assessments will still be the personal liability of such an Owner despite termination of membership.

Section 2. The Association shall have only One Class of Voting Membership. Owners shall be entitled to one vote. If more than one person or entity owns a Lot, their vote shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

The Developer reserves the right, and shall be entitled to elect a majority of the Board of Directors of the HOA until such time as Developer conveys the last Lot in the Property, or three years after the conveyance of the first Lot, whichever is earlier.

Section 3. Reserve Fund. Each Owner of a Home, including successors in title, shall be required to pay a capital reserve fund contribution of \$50.00 to the Association at the closing of title to a Home. Such contribution is separate from,

5000

and in addition to, general and special assessments described above.

Section 4. Proxies. Voting by proxy shall be permitted if the proxy is in writing and filed with the HOA at least two days before the meeting. An authorized representative of Developer may cast all its votes or any part thereof.

Section 5. Quorum. The presence of sixty (60%) percent of all votes of membership either in person ~~or~~ proxy shall constitute a quorum at any meeting. If a quorum is not met, another meeting may be called by the Board of Directors at which time the quorum required shall be one-half of the quorum necessary at the preceding meeting.

Section 6. Meetings. Annual and special meetings of the HOA shall be held at times and places fixed by the Board of Directors. The first annual meeting shall be held on a date to be fixed by the Board of Directors. Whenever Members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all Members entitled to vote thereon.

2 week notice
Section 7. Notice of Meetings. Written notice of annual meetings shall be given by the Secretary, in a method deemed reasonable by the Board of Directors. Such written notice shall be given not less than fifteen (15) days before the date of such meeting. Waiver of notice may be made by any Member in writing or by presence at the meeting, and in either case formal notice shall not be required.

Section 8. Membership List. The Secretary of the Association shall keep a complete list of Members in the Association, together with their last known post office address. The list shall be kept up-to-date and shall be open for inspection to all Members. The Secretary shall also keep current minutes of the meetings of the Association, and the resolutions and books of the Association.

Section 9. Special Meetings. The President of the Association shall call a special meeting when directed or approved by the Directors. Notice of a special meeting shall be made no later than five (5) days before the meeting. No other membership meetings shall be called other than as provided herein, except that if two-thirds of all members desire to call a special meeting and indicate their desire to the Directors, the President shall be required to call said special meeting.

Section 10. Majority of Votes. As used in these By-Laws, majority of votes means that number of votes which exceeds 50% of all votes cast.

Section 11. Vote Required. Except as otherwise provided herein, a majority vote of the votes cast at any meeting shall be determinative of the subject matter of the vote, provided that the quorum requirements of this Article are met.

Section 12. Procedure. The order of business and all other matters of procedure at every meeting of members shall be determined by the presiding officer.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Regulated By. The duties, powers, selection, and term of the Board or Directors shall be regulated by these By-Laws, and the Declaration of Covenants and Restrictions.

Section 2. Election and Vacancies. The Board of Directors shall be elected by a majority of the members of the Association present at the annual meeting. There shall be five (5) members of the Board. Vacancies in the Board of Directors shall be filled by the majority of remaining Directors; any such appointed Director to hold office for the unexpired term of his predecessor.

Section 3. Term of Office. The term of office for a Director shall be three (3) years. However, at the first annual meeting of the Association, two (2) Directors shall be elected to serve three (3) years, two (2) shall be elected to serve two (2) years, and one (1) shall be elected to serve one (1) year. Thereafter, all terms shall be three (3) years, staggered as aforesaid. The term of each Director shall commence at the annual meeting at which he is elected and shall terminate at the annual meeting of the third year thereafter.

29
16

Section 4. Removal of Directors or Officers. Any Director or officer may be removed from office by the majority of the votes cast by the Members present either in person or by proxy, at an regular or special meeting called for that purpose, for conduct detrimental to the interests of the Association, for lack of sympathy with its objectives, or for refusal to render reasonable assistance in carrying out its purposes. Any such

2. NY 5

officer or Director proposed to be removed shall be entitled to at least five (5) days' notice in writing by mail of the meeting at which such removal is to be voted upon and shall be entitled to appear before and be heard at such meeting.

Section 5. Directors' Meetings. Meetings of the Board of Directors shall be held at least two (2) times per year. Notice of the meetings shall be given to each Director personally or by mail at least five (5) days before the meeting. Presence of three (3) Directors shall be considered a quorum. Waiver of notice may be made by any Director in writing. Presence at the meeting shall be considered waiver of any formal notice.

List Submitted 30 Day prior

Section 6. Nominating Committee. A committee shall be chosen by the Board to be known as the Nominating Committee, whose function shall be to submit a reasonable number of candidates for Directors. Except for the first meeting, said list of candidates shall be submitted to the Board of Directors thirty (30) days prior to the annual election; said number of candidates shall not be less than the number of vacancies in the Board of Directors. The names of the nominees shall be mentioned in the notice of the annual meeting.

Except as provided in the Certificate of Incorporation, all candidates for the Board of Directors must either be a Member of the Association, or an officer, agent, or employee of the Developer. One Director must be a resident of the State of New York.

Section 7. Compensation. Directors shall not receive any compensation for their services. The Board of Directors shall have power, in its discretion, to contract for and to pay to Directors rendering unusual or exceptional services to the Association special compensation appropriate to the value of such services.

Section 8. Duties of Directors. The affairs of the Association shall be governed by the Board of Directors, except as otherwise provided in the Declaration of Covenants and Restrictions, Certificate of Incorporation, or in other Articles of these By-Laws. The following shall be part of the duties and powers of the Board, on behalf of the Association, without limitation:

- (a) Maintain, care for, and repair the Common Areas of the Association.

(b) Pursuant to the Declaration, to establish, levy, assess, and collect assessments, both general and special, from the members and to use said monies for the operation and maintenance of the Common Areas. In the event it is determined by the Board of Directors that a special assessment and monthly payments will be necessary, it may make such increase and/or special assessment and it shall notify the members of the Association by written notice of the same.

(c) Prepare, prior to each annual meeting, a balance sheet, statement of income, and budget for the Association reflecting the amounts intended to be necessary to meet the cost of operation and maintenance, etc.

(d) To employ and dismiss all employees and/or agents of the Association, and to determine the compensation for said employees.

(e) To collect delinquent assessments and to employ the provisions and powers set forth in the Declaration, to collect, foreclose, execute, or levy against any member or lot which is delinquent.

(f) Authorize and designate such officer or officers as may be required to execute and deliver any documents, contracts, deeds, mortgages, certificates, bonds, notes, or other instruments of title or other documents of whatsoever nature as may be required in furtherance of the affairs of the Association.

(g) To keep a detailed book of account, of receipts and expenditures and to employ competent legal counsel and accountants to maintain the legal status of the Association.

(h) To assure that the provisions of the Association, as embodied in the Certificate of Incorporation, the Declaration and these By-Laws, are carried out.

(i) To insure against loss from fire, vandalism or any other cause, on any Common Areas; and to maintain public liability insurance insuring the Association and its members against any claims arising from injuries or damages occurring on the Common Areas.

(j) Pay taxes and assessments levied against the Association on its properties.

*Signs
No response*

(k) To make and enforce compliance with such Rules and Regulations relative to the use and occupancy of the Lots, the operation and use of the Common Areas and to amend the same from time to time as it deems reasonable and necessary, which Rules and Regulations shall become binding on all owners, occupants, lessees, invitees, members, residents and guests, and which may include, although not be limited to, the suspension of the privileges of membership and the right to the enjoyment of the Common Areas by the owners, members, guests, residents, occupants, lessees, and invitees.

(l) All other lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association; and the Board, in its discretion, may do or cause to be done all lawful acts and things by these By-Laws or otherwise, directed or required to be done or exercised by Members of the Association or Owners of dwelling units, or by others.

ARTICLE IV

OFFICERS

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer and/or others as may be determined by the Board. Each officer shall hold office until their successors are elected. The Board may from time to time appoint such other officers as it considers desirable to hold office at the pleasure of the Board. Any two of such offices, except those of President and Secretary, may be held by the same person.

Section 2. How Elected. The officers shall be elected annually by the new Board of Directors at the annual meeting or the first meeting thereafter. A majority vote will be sufficient to elect an officer. However, temporary or acting officers may be chosen by the Board when elected officers are not present.

Section 3. Presiding Officer. The President, or in his absence, the Vice President, shall preside at meetings of the Association and of the Board.

Section 4. Secretary. The Secretary shall attend all meetings of the Association and Board of Directors and shall record all votes and take minutes of the proceedings, and shall draft resolutions and include all proceedings in a Minutes Book; and shall perform all other duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as may, from time to time, be directed by the Board of Directors. Disbursements made in the ordinary course of business shall not need resolutions.

The Treasurer shall keep proper books of account and cause annual audit of the Association's books to be made by a Certified Public Accountant at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet and shall present same to the membership.

Section 6. Compensation and Expenses. Officers shall not receive any compensation for their services as such. The Board of Directors shall have power, in its discretion, to contract for and to pay to an officer rendering unusual or exceptional services to the Association special compensation appropriate to the value of such services. The fact that any officer is a Member of the Association or a Director, or a member of an advisory committee, shall not preclude him from receiving a salary or from voting on the resolution providing for the same.

ARTICLE V

RIGHTS IN THE COMMON AREAS

Section 1. Member's Easements of Enjoyment. Pursuant to and subject to the provisions of the Declaration, every Member shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title to every Dwelling Unit; however, such right and easement shall not allow a member ingress or egress to or from the Common Areas on, over, or across the lot of any other member.

Section 2. Benefits for All. The Common Areas and facilities shall be for the benefit and use of all members of the Association.

ARTICLE VI

AMENDMENTS

Section 1. Amendments to By-Laws. These By-Laws may be amended at a regular or special meeting of the members, by a vote of a majority of members present, provided that those provisions of these By-Laws which are governed by the Certificate

Amendment 3/91

of Incorporation of this Association may not be amended except as provided in said Certificate of Incorporation or applicable law; and provided further than any matter stated herein to be or which is in fact governed by the Declaration applicable to the properties may not be amended except as provided in such Declaration. However, there can be no amendment of Article II, Section 2, or Article III, Section 8 without the written consent of the Developer.

ARTICLE VII

MISCELLANEOUS

Section 1. Indemnification of Officers and Directors. The Association shall indemnify every Director and Officer, his heirs, executors, and administrators, against all loss, costs and expenses, including counsel fees, reasonable incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, cost and expenses incurred or suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses provided, however, that nothing in this Article contained shall be deemed to obligate the Association to indemnify any member, who is or has been a Director or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association or as an Owner of a Lot.

Section 2. Reimbursement by Members. Each member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or party of the Common Areas damaged by the member's negligence or by the negligence of the member's tenants, agents, guests or licensees, promptly upon the receipt of the Association's statement therefor.

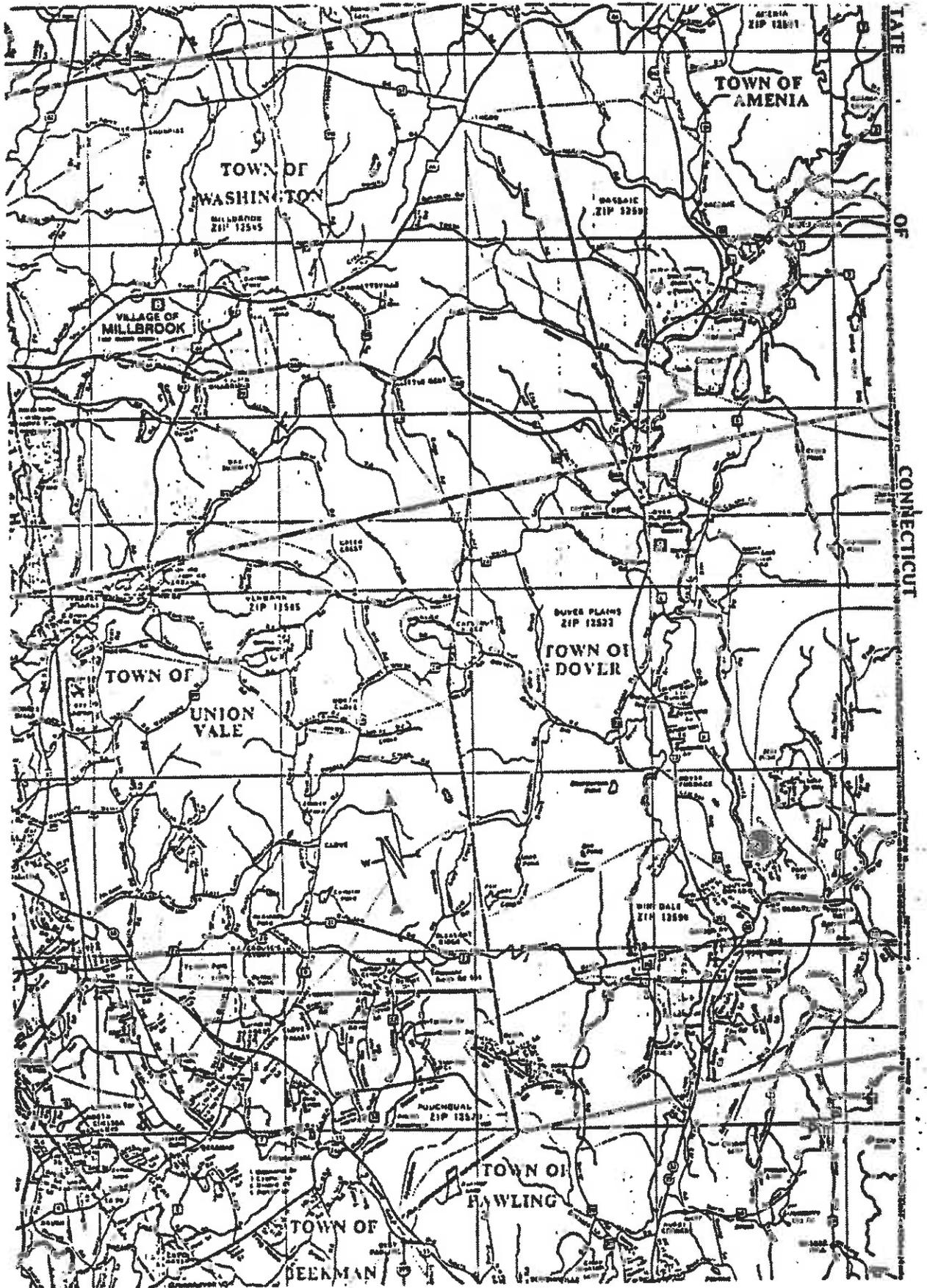
Section 3. Ratification. Acquisition of, or occupancy of, a Lot or Dwelling Unit shall be conclusively deemed to mean that such Owner or occupant consented to and has ratified these By-Laws and the Declaration, and all their appropriate and respective duties and obligations thereunder.

Section 4. Construction. In the case of any conflict between the Certificate of Incorporation of the Association and these By-Laws, the Certificate of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 5. 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.

Section 6. Dissolution. In the event the Association is dissolved in accordance with the provisions of the Association's Certificate of Incorporation and the assets, both real and personal, of the Association are dedicated to a governmental authority, the covenants and restrictions contained in the Declaration, other than those applying to assessments, shall remain in full force and effect. It shall be a requirement of the Association, prior to its dissolution, to establish an appropriate authority or corporation for enforcing said covenants and restrictions.

In the event that such dedication to the governmental authority is refused, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In such event the covenants and restrictions contained in the Declaration, including those applying to assessments, shall remain in full force and effect. No such disposition of the corporation's properties shall be effective to divest or diminish any right or title of any Member vested in him under the Declaration and deed applicable to his property unless made in accordance with the provisions of the Declaration and deed.



● REAGANS MILL SUBDIVISION
-66-

CONTRACT OF SALE

WARNING: NO REPRESENTATION IS MADE THAT THIS FORM OF CONTRACT FOR THE SALE AND PURCHASE OF REAL ESTATE COMPLIES WITH SECTION 5-702 OF THE GENERAL OBLIGATIONS LAW ("PLAIN ENGLISH"). CONSULT YOUR LAWYER BEFORE SIGNING THIS CONTRACT.

NOTE: FIRE AND CASUALTY LOSSES: This contract does not provide for what happens in the event of fire or casualty loss before the title closing. Unless different provision is made in this contract, Section 5-1311 of the General Obligations Law will apply. One part of that law makes a purchaser responsible for fire and casualty loss upon taking of title to or possession of the premises.

EACH PURCHASER OF SALE WHO SIGNS THIS CONTRACT REPRESENTS THAT HE OR SHE HAS HAD AT LEAST THREE DAYS TO REVIEW THE OFFERING PLAN FOR REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC. BEFORE SIGNING THIS CONTRACT OF SALE.

CONTRACT OF SALE made as of the _____ day of _____, 1987
BETWEEN:

R.M.S. DOVER CORP., a New York Corporation having
offices at Dover Plains, New York 12522

hereinafter called "Seller", who agrees to sell, and

Address:

hereinafter called "Purchaser", who agrees to buy the property, including all buildings and improvements thereon (the "Premises") known as Lot _____ on a Site Plan annexed to the Offering Plan of Reagan's Mill Homeowners' Association, Inc. (the "Offering Plan") a copy of which has been furnished to the purchaser and is made a part hereof; said premises being more fully described as follows:

TOGETHER WITH an easement for ingress and egress over any private streets in the above subdivision from the nearest public highway to the premises described above.

1. UNIT TO BE CONSTRUCTED:

Prior to closing of title hereunder, Seller shall construct upon said Premises one Dwelling Unit in substantial conformity both with the model of said Unit located at Lot _____, and with plans and specifications on file with the Town of Dover, including such items and excluding such items as are specifically set forth in Schedule B annexed hereto and made a part hereof. Purchaser understands and agrees that the unit to be constructed hereunder shall not include the furnishings, furniture, and fixtures which are included in the model of said unit. At the closing, Seller shall deliver to Purchaser a temporary or permanent Certificate of Occupancy covering Seller's work at the Premises.

2. HOMEOWNERS ASSOCIATION:

UPON TAKING TITLE, THE PURCHASER AUTOMATICALLY BECOMES A MEMBER OF REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC. AND ACQUIRES THE RIGHTS AND BECOMES SUBJECT TO THE OBLIGATIONS OF A MEMBER AS SET FORTH IN THE DECLARATION OF COVENANTS AND RESTRICTIONS AND IN THE BY-LAWS OF THE ASSOCIATION.

AT THE TITLE CLOSING, THE PURCHASER SHALL PAY TO REAGAN'S MILL HOMEOWNERS' ASSOCIATION A ONE-TIME CAPITAL RESERVE FUND CONTRIBUTION OF FIFTY and 00/100 DOLLARS.

3. RESERVATION OF STREET:

The seller reserves all of its rights, title and interest in and to the private street as shown on the above-referenced subdivision map until such streets are dedicated and conveyed to the Town of Dover.

4. PURCHASE PRICE:

a. The purchase price of the premises is: \$

Said purchase price shall be payable as follows:

b. On the signing of this contract, a contract deposit (the "deposit") by check subject to collection: \$

c. BALANCE AT CLOSING \$

5. OPTIONS.

a. The purchase price of the options and additions, as selected by Purchaser in Exhibit B annexed hereto, is:

Said options shall be payable as follows:

b. On signing of this contract by check subject to collection: \$

c. Balance at Closing \$

6. DEPOSIT TO BE HELD IN ESCROW:

The deposit shall be placed in an interest-bearing Escrow Account entitled "Van De Water & Van De Water Escrow Account", at The Fishkill National Bank, Beacon, New York, and shall remain in said escrow account until title closing when the deposit, with interest, if any, will be credited against the Purchase Price. If the closing cannot take place for the reasons stated herein, and the Purchaser is entitled to the refund of said deposit, the deposit will be returned to the Purchaser, with interest, if any, earned while on deposit in the Escrow Account. The interest will be taxable to the Purchaser whose Social Security numbers are:

_____ S.S. No. _____
[Name]

_____ S.S. No. _____

All such funds to be held in the Escrow Account will be held in compliance with the Escrow and Trust Fund provisions of General Business Law, Section 352-e(2)(b) and Section 352-h. All such funds held in the Escrow Account can only be released by the signature of an attorney of the law firm of Van De Water & Van De Water (the "Escrowee"). The Escrowee shall not be liable for any acts or omissions in connection with such deposit except by reason of fraud or gross negligence.

7. MORTGAGE CONTINGENCY:

a. The obligations of the Purchaser are subject to and contingent upon the Purchaser's ability to obtain a written commitment for a first mortgage loan from a bank or similar lending institution (the "commitment") in the principal sum of not less than \$ _____, to be repaid together with interest at prevailing rates over a period of not less than _____ years after the closing of title.

The Purchaser agrees to make application for such mortgage loan within five (5) business days after the signing of this contract and to file all documents and forms reasonably required by the proposed lender in connection with such application. The Seller agrees to cooperate by making the premises available for inspection at reasonable hours upon reasonable notice. Upon issuance of a letter of commitment to Purchaser by a bank or lending institution, this contingency shall be fulfilled, and Purchaser shall be obligated to complete performance of this agreement according to its terms.

In the event that a commitment for such a mortgage loan has not been issued to the Purchaser by the close of business on the thirty-fifth (35th) day after the signing of this contract then either party may cancel this contract by giving written notice of cancellation (in the manner provided below) to the other party, in which event the deposit made by the Purchaser under this contract shall be refunded together with any interest accrued thereon and neither party shall have any further obligations under this contract.

All costs in connection with obtaining and closing the mortgage loan shall be the responsibility of the Purchaser, and the Seller shall not have to pay any part of such costs.

b. If the Purchaser is obtaining a mortgage to purchase its unit, Purchaser must, at closing, pay the mortgage tax of

three-quarters of one percent $3/4$ of 1%) of the amount of its mortgage less \$25.00. Seller will benefit from the partial mortgage tax credit pursuant to Section 339-ee(2) of the New York Real Property Law.

8. PAYMENT:

All money payable under this contract, unless otherwise specified, shall be either:

- a. Cash, but not over One Thousand (\$1,000.00) Dollars.
- b. Good certified check of Purchaser, or official check of any commercial bank, savings bank, trust company or savings and loan association having a banking office in the State of New York, payable to the order of Seller, or to the order of Purchaser and duly endorsed by Purchaser (if an individual) to the order of Seller in the presence of Seller or Seller's attorney.
- c. Money other than the purchase price, payable to Seller at closing, may be by check of Purchaser up to the amount of (\$1,000.00) ONE THOUSAND and 00/100 DOLLARS, or,
- d. As otherwise agreed to in writing by Seller or Seller's attorney.

9. CONDITIONS OF TITLE:

The premises are to be transferred subject to:

- a. Laws and governmental regulations that affect the use and maintenance of the Premises, provided that they are not violated by the buildings and improvements erected or to be erected on the Premises.
- b. Consents for the erection of any structures on, under or above any streets on which the Premises abut.
- c. Any state of facts a personal inspection of the premises as completed would disclose, provided same does not prohibit the use of the premises as a single family dwelling;

- d. Declarations, Restrictions and Covenants made by R.M.S. Dover Corp. recorded in Liber _____ Page _____ in the Office of the Clerk of Dutchess County.
- e. Utility, site, road and drainage easements whether or not of record.

10. TITLE:

Seller shall give and Purchaser shall accept such title as any member of The New York Board of Title Underwriters will be willing to approve and insure in accordance with their standard form of title policy, subject only to the matters provided for in this contract.

If a title examination discloses judgments, bankruptcies or other returns against persons having names the same as or similar to that of Seller, Seller shall deliver a satisfactory detailed affidavit at closing showing that they are not against Seller.

11. SURVEY:

Seller will provide Purchaser with a survey of the property certified by a Licensed Surveyor at a cost to Purchaser of \$ _____ to be paid at the time of closing.

12. CLOSING AND DEED:

"Closing" means the settlement of the obligations of Seller and Purchaser to each other under this contract, including the payment of the purchase price to Seller, and the delivery to Purchaser of a Bargain and Sale Deed with Covenant Against Grantor's Acts in proper statutory form for recording so as to transfer full ownership (fee simple title) to the Premises, free of all encumbrances except as herein stated. The deed will contain a covenant by Seller as required by Section 13 of the Lien Law.

13. DATE AND PLACE OF CLOSING; ADJUSTMENTS:

- a. The closing will take place at the office of Van De Water & Van De Water, 40 Garden Street, Poughkeepsie, New York 12602 or at the office of the attorney for the first mortgagee.

The closing of title shall be held on a date not more than fifteen (15) days after issuance of a mortgage commitment in accordance with Paragraph 7 above, or, if this contract contains no mortgage contingency, on a date determined by Seller, which date shall be less than fifteen (15) days after notification of such date.

- b. In the event that the closing is delayed for any reason beyond ten (10) business days after the date specified in Paragraph 13(a) above, except by reason of Purchaser's inability or refusal to close, the closing date may be postponed by Seller on condition that all adjustments and apportionments shall be made as of the date originally fixed for closing of title.

14. PURCHASER'S DEFAULT:

The parties mutually acknowledge that if the Purchaser should default in closing title or under any other term or condition of this contract, it may be impossible to determine Seller's actual damages. Accordingly, if the Purchaser shall default, whether such default be willful or otherwise, the Seller shall have the option to retain any and all funds previously paid by the Purchaser pursuant to this agreement as liquidated damages. Further, in the event of any default by Purchaser in closing title, the Seller is authorized to place the Premises back on the market free and clear of any claim which the Purchaser may have against the Premises.

15. BROKERAGE:

Purchaser hereby states that Purchaser has not dealt with any broker in connection with this sale other than _____ and Seller agrees to pay said broker a _____ commission earned thereby pursuant to separate agreement.

The Purchaser represents to the Seller that no other broker was involved in this transaction on Purchaser's behalf, and if any other person shall make any claim for any commission or fee upon this transaction by reason of any act or omission of the Purchaser, the payment of such commission shall be the Purchaser's sole responsibility. In the event of such claim, the Purchaser shall indemnify and shall hold the Seller harmless against any and all costs, claims, losses or liabilities asserted against Seller on account thereof, together with the reasonable costs to Seller of defending against any such claim, including the fees of Seller's attorney. The provisions of this paragraph and the

obligations of the Purchaser under it shall survive the closing of title and the delivery of the deed.

16. COMPLIANCE:

Seller will comply with all notes or notices of violations of law or municipal ordinances, orders or requirements noted in or issued by any governmental department having authority as to the lands, housing, buildings, fire, health and labor conditions affecting the Premises at the date of closing which shall be cleared of record at or prior to closing. This provision shall survive closing. Seller shall furnish Purchaser with any authorizations necessary to make the searches that could disclose these matters.

17. NO OCCUPANCY OR POSSESSION:

The Purchaser shall not be entitled to use or occupy the Premises prior to the closing of title, nor to place or store any of Purchaser's personal property thereon.

18. SELLER'S WARRANTIES:

The Seller warrants directly to the Purchaser that the plumbing, heating, electrical and mechanical systems shall remain in working order for a period of one year following the closing of title, and, further, that the heating system will be designed to provide interior temperatures of not less than 68° F. whenever the exterior temperature is not lower than 6° F. and the wind velocity does not exceed 15 mph, subject to the provisions of the State Energy Conservation Construction Code.

The Seller warrants directly to the Purchaser that the roof and the foundation of the improvements made at the Premises shall be free from water leakage for a period of one year following the closing of title hereunder, except as follows: (a) leakage caused by condensation; (b) leakage caused by any change by Purchaser, its agents, servants, or employees of the builder's final grade of the property; or (c) leakage caused by any act of Purchaser.

Excluded from these warranties are conditions caused by any act of the Purchaser, a member of the Purchaser's family or any guest, employee or contractor hired by Purchaser to do work at the Premises. The limit of the Seller's liability shall in any event be to make a prompt and proper repair of the defective

condition, and the Seller shall not be liable for any incidental or consequential damages. The warranties given hereunder shall survive the closing of title for the period specified and shall be effective without the delivery of any further documents.

19. APPORTIONMENTS:

The following is to be apportioned as of midnight of the day before closing:

Taxes, water charges and sewer rents, and homeowners' association changes on the basis of the fiscal period for which assessed.

If closing shall occur before a new tax rate is fixed, the apportionment of taxes shall be upon the basis of the old tax rate for the preceding period applied to the latest assessed valuation.

Any errors or omissions in computing apportionments at closing shall be corrected. This provision shall survive closing.

Seller has the option to credit Purchaser as an adjustment to the purchase price with the amount of any unpaid taxes, assessments, water charges and sewer rents, together with any interest and penalties thereon to a date not less than five (5) business days after closing, provided that official bills therefor computed to said date are produced at closing.

20. USE OF PURCHASE PRICE TO DISCHARGE ENCUMBRANCES:

If there is anything else affecting the sale which Seller is obligated to pay and discharge at closing, Seller may use any portion of the balance of the purchase price to discharge it. As an alternative Seller may deposit money with the title insurance company employed by Purchaser and required by it to assure its discharge, but only if the title insurance company will insure Purchaser's title clear of the matter or insure against its enforcement or collection out of the Premises. Upon request, made within a reasonable time before closing, the Purchaser agrees to provide separate certified checks as requested to assist in paying for these matters.

At closing, Seller shall deliver a check payable to the order of the appropriate State, City or County officer in the amount of any applicable transfer and/or recording tax payable by reason of the delivery of recording of the deed, together with any required tax return. Purchaser agrees to duly complete the tax

return and to cause the check(s) and the tax return to be delivered to the appropriate officer promptly after closing. Seller and Purchaser shall complete or supply any Capital Gains Tax Affidavits and/or forms which may be required.

21. LIEN:

All money paid on account of this contract, and the reasonable expenses of examination of the title to the Premises and of any survey and survey inspection charges are hereby made liens on the Premises and collectable out of the Premises. Such liens shall not continue after default in performance of the contract by Purchaser.

22. SELLER'S LIABILITY:

If Seller is unable to transfer title to Purchaser in accordance with this contract or the Offering Plan, Seller's sole liability shall be to refund all money paid on account of this contract, together with interest earned, if any, and Purchaser's reasonable cost of title inspection and survey fee. Upon such refund and payment, this contract shall be considered cancelled and neither Seller nor Purchaser shall have any further rights against the other.

23. "AS IS" CONDITION:

Purchaser will be entitled to inspect the building on the Premises and the personal property included in this sale within 24 hours prior to the closing. Except as otherwise provided in paragraph 18, Purchaser agrees to purchase the Premises in the "AS IS" condition existing at the time of such inspection, or at the time of closing if Purchaser shall waive such inspection.

In the event that there shall be certain items of work or equipment, the installation of which shall not have been completed in a satisfactory manner prior to closing, Seller and Purchaser shall agree to the existence of such discrepancies and shall sign a written agreement (the "punch list") setting forth the nature of any changes to be made and the date by which such changes shall be completed after closing. The existence of any such items or of a punch list shall not be deemed reasonable grounds to adjourn the closing nor shall any funds to be paid at closing be set off or held in escrow by reason of such punch list items, provided, however, that if any single item thereon or the repair thereof be valued in excess of \$750.00 (excluding

landscaping and decks/patios) said amount shall, upon Purchaser's request, be held in escrow by Seller's attorney until such work is certified as completed by Seller.

24. NOTICES:

Any notices to be given hereunder shall be made in writing and mailed to the intended recipient thereof at the address set forth herein. Notices shall be mailed by United States Postal Service mail and shall be deemed given on the date of mailing.

The parties hereby authorize and empower their respective attorneys as set forth herein to serve any such notices on behalf of and in a manner binding upon the respective party.

25. ENTIRE AGREEMENT; CHANGES TO CONTRACT;
BINDING EFFECT ON CONTRACT:

This contract constitutes the entire agreement between the parties. Any and all prior understandings, representations, agreements, binders and contracts, written or oral, are merged in this contract, and no statement, representation, claim or warranty not specifically set forth herein shall be binding. Subject headings and paragraph titles are included for convenience only and do not constitute terms of this contract nor are they intended to alter or affect the terms of the contract. The Seller is not bound or liable in any manner by or for any statement, representation, or information pertaining to the Premises furnished by any real estate broker, agent, employee, servant or other person unless the same is specifically set forth in this contract.

This contract may not be assigned by Purchaser without Seller's prior written consent, which consent may be withheld with or without cause.

Purchaser agrees to execute the deed conveying the Premises, by which Purchaser assumes the obligations set forth in paragraph 2 hereof.

This contract may not be changed except in writing signed by the parties, except that the parties hereby authorize their respective attorneys to agree in writing to any changes in dates or time periods set forth in this contract.

September 1, 1987

Real Estate Financing Bureau
Department of Law
2 World Trade Center
Room 48-61
New York, New York 10047

Re: Reagan's Mill Homeowners' Association, Inc.
Sponsor: R.M.S. Dover Corp.

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:

1. set forth the detailed terms of the transaction and be complete, current and accurate;
2. afford potential investors, purchasers, and participants an adequate basis upon which to found their judgment;
3. not omit any material fact;
4. not contain any untrue statement of a material fact;
5. not contain any fraud, deception, concealment, suppression, false pretense, or fictitious or pretended purchase

or sale;

6. not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

7. 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,

R.M.S. DOVER CORP.

By: *C. W. Hatcher*
CHARLES W. HATCHER

C. W. Hatcher
CHARLES W. HATCHER, Principal

Thomas F. Flood, III
THOMAS F. FLOOD, III, Principal

Sworn to before me this
30th day of September, 1987.

Raymond H. Hochrein
Notary Public

RAYMOND H HOCHREIN
Notary Public, State of New York
No. 4899961
Qualified in Dutchess County
Commission Expires July 6, 1989

August 14, 1987

Real Estate Financing Bureau
Department of Law
2 World Trade Center
Room 4B-61
New York, New York 10047

Re: Reagan's Mill Homeowners' Association, Inc.
Reagan's Mill Road
Dover Plains, New York
Sponsor: R.M.S. Dover Corp.

Gentlemen:

The sponsor of the homeowners' association offering plan for the captioned property retained our firm to review Schedule A containing projections of income and expenses for the first year of operation as a homeowners' association. Our experience in this field includes the following:

B.M.F. Realty Services is a licensed real estate broker in the State of New York. B.M.F. Realty Services, Inc., and its principal, Bruce Feron, have been involved in the management of multi-family residential properties in the Hudson Valley area since 1978. Presently, B.M.F. Realty Services, Inc., is managing multi-family residential properties in the Hudson Valley consisting of approximately five hundred units, including Rombout Village (150 units) and River Terrace (104 units), two cooperative apartment complexes. Also, in 1986, our firm also certified the budget contained in the offering plan for Springside Condominium I, 181 Academy Street, Poughkeepsie, New York. B.M.F. Realty Services, Inc., has also done extensive work as consultants to owners of multi-family residences in the Hudson Valley.

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 reviewed 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 have also 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.

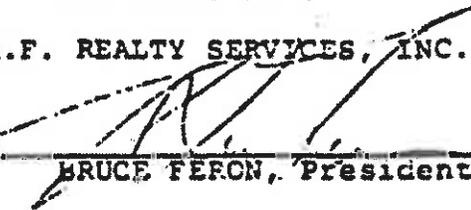
We certify the Schedule:

- (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 judgment concerning the first year of operation as a homeowners' association;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact.
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

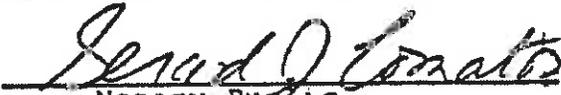
We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan.

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 and Penal Law.

B.M.F. REALTY SERVICES, INC.

BY: 
BRUCE FERON, President

Sworn to before me this
14th day of August, 1987.


Notary Public

II45/05

AKB PGJ

I40/36

Appl. notes pg 2 d.
re: Shall supply pg 2 c

Updated
Approved

SECOND AMENDMENT TO THE OFFERING PLAN
FOR R. M. S. DOVER CORP.

R. M. S. DOVER CORP., a New York corporation with a principal place of business at Reagans Mill Road, Dover Plains, New York, the Sponsor of Reagan's Mill Homeowners Association, Inc. Offering Plan, does hereby amend the Offering Plan dated November 15, 1987, as heretofore amended.

1. The Offering Plan is extended for an additional period of six (6) months from March 18, 1991 to September 18, 1991.

2. There are no material changes in the Offering Plan such as decreases or increases in association charges, except as follows:

A. The Selling Agent is Robert-Mark Realty, Inc., Route 52, Hopewell Junction, New York 12533, who replaced Kerpen Realty.

B. At a meeting of Members of the Association held on August 26, 1989, the Declaration was amended to (i) modify the restrictions on the parking and storage of vehicles, (ii) create an Architectural Review Board to review proposals to erect otherwise prohibited structures on Lots, and (iii) add a provision for the imposition of a penalty for violation of the Declaration, By-Laws, or Rules and Regulations. A copy of the Amendment is attached hereto.

3. 60 lots and Homes have been sold. The number of unsold lots is 50.

4. Certified financial statements for the year ending December 31, 1989 as prepared by Del Mastro & Greeley, Certified Public Accountants, are attached hereto. Certified financial statements for the year ending December 31, 1990 have not been completed. Upon completion they will be served on all members and purchasers.

5. Sponsor is obligated for the difference between actual Association expenses and the Association charges levied on Owners who have closed title to their Lots and Homes. Financial obligations to the Association which will become due and payable within twelve months from the date of this Amendment shall include

any actual expenses of the Association which cannot be defrayed with revenues from assessments, and include insurance premiums, franchise taxes and any other actual expense of the Association. Sponsor's funding sources are projected sales and its own working capital. Sponsor is current on all such obligations and has been current during the past twelve months. Sponsor is also current on underlying mortgages and loans for which unsold lots have been pledged. The current budget is as follows:

Repairs	\$ 600.00
Supplies	100.00
Insurance	2,900.00
Accounting	750.00
Legal	550.00
Taxes	400.00
Reserve	100.00
Miscellaneous	100.00
	<hr/>
	\$5,500.00

Common Charges for Members of the Association are \$50.00 per year payable at the first of each year.

6. The Contract of Sale is amended as follows:

(A) Section 7, Mortgage Contingency, provides that a Purchaser shall have forty-five days from the date of the Contract to obtain a mortgage commitment. If a Purchaser fails to obtain a mortgage commitment within such 45-day period, the Contract will not be subject to the issuance of a commitment unless the Purchaser cancels the Contract within such 45-day period or obtains an extension of time in writing from Seller.

(B) Section 13 provides that the closing shall take place within 10 days after the issuance of a Certificate of Occupancy, which date shall not be less than 30 and not more than 120 days after Seller receives notice that Purchaser has received a mortgage commitment. In addition, if the closing does not take place within 20 business days after the issuance of the Certificate of Occupancy, Purchasers shall reimburse Seller at a rate of \$40.00 per day from the tenth business day following the issuance of the Certificate of Occupancy to the date when the closing actually occurs.

(C) The Warranty under section 18 is replaced by a Limited Warranty attached to the Contract as Schedule B. Such Limited Warranty replaces the Housing Merchant Implied Warranty

created by General Business Law, Article 36-3. The Housing Merchant Implied Warranty, were it applicable, would provide as follows:

(i) One year after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner.

(ii) Two years after the warranty date the plumbing, heating, electrical, cooling and ventilation systems of the home will be free from defects due to a failure by the builder to have installed such systems in a skillful manner, and

(iii) Six years from the warranty date, the home will be free from material defects.

(D) A copy of the Contract of Sale is attached hereto.

7. The sponsor is in control of the Board of Directors of Reagan's Mill Homeowner's Association, Inc. in accordance with Part I, Special Risks, page 1 and Part I, The Association, at page 19 of the Offering Plan. Sponsor's control will terminate on June 21, 1991, when Sponsor will call a meeting of the Members of the Association to elect a new Board of Directors.

Dated: March 18, 1991

AMENDMENT TO DECLARATION OF COVENANTS
AND RESTRICTIONS

WHEREAS, certain property located in the Town of Dover, County of Dutchess, and State of New York, shown on a map entitled "Subdivision Plat Prepared for Reagans Mill Subdivision, which map is filed in the Dutchess County Clerk's Office as Map No. 8816, is subject to a Declaration of Covenants and Restrictions made by R.M.S. Dover Corp. and recorded in the Dutchess County Clerk's Office on February 16, 1988 in Liber 1786 of Deeds at Page 507 (the "Declaration"), and

WHEREAS, the undersigned desire to make the following amendments to the Declaration.

NOW, THEREFORE, the undersigned does hereby declare that the Declaration shall be amended as follows:

1. Article V, Section 5 of the Declaration shall be amended to read in its entirety as follows:

"Section 5. The outdoor parking of automobiles, motorcycles, and light duty, unlettered, commercial vans and pickup trucks is permitted only upon paved driveway areas. ~~The parking and storage of trucks~~ (other than light duty, unlettered, non-commercial pickup trucks), commercial vehicles, camping vehicles, boats and boat trailers, unregistered vehicles, or disabled vehicles on outside, unenclosed spaces is prohibited, except as expressly permitted by the Board of Directors, which permission, if granted, shall be revocable at any time by the Board of Directors. This Section does not prohibit the parking of trucks or vans in enclosed garages. ~~There shall be no repair of any boats or vehicles, other than within garages or for brief emergency service.~~ All vehicles must be registered with the appropriate motor vehicle department. There shall be no operation of motorbikes, recreational vehicles, or unregistered motorized vehicles on the Properties, other than vehicles normally used for proper maintenance of the Properties."

2. Article V, Section 6 of the Declaration shall be amended to read in its entirety as follows:

(a) "No addition, structure, trailer, basement, tent, shack or garage, barn or other out building, fence or above ground swimming pool shall be erected or used on any lot either temporarily or permanently, without the approval of the Board of Directors.

(b) The Board of Directors shall appoint an Architectural Review Board to consist of five (5) Lot owners other than the Sponsor.

(c) Any owner who wishes to erect, build or install a structure prohibited by this Section (an "Applicant") shall supply to the Architectural Review Board (the "ARB") and the Board of Directors plans and specifications for the proposed work, prepared by a licensed architect, engineer or other appropriate professional, together with a description of the procedures to be followed in performing such work. The ARB and Board of Directors may waive this requirement in cases where it serves no useful purpose.

(d) Before or at the time an Applicant submits plans and specifications to the ARB and the Board of Directors, the Applicant shall notify the remaining Lot owners that the application is being made and that the application and plans and specifications shall be made available for inspection by Lot Owners.

(e) If the ARB and Board of Directors reasonably deem it appropriate, they may, at the Applicant's expense, engage its own licensed architect, engineer or other appropriate professional to review such submission.

(f) Applications not denied within thirty (30) days after all plans and specifications reasonably required by the ARB and Board of Directors have been supplied shall be deemed to be approved by the ARB.

(g) Within thirty (30) days after an application is complete, the ARB may recommend that the Board of Directors either (i) approve the application or (ii) deny the application if it feels the structure would adversely affect the quality, character and

consistency of the Properties' appearance. The ARB shall not unreasonably withhold, delay or condition its recommendation, provided nothing herein shall be construed as requiring the ARB to seek or authorize any variance of governmental requirements or restrictions related to the Properties' use or appearance.

(h) The ARB shall submit its recommendation in writing to the Board of Directors promptly after it makes its determination. The determination of the Board of Directors shall be final and binding upon all parties and not subject to review or appeal. The Board of Directors may grant approval subject to conditions, including but not limited to, requirements that the Applicant furnish proofs of all necessary governmental permits and approvals, liability insurance and workers compensation insurance, and bonds or other assurances that he will pay for the work and perform it in compliance with all applicable requirements.

(i) The Board of Directors may adopt other rules governing, and may impose reasonable fees for the review of, applications hereunder. The Association may adopt rules dispensing with the foregoing requirements under specified circumstances.

(j) As a condition of approval all Applicants shall be deemed to have agreed to defend, indemnify and hold harmless the Association, the Board, and any other Lot owners against damages, liability or claims arising out of the erection or installation of any approved structure."

3. Article VIII, Section 3 of the Declaration shall be amended to include the following provision at the end thereof:

750 P
"A fine of fifty (\$50.00) dollars per day per violation shall be assessed against an owner for each day an owner violates the Declaration, By-Laws or Rules and Regulations. All such fines shall be considered maintenance assessments against the offending owner.

The Association's lien for unpaid assessments may be foreclosed in the same manner as a mechanic's lien,

provided that (i) no recording of any notice or claim of such lien shall be required for the perfection thereof; and (ii) there shall be no requirement that the Association commence foreclosure within any particular time period in order to preserve such lien. The preceding paragraph shall not prevent the Association from maintaining an action at law to recover delinquent assessments, including general or special assessments, fines, interests, attorneys fees or other related costs, or an action in equity to enjoin the continuation of any violation of this Declaration, By-Laws or Rules and Regulations."

4. The foregoing amendments were approved by not less than two-thirds of the Members of Reagans Mill Homeowners Association, Inc. at a meeting of the Members on August 26, 1989.

5. The remaining terms of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has signed this instrument on August 16, 1990.



R.M.S. DOVER CORP.

By: Charles W. Hatcher
CHARLES W. HATCHER, Secretary

REAGANS MILL HOMEOWNERS
ASSOCIATION, INC.



By: Charles W. Hatcher
CHARLES W. HATCHER, President

RECORD & RETURN TO:

VAN DE WATER & VAN DE WATER

P.O. Box 112

ToughKempson, N.Y. 12602

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

On this 16 day of August, 1989, before me personally appeared CHARLES W. HATCHER, to me known, who being by me duly sworn, did depose and say that he resides at Valhalla, New York; that he is the Secretary of R.M.S. Dover Corp., the corporation described in 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 Directors of said corporation, and that he signed his name thereto by like order.

Sharon L. Pecarina
Notary Public

SHARON L. PECARINA
Notary Public, State of New York
No. 4806329
Qualified in Dutchess County 91
Commission Expires Sept. 30, 1991

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

On this 16 day of August, 1989, before me personally appeared CHARLES W. HATCHER, to me known, who being by me duly sworn, did depose and say that he resides at Valhalla, New York; that he is the President of Reagan Mill Homeowners' Association, Inc., the corporation described in 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 a meeting of the Members of said corporation, and that he signed his name thereto by like order.

Sharon L. Pecarina
Notary Public

SHARON L. PECARINA
Notary Public, State of New York
No. 4806329
Qualified in Dutchess County 91
Commission Expires Sept. 30, 1991

CONTRACT OF SALE

WARNING: NO REPRESENTATION IS MADE THAT THIS FORM OF CONTRACT FOR THE SALE AND PURCHASE OF REAL ESTATE COMPLIES WITH SECTION 5-702 OF THE GENERAL OBLIGATIONS LAW ("PLAIN ENGLISH"). CONSULT YOUR LAWYER BEFORE SIGNING THIS CONTRACT.

NOTE: FIRE AND CASUALTY LOSSES: This contract does not provide for what happens in the event of fire or casualty loss before the title closing. Unless different provision is made in this contract, Section 5-1311 of the General Obligations Law will apply. One part of that law makes a purchaser responsible for fire and casualty loss upon taking of title to or possession of the premises.

**CONTRACT OF SALE made as of the _____ day of _____, 1991
BETWEEN:**

**R.M.S. DOVER CORP., a New York Corporation having
offices at Dover Plains, New York 12522**

hereinafter called "Seller", who agrees to sell, and

Address: _____

hereinafter called "Purchaser", who agrees to buy the property, including all buildings and improvements thereon or to be built thereon (the "Premises") known as Lot ___ on a Site Plan annexed to the Offering Plan of Reagan's Mill Homeowners' Association, Inc. (the "Offering Plan") a copy of which has been furnished to the purchaser and is made a part hereof; said premises being more fully described as follows:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying, and being in the Town of Dover, County of Dutchess, and State of New York, known and designated as Lot No. ___ on a certain map entitled Subdivision Plat prepared for Reagans Mill Subdivision made by Frank G. Fowler III, P.E. and filed in the Dutchess County Clerk's Office on December 16, 1987 as Map No. 8216.

TOGETHER WITH an easement for ingress and egress over any private streets in the above subdivision from the nearest public highway to the premises described above.

1. UNIT TO BE CONSTRUCTED:

Prior to closing of title hereunder, Seller shall construct upon said Premises one Dwelling Unit in substantial conformity with the plans and specifications of the model known as the _____, and with plans and specifications on file with the Town of Dover, including such items and excluding such items as are specifically set forth in Schedule A annexed hereto and made a part hereof. Purchaser understands and agrees that the unit to be constructed hereunder shall not include the furnishings, furniture, and fixtures which are included in any model of said unit. At the closing, Seller shall deliver to Purchaser a Certificate of Occupancy covering Seller's work at the Premises.

2. HOMEOWNERS ASSOCIATION:

UPON TAKING TITLE, THE PURCHASER AUTOMATICALLY BECOMES A MEMBER OF REAGAN'S MILL HOMEOWNERS' ASSOCIATION, INC. AND ACQUIRES THE RIGHTS AND BECOMES SUBJECT TO THE OBLIGATIONS OF A MEMBER AS SET FORTH IN THE DECLARATION OF COVENANTS AND RESTRICTIONS AND IN THE BY-LAWS OF THE ASSOCIATION.

AT THE TITLE CLOSING, THE PURCHASER SHALL PAY TO REAGAN'S MILL HOMEOWNERS' ASSOCIATION A ONE-TIME CAPITAL RESERVE FUND CONTRIBUTION OF FIFTY and 00/100 DOLLARS.

3. RESERVATION OF STREET:

The seller reserves all of its rights, title and interest in and to the private street as shown on the above-referenced subdivision map until such streets are dedicated and conveyed to the Town of Dover.

4. PURCHASE PRICE:

a. The purchase price of the premises is:

\$ _____

Said purchase price shall be payable as follows:

b. On the signing of this contract, a contract deposit (the "deposit") by check subject to collection:

\$ _____

c. BALANCE AT CLOSING

\$ _____

5. OPTIONS.

a. The purchase price of the options and additions, as selected by Purchaser in Schedule A annexed hereto, is:

\$ _____

Said options shall be payable as follows:

b. On signing of this contract by check subject to collection:

\$ _____

c. Balance at Closing

\$ _____

6. DEPOSIT TO BE HELD IN ESCROW:

The deposit shall be placed in an interest-bearing Escrow Account entitled "Reagan's Mill Escrow Account", at The Fishkill National Bank, LaGrangeville, New York, and shall remain in said escrow account until title closing when the deposit, with interest, if any, will be credited against the Purchase Price. If the closing cannot take place for the reasons stated herein, and the Purchaser is entitled to the refund of said deposit, the deposit will be returned to the Purchaser, with interest, if any, earned while on deposit in the Escrow Account. The interest will be taxable to the Purchaser whose Social Security numbers are:

S.S. No.

S.S. No.

All such funds to be held in the Escrow Account will be held in compliance with the Escrow and Trust Fund provisions of General Business Law, Section 352-e(2)(b) and Section 352-h. All such funds held in the Escrow Account can only be released by the signature of an attorney of the law firm of Van De Water & Van De Water (the "Escrowee"). The Escrowee shall not be liable for any acts or omissions in connection with such deposit except by reason of fraud or gross negligence.

7. MORTGAGE CONTINGENCY:

a. The obligations of the Purchaser under this contract are subject to and contingent upon the Purchaser's ability to obtain a written commitment for a first mortgage loan from a bank or similar lending institution (the "commitment") in the principal

sum of not less than \$ _____, to be repaid together with interest at prevailing rates over a period of not less than 30 years after the closing of title.

The Purchaser agrees to make application for such mortgage loan within five (5) business days after this Contract is signed and to file all documents and forms reasonably required by the proposed lender in connection with such application. The Seller agrees to cooperate by making the premises available for inspection at reasonable hours upon reasonable notice.

In the event that (1) a commitment for such a mortgage loan has not been issued to the Purchaser by the close of business on the forty-fifth (45th) day after the date this Contract is signed, and (2) Purchaser has not cancelled the contract by written notice of cancellation (in the manner provided for below) by the close of business on the forty-fifth (45th) day after such date, then this contract shall be deemed non-contingent, i.e., not subject to any mortgage contingency whatsoever, unless, before the expiration of said 45-day period, Seller extends in writing Purchaser's time to obtain such commitment. In the event Purchaser cancels this contract on or before the close of business on the forty-fifth (45th) day after the date this Contract is signed, the deposit made by the Purchaser under this contract shall be refunded together with any interest accrued thereon and neither party shall have any further obligations under this contract.

Purchaser shall give Seller prompt notification of their issuance of the mortgage commitment.

All costs in connection with obtaining and closing the mortgage loan shall be the responsibility of the Purchaser, and the Seller shall not have to pay any part of such costs.

(b) If the Purchaser is obtaining a mortgage to purchase its unit, Purchaser must, at closing, pay the mortgage tax of three-quarters of one percent ($3/4$ of 1%) of the amount of its mortgage less \$25.00.

8. PAYMENT:

All money payable under this contract, unless otherwise specified, shall be either:

- a. Cash, but not over One Thousand (\$1,000.00) Dollars.
- b. Good certified check of Purchaser, or official check of any commercial bank, savings bank, trust company or savings and loan association having a banking office in the State of New York, payable to the order of Seller,

or to the order of Purchaser and duly endorsed by Purchaser (if an individual) to the order of Seller in the presence of Seller or Seller's attorney.

- c. Money other than the purchase price, payable to Seller at closing, may be by check of Purchaser up to the amount of (\$1,000.00) ONE THOUSAND and 00/100 DOLLARS, or,
- d. As otherwise agreed to in writing by Seller or Seller's attorney.

9. CONDITIONS OF TITLE:

The premises are to be transferred subject to:

- a. Laws and governmental regulations that affect the use and maintenance of the Premises, provided that they are not violated by the buildings and improvements erected or to be erected on the Premises.
- b. Consents for the erection of any structures on, under or above any streets on which the Premises abut.
- c. Any state of facts a personal inspection of the premises as completed would disclose, provided same does not prohibit the use of the premises as a single family dwelling;
- d. Declarations, Restrictions and Covenants made by R.M.S. Dover Corp. recorded in Liber 1786 of Deeds at Page 507 in the Office of the Clerk of Dutchess County, as amended.
- e. Utility, sight, road and drainage easements whether or not of record.

10. TITLE:

Seller shall give and Purchaser shall accept such title as any member of The New York Board of Title Underwriters will be willing to approve and insure in accordance with their standard form of title policy, subject only to the matters provided for in this contract.

If a title examination discloses judgments, bankruptcies or other returns against persons having names the same as or similar to that of Seller, Seller shall deliver a satisfactory

detailed affidavit at closing showing that they are not against Seller.

11. SURVEY:

Seller will provide Purchaser with a survey of the property certified by a Licensed Surveyor at a cost to Purchaser of \$500.00 to be paid at the time of closing.

12. CLOSING AND DEED:

"Closing" means the settlement of the obligations of Seller and Purchaser to each other under this contract, including the payment of the purchase price to Seller, and the delivery to Purchaser of a Bargain and Sale Deed with Covenant Against Grantor's Acts in proper statutory form for recording so as to transfer full ownership (fee simple title) to the Premises, free of all encumbrances except as herein stated. The deed will contain a covenant by Seller as required by Section 13 of the Lien Law.

13. DATE AND PLACE OF CLOSING; ADJUSTMENTS:

a. The closing will take place at the office of Van De Water & Van De Water, 40 Garden Street, Poughkeepsie, New York 12602 or at the office of the first mortgagee or its attorney in Dutchess, Putnam, or Westchester County.

Unless the parties otherwise agree in writing, the closing of title shall be held within 10 days after the issuance of the certificate of occupancy, which date shall not be less than 30 days and not more than 120 days after Seller receives notice that Purchaser has received their mortgage commitment.

b. In the event that the closing is delayed for any reason beyond twenty (20) business days after the date of issuance of the Certificate of Occupancy, except by reason of Seller's inability or refusal to close, the closing date will be postponed by Seller on condition that all adjustments and apportionments shall be made as of the date originally fixed for closing of title. In addition, Purchaser agrees to reimburse the Seller at a rate of Forty Dollars (\$40.00) per day for interest charges incurred by the Seller on the Seller's construction and development loan and for other costs attributable to the subject premises from the tenth business day following the issuance of the Certificate of Occupancy to the date when the closing occurs.

c. In any event, if, because of Seller's inability to close, the closing has not occurred within 365 days after Seller receives notice that Purchaser has received their mortgage commitment,

Purchaser may cancel this Contract and receive a refund of their deposit.

14. PURCHASER'S DEFAULT:

The parties mutually acknowledge that if the Purchaser should default in closing title or under any other term or condition of this contract, it may be impossible to determine Seller's actual damages. Accordingly, if the Purchaser shall default, whether such default be willful or otherwise, the Seller shall have the option to retain any and all funds previously paid by the Purchaser pursuant to this agreement as liquidated damages. Further, in the event of any default by Purchaser in closing title, the Seller is authorized to place the Premises back on the market free and clear of any claim which the Purchaser may have against the Premises.

15. BROKERAGE:

Purchaser hereby states that Purchaser has not dealt with any broker in connection with this sale other than Robert-Mark Realty, Inc. and Seller agrees to pay said broker a commission earned thereby pursuant to separate agreement.

The Purchaser represents to the Seller that no other broker was involved in this transaction on Purchaser's behalf, and if any other person shall make any claim for any commission or fee upon this transaction by reason of any act or omission of the Purchaser, the payment of such commission shall be the Purchaser's sole responsibility. In the event of such claim, the Purchaser shall indemnify and shall hold the Seller harmless against any and all costs, claims, losses or liabilities asserted against Seller on account thereof, together with the reasonable costs to Seller of defending against any such claim, including the fees of Seller's attorney. The provisions of this paragraph and the obligations of the Purchaser under it shall survive the closing of title and the delivery of the deed.

16. COMPLIANCE:

Seller will comply with all notes or notices of violations of law or municipal ordinances, orders or requirements noted in or issued by any governmental department having authority as to the lands, housing, buildings, fire, health and labor conditions affecting the Premises at the date of closing which shall be cleared of record at or prior to closing. This provision shall survive closing. Seller shall furnish Purchaser with any

authorizations necessary to make the searches that could disclose these matters.

17. NO OCCUPANCY OR POSSESSION:

The Purchaser shall not be entitled to use or occupy the Premises prior to the closing of title, nor to place or store any of Purchaser's personal property thereon.

18. SELLER'S LIMITED WARRANTY:

THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF OR SCHEDULE B ATTACHED HERETO. IN PARTICULAR, INSTEAD OF THE HOUSING MERCHANT IMPLIED WARRANTY CREATED BY GENERAL BUSINESS LAW, ARTICLE 36-B, THE LIMITED WARRANTY SET FORTH IN SCHEDULE B SHALL APPLY.

SELLER'S ENTIRE LIMITED WARRANTY IS REPRINTED IN SCHEDULE B. PURCHASER HAS BEEN PROVIDED WITH A COPY OF SCHEDULE B FOR EXAMINATION BEFORE EXECUTION OF THIS CONTRACT.

SELLER'S LIMITED WARRANTY SHALL SURVIVE THE PASSAGE OF TITLE, BUT SHALL NOT APPLY TO ANY SUBSEQUENT PURCHASER OR OWNER.

19. APPORTIONMENTS AND TRANSFER TAX:

a. The following is to be apportioned as of midnight of the day before closing:

Taxes, water charges and sewer rents, and homeowners' association charges on the basis of the fiscal period for which assessed.

If closing shall occur before a new tax rate is fixed, the apportionment of taxes shall be upon the basis of the old tax rate for the preceding period applied to the latest assessed valuation.

Any errors or omissions in computing apportionments at closing shall be corrected. This provision shall survive closing.

Seller has the option to credit Purchaser as an adjustment to the purchase price with the amount of any unpaid taxes, assessments, water charges and sewer rents, together with any interest and penalties thereon to a date not less than five (5) business days after closing, provided that official bills therefor computed to said date are produced at closing.

b. At closing, Purchaser shall deliver a check payable to the order of the appropriate State, City or County officer in the amount of any applicable transfer and/or recording tax payable by reason of the delivery of recording of the deed, together with any required tax return. Purchaser agrees to duly complete the tax return and to cause the check(s) and the tax return to be delivered to the appropriate officer promptly after closing. Seller and Purchaser shall complete or supply any capital Gains Tax Affidavits and/or forms which may be required.

20. USE OF PURCHASE PRICE TO DISCHARGE ENCUMBRANCES:

If there is anything else affecting the sale which Seller is obligated to pay and discharge at closing, Seller may use any portion of the balance of the purchase price to discharge it. As an alternative Seller may deposit money with the title insurance company employed by Purchaser and required by it to assure its discharge, but only if the title insurance company will insure Purchaser's title clear of the matter or insure against its enforcement or collection out of the Premises. Upon request, made within a reasonable time before closing, the Purchaser agrees to provide separate certified checks as requested to assist in paying for these matters.

21. LIEN:

All money paid on account of this contract, and the reasonable expenses of examination of the title to the Premises and of any survey and survey inspection charges are hereby made liens on the Premises and collectable out of the Premises. Such liens shall not continue after default in performance of the contract by Purchaser.

22. SELLER'S LIABILITY:

If Seller is unable to transfer title to Purchaser in accordance with this contract or the Offering Plan, Seller's sole liability shall be to refund all money paid on account of this contract, together with interest earned, if any, and Purchaser's reasonable cost of title inspection and survey fee. Upon such refund and payment, this contract shall be considered cancelled and neither Seller nor Purchaser shall have any further rights against the other.

23. "AS IS" CONDITION:

Purchaser will be entitled to inspect the building on the Premises and the personal property included in this sale

within 24 hours prior to the closing. Except as otherwise provided in paragraph 18, Purchaser agrees to purchase the Premises in the "AS IS" condition existing at the time of such inspection, or at the time of closing if Purchaser shall waive such inspection.

In the event that there shall be certain items of work or equipment, the installation of which shall not have been completed in a satisfactory manner prior to closing, Seller and Purchaser shall agree to the existence of such discrepancies and shall sign a written agreement (the "punch list") setting forth work to be done and the date by which such changes shall be completed after closing. The existence of any such items or of a punch list shall not be deemed reasonable grounds to adjourn the closing nor shall any funds to be paid at closing be set off or held in escrow by reason of such punch list items.

24. NOTICES:

Any notices to be given hereunder shall be made in writing and mailed to the intended recipient thereof at the address set forth herein. Notices shall be mailed by United States Postal Service mail and shall be deemed given on the date of mailing.

The parties hereby authorize and empower their respective attorneys as set forth herein to serve any such notices on behalf of and in a manner binding upon the respective party.

**25. ENTIRE AGREEMENT; CHANGES TO CONTRACT;
BINDING EFFECT ON CONTRACT:**

This contract constitutes the entire agreement between the parties. Any and all prior understandings, representations, agreements, binders and contracts, written or oral, are merged in this contract, and no statement, representation, claim or warranty not specifically set forth herein shall be binding. Subject headings and paragraph titles are included for convenience only and do not constitute terms of this contract nor are they intended to alter or affect the terms of the contract. The Seller is not bound or liable in any manner by or for any statement, representation, or information pertaining to the Premises furnished by any real estate broker, agent, employee, servant or other person unless the same is specifically set forth in this contract.

This contract may not be assigned by Purchaser without Seller's prior written consent, which consent may be withheld with or without cause.

Purchaser agrees to execute the deed conveying the Premises, by which Purchaser assumes the obligations set forth in paragraph 2 hereof.

This contract may not be changed except in writing signed by the parties, except that the parties hereby authorize their respective attorneys to agree in writing to any changes in dates or time periods set forth in this contract.

This agreement is binding upon and shall inure to the benefit of the Seller and the Purchaser and their respective distributees, heirs, executors, administrators, successors and assigns. It is made in and shall be construed in accordance with the laws of the State of New York.

The preparation and delivery of this contract to the Purchaser shall not be deemed to be an offer to sell the subject premises nor shall any terms or conditions hereof be binding upon the Seller.

After this contract has been signed by the Purchaser, it shall only become binding on the Seller if, as and when it shall have been subsequently signed by the Seller and delivered to the Purchaser.

In the Presence of:

_____, Purchaser

_____, Purchaser

R.M.S. DOVER CORP.

BY: _____
Seller/Sponsor

SCHEDULE A

R.M.S. DOVER CORP. to _____

Lot _____
Reagan's Mill Subdivision

The undersigned agree to purchase the following options
and/or additions at Closing:

- | | |
|-------|----|
| 1. | \$ |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |
| TOTAL | |
| | \$ |

, 1991

, Purchaser

, Purchaser

SCHEDULE B.

LIMITED WARRANTY

THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE
FACE OF THIS WARRANTY DOCUMENT

This warranty document is attached to a Purchase Agreement between R.M.S. Dover Corp. (the "Seller"), and the following "Buyer": _____ . It relates to the sale of the Home and Lot described in the Purchase Agreement.

The Housing Merchant Implied Warranty (Article 36B of the New York General Business Law) that would automatically cover this Home will not apply. THE HOUSING MERCHANT IMPLIED WARRANTY IS EXCLUDED BY THE PURCHASE AGREEMENT, AND IS REPLACED BY THIS LIMITED WARRANTY.

THE SELLER MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, EXCEPT FOR THIS LIMITED WARRANTY.

The Seller's only liability in case of a defect covered by this Limited Warranty will be to repair or replace the defective condition. THE SELLER SHALL NOT BE LIABLE FOR "CONSEQUENTIAL DAMAGES". EVEN IF A COURT DETERMINES THAT THE SELLER IS LIABLE FOR DAMAGES IN ADDITION TO THE COST OF REPAIR OR REPLACEMENT, THE SELLER'S TOTAL LIABILITY SHALL NEVER BE GREATER THAN THE REPLACEMENT COST OF THE HOME, EXCLUDING LAND VALUE. See below for further explanation.

NAME AND ADDRESS OF WARRANTOR

Seller is the warrantor. Seller's full name is R.M.S. Dover Corp., and its address is P. O. Box 900, Dover Plains, New York 12522.

ONLY THE FIRST OWNER IS COVERED

This Limited Warranty protects only the Buyer named above. However, if the Seller allows someone other than the Buyer named above to take title to the Home and become the first owner of the Home, then that first owner will be the only one protected by this Limited Warranty. If the first owner later conveys title to the Home and lot to anyone else, this Limited Warranty will no longer apply, and no one may make a claim under it.

WARRANTY VALID ONLY FOR BUYER'S RESIDENCE

This Limited Warranty is valid only if the Buyer is purchasing the Home for his or her own occupancy, or for occupancy by members of his or her family.

LIMITATIONS ON LIABILITY

The Seller's only liability will be to replace or repair any defect that is covered by this Limited Warranty, even if the defect causes other damage to the Home, damage to the Buyer's property or other loss to the Buyer. The Seller will not be liable for any "consequential" or "incidental" damages. If, despite the language that limits the Seller's liability, a court determines that the Seller is liable for additional damages, then the Seller's liability will be limited to, and cannot exceed, the replacement cost of the Home, excluding the value of the land on which the Home is built.

LIMITED WARRANTY

"Warranty Period" means the period of time, starting with the Seller's conveyance of the Home to the Buyer (the closing of title), within which the Buyer must discover that the Home has a defect. If the Buyer occupies the Home before closing, or authorizes anyone else to occupy it before closing, then the Warranty Period will instead start from the date of first occupancy.

The Warranty Period is different for different types of defects. If the defect is not discovered until after the Warranty Period expires, it will not be covered by this Limited Warranty and the Seller will have no responsibility for the repair or replacement of the defect.

Once the defect is discovered, there is also a time limit within which it must be reported to the Seller, as described below.

The Seller makes the following limited warranties, and none other:

1. The Seller warrants that the Home will be free of defects resulting from failure to be constructed according to the applicable building codes. With respect to any aspect of construction for which there is no relevant, specific standard in the applicable building codes, the Seller warrants that the Home will be constructed according to locally accepted building practices. The Warranty Period for this part of the Limited Warranty will be one year.

2. The Seller warrants that the Home will be free from defects resulting from failure to install the plumbing, electrical, heating, cooling and ventilation systems according to

the applicable building codes. With respect to any aspect of such installation for which there is no relevant, specific standard in the applicable building codes, the Seller warrants that such installation will be performed according to locally accepted building practices. The Warranty Period for this part of the Limited Warranty will be two years.

3. The Seller warrants that the Home will be free from any unsafe conditions that would cause the Home to be uninhabitable. The Warranty Period for this part of the Limited Warranty will be six years.

A condition which meets or exceeds the standards or the applicable building code or locally accepted building practices (or if there is no locally accepted building practice, the standards for residential construction established by the National Association of Home Builders) shall not be considered defective and, therefore, will not be covered by this Limited Warranty.

CERTAIN DEFECTS ARE NOT COVERED

This Limited Warranty WILL NOT COVER the following defects:

1. Any defect resulting from defective workmanship or defective goods supplied by anyone other than Seller or the Seller's agents, employees, contractors or subcontractors. Without limiting the preceding sentence, if there is a defect in products or materials supplied by the Buyer, or if there is a defect in work performed by anyone who is working for the Buyer, the Seller will not be responsible.

2. Any defect resulting from a design supplied by a design professional unless such design professional was retained exclusively by the Seller. Without limiting the preceding sentence, if the Seller uses plans prepared by the Buyer's own architect or engineer, the Seller will not be responsible for errors in the plans.

3. Any obvious ("patent") defects which an examination by the Buyer before closing ought to have revealed, unless such defects were included on the pre-closing inspection report or "punch list" prepared by the Buyer and a representative of the Seller. If the Buyer does not examine the Home before closing, the Buyer will be responsible for whatever the inspection would have revealed.

4. Nail pops and ridging on gypsum board walls or ceilings, doors sticking due to weather, door warpage of less than 1/2" or closet shelf warpage, minor defects in bath tile grouting, slight separation between base and floor, minor cracks in masonry and concrete work, normal plumbing, heating and ventilating noises, minor cracks, settling or shrinkage in the Home or in paved and concrete surfaces, and similar flaws that do not significantly affect the strength or integrity of the Home.

5. Defects resulting from the Buyer's negligence or failure to maintain the Home after closing.

6. Repair after closing of chips, dents, scratches and blemishes and other similar cosmetic or non-structural conditions.

7. Landscaping, trees, shrubs, grass and other vegetation.

APPLIANCES AND EQUIPMENT ARE NOT COVERED

At Closing, the Seller will deliver to the Buyer any applicable warranties that are extended to the Buyer by the manufacturers or suppliers of "Appliances and Equipment" installed in the Home by the Seller. "Appliances and Equipment" include air conditioning, cooking stoves, ovens, dishwashers, ranges, cooktops, grills, refrigerators, freezers, disposals, compactors, hot water heaters, furnaces, boilers, heat pumps, compressors, condensers, circulators, fans, hoods, space and area heaters, washers, dryers and, in general, all appliances, and all heating, ventilating and air conditioning equipment.

The Seller's only responsibility is to install any Appliances and Equipment in a skillful manner. The Seller makes no other warranties of any kind concerning the Appliances and Equipment. The Seller will not be responsible for defects in the appliances and Equipment, or if the Appliances and Equipment prove unfit or unsuitable.

TIME LIMITS AND PROCEDURE FOR CLAIMS

THE BUYER MUST GIVE THE SELLER NOTICE IMMEDIATELY UPON DISCOVERING ANY DEFECT THAT MAY CAUSE FURTHER DAMAGE TO THE HOME. If the defect is not the type that may cause further damage to the Home, the Buyer must give notice to Seller of any defect alleged to be covered under this Limited Warranty, no later than thirty (30) days after discovering the defect. Unless the Buyer's discovery occurred within the applicable Warranty Period described above, and unless the Buyer gave notice of the defect to the

Seller as provided above, but in no event later than thirty (30) days after the expiration of the applicable Warranty Period, the Seller will not be responsible for repair or replacement of the defect.

The Buyer's notice shall be hand delivered to the Seller or sent by certified or registered mail, return receipt requested to the Seller.

Within thirty (30) days after receipt of the Buyer's notice to the Seller of the alleged defect, the Seller will inspect the Home and respond to the Buyer in writing. The Seller's response will either set forth a plan and schedule for repair or replacement of the defect, or the reasons why the defect is not covered by this Limited Warranty.

If the Seller's response sets forth a plan and schedule for repair or replacement, the Seller will perform the repair or replacement as soon as reasonably possible. Sometimes, however, repairs or replacements may be delayed by weather, material shortages, strikes or other causes that are beyond the Seller's control, and could lengthen the time it takes to complete the plan and schedule of repair or replacement.

The Seller's obligations under this Limited Warranty are all conditioned upon the Buyer allowing the Seller's representatives to inspect the Home and to perform the repair or replacement. The Seller may have to engage tradesmen or subcontractors for a repair or replacement, and will not always have complete control over the timing of the repair or replacement. If the Buyer does not afford access to the Home at all reasonable times, the repair or replacement cannot be performed.

I (we) read this Limited Warranty before signing the Purchase Agreement, and agree that it is part of the Purchase Agreement.

Date: _____, Buyer

Date: _____, Buyer

