

**WAVERLY ESTATE CONDOMINIUM ASSOC., INC.
GAZEBO LANE, HOLTSVILLE, NY 11742**

CONDOMINIUM OFFERING PLAN



LOCATION

**SOUTH OF THE LONG ISLAND EXPRESSWAY AND 1007.5 FEET EAST OF WAVERLY
AVENUE ON GAZEBO LANE, HOLTSVILLE, NY 11742**

66 UNITS

**THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE (iii). THIS
OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL THESE
CONDOMINIUM UNITS. NEW YORK STATE LAW REQUIRES THAT THE SPONSOR
DISCLOSE ALL MATERIAL INFORMATION IN THIS PLAN AND TO FILE THIS PLAN
WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR
OFFERING TO SELL ANY CONDOMINIUM UNIT. FILING WITH THE DEPARTMENT OF
LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT
AGENCY HAS APPROVED THIS OFFERING.**

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SPECIAL RISKS

The Sponsor has retained control of the Board of Managers until the fifth anniversary date of the recording of the Declaration of Condominium or until 90% of the Units in the Condominium are closed, whichever shall first occur.

So long as the Sponsor or its designee shall continue to own Units representing 5% or more in common interest, but in no event later than five years from the date of filing of the Declaration of Condominium whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent, (i) make any additions, alterations or improvements to the common elements or to any Unit costing cumulatively more than \$5,000, the foregoing not to include necessary repairs and maintenance work; or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of the reserve for contingencies provided in Schedule B; or (iii) hire any employee in addition to the employees referred to in the Plan; or (iv) enter into any contracts not in existence on the date of the first closing of title to a Unit; or (v) borrow money on behalf of the Condominium; or (vi) increase or reduce the services or maintenance in Schedule B.

CONDOMINIUM OFFERING PLAN

I. INTRODUCTION

Waverly Acres, Inc., (the "Sponsor"), with this Offering Plan (the "Plan"), offers for sale 66 Condominium Units (the "Units"), to be constructed on approximately 10.033 acres located in Holtsville, Town of Brookhaven, New York, to be known as WAVERLY ESTATES. The land was acquired by the Sponsor on December 12, 1986. The land and all improvements to be erected thereon are hereinafter referred to as the "Community."

The purpose of this Plan is to set forth all the terms of the offer to sell the Condominium Units described herein. The Plan may be amended from time to time provided that the amendment is duly filed with the Department of Law of the State of New York and served on Purchasers and Unit Owners.

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

There are two (2) types of Condominium Units being constructed, Model A-TOWNHOUSE and Model B-SIMPLEX. See Schedule C for the floor plan of each model. The Community will contain one tennis court, a gazebo and 134 parking stalls as outlined on the site plan set forth in Schedule C. The offering prices, the percentage of common interest, and related information for each Unit are shown on Schedule A. THE PRICES HEREIN HAVE BEEN SET BY THE SPONSOR ALONE AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY ANY GOVERNMENTAL AGENCY OR BY THE DEPARTMENT OF LAW.

Parts I and II along with Parts A, B, and C of the Exhibits submitted along with the Offering Plan together constitute the entire Offering Plan. Copies of the Plan and Parts A, B, C of the exhibits will be available for inspection by prospective purchasers without charge at the condominium site whenever the on site sales office is open.

As in the ownership of a private one-family home, the purchaser of a Unit (the "Unit Owner") owns his Unit in fee simple absolute and is entitled to exclusive possession of his unit. In addition, each Unit Owner will also

own an undivided interest in and right to use the common elements and an exclusive right to use the limited common elements that pertain to his unit. See Schedule G, the Declaration of the Condominium, as to what constitutes limited common elements.

Each Unit Owner will have irrevocable exclusive use of one parking space in the parking area shown on the site plan. Unit Owners will not have title to land underlying a Unit. The Unit basically includes the sheetrock and air space between the sheetrock of the Unit. For a detailed description of the Unit to be conveyed see Schedule G, Declaration of Condominium.

The common elements include the external walls, space between ceiling and roofs of the buildings as well as all of the land, recreational facilities, walks, internal roadways, and unreserved parking areas. For a detailed description of the common elements see Schedule G, Declaration of Condominium.

Each Unit Owner is required to pay monthly common charges assessed by the Board of Managers for the operation and maintenance of the Condominium pursuant to Sections 339(i) and (m) of the New York Condominium Act.

Each Unit Owner can sell his Unit to whomever he desires, without regard to the wishes of other Unit Owners. No right of first refusal or similar provision has been included in the Declaration or By-Laws of this Condominium. Each unit, however, must be owner occupied. See XVI, Rights and Obligations of Unit Owners, Restrictions on Occupancy and Use for further discussion.

The Units can be purchased for all cash or may be purchased partly for cash and partly by mortgage. Prospective purchasers are responsible for obtaining their own financing. The Unit Owner may mortgage his Unit at any time after he acquires title to the Unit in whatever amount and whatever terms he can obtain.

The Board of Managers are primary responsible for managing the Condominium. See Schedule H, Article III in Part II of the Plan. The Board of Managers shall be elected by the Unit Owners. A Unit Owner will be entitled to one vote at all meetings and elections for each unit owned by said Unit Owner.

Each Unit Owner will be taxed separately for real estate tax purposes, and therefore, each Unit Owner is liable for the payment of real estate taxes on his or her unit only. A Unit Owner is presently entitled to deductions for income tax purposes for his payments for real estate taxes and interest on the mortgage of his unit. (See Counsel's Tax Opinion, Schedule I).

Casualty and liability insurance covering the common elements, water and common electric charges covering the entire community are included with

other items as part of the common charges (see Schedule B). Electricity used by each unit will be separately metered and will be the responsibility of the Unit Owner. Fire and liability insurance for the purchaser's personal effects and the interior of the Unit will not be covered under the condominium insurance policy or common charges and should be carried by the individual Unit Owner. Each Unit Owner will be responsible for the repair and maintenance to the interior of his unit.

THE PURCHASE OF A CONDOMINIUM 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 AN AGREEMENT TO PURCHASE A CONDOMINIUM.

II. DEFINITIONS

The following terms used in the Plan are defined as follows:

1. "Condominium" - Waverly Estates Condominium.
2. "Unit Owner" - means the person or persons owning a unit in fee simple absolute.
3. "Common Elements" - means and includes the land on which the buildings are located; the * foundation, all exterior walls and roofs; unreserved parking areas; central installations for services such as the sewage lines, light, power, water and all apparatus and installations existing for common use (such as walkways, driveways, etc.).
4. "Limited Common Elements" - That portion of the common elements that are to be exclusively used by specified Unit Owners.
5. "Common Interest" - The proportionate, undivided interest each Unit Owner has in the common elements.
6. "Common Charges" - means each Unit's proportionate share of the common expenses in accordance with its common interest.
7. "Common Expenses" - means and includes: (a) Expenses of operation of the property, and (b) All sums designated common expenses by or pursuant to the provisions of the Condominium Act, the Declaration or the By-Laws.
8. "Declaration" - The instrument by which the property is submitted to the provisions of the Condominium Act.
9. "Board of Managers" - The managing or governing body of the condominium.

III. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Land and Acreage

The Community consists of 10.033 acres located in Holtsville, Town of Brookhaven, County of Suffolk, New York, on the north side of Long Island Avenue and south of the Long Island Expressway. Since the Condominium will have street frontage on the two streets that surround it, no part of the property will be dedicated to any local government. The property is zoned to permit the development of the Community described in this Offering Plan.

Buildings and Units

The Community will consist of sixty-six (66) units in seven separate two-story detached buildings in the manner set forth in the Site Plan. The exterior finishes of the buildings will be brick, vinyl and aluminum. **All** units will have heat and central air conditioning installed. The property will be improved and the Units constructed in accordance with all applicable zoning and building laws, regulations, codes and other government requirements of the Town of Brookhaven and State of New York.

Completion of the first Unit is expected by approximately December 1, 1987 and the remaining Units and recreational facilities will be completed by approximately May 1, 1988.

Parking Facilities

The Community will contain 134 parking spaces as outlined on the Site Plan set forth as Schedule C. Each Unit Owner will be designated one parking space for each unit owned by said Unit Owner. The remaining -68 parking spaces will be available on a first come first serve basis. Both reserved and non-reserved parking spaces shall be used for parking of passenger cars only. Commercial license plate vehicles may not be parked in these spaces. The By-Laws prohibits more than two cars per Unit from being parked in the Community parking spaces.

Recreational Facilities and Amenities

The recreation facilities of the Condominium will include one tennis court and a gazebo. See Site Plan, Schedule C, in Part II for complete details of the recreational facilities.

IV. LOCATION AND AREA INFORMATION

Location

The community is located in Holtsville, Town of Brookhaven, County of Suffolk, along the north side of Long Island Avenue,

1,007.50 feet east of Waverly Avenue and south of the Long Island Expressway.

Municipal Services and Transportation

The Holtsville Station of the Long Island Rail Road is less than a half of a mile from the Community. Scheduled running time to Penn Station from the Holtsville Station is approximately 90 minutes. Electrification of the Ronkonkoma Branch, with full rush-hour service by January, 1988, will greatly improve commuter service and save considerable time on the average trip to New York.

The Community is served by the Suffolk County Police Department, 6th Precinct at Middle Country Road, Coram and by the Holtsville Volunteer Fire Department located approximately two tenths of a mile from the Community. Long Island's MacArthur Airport is approximately three miles to the west.

Shopping Facilities

Neighborhood shopping is conveniently located a few blocks to the west of the subject property, along Waverly Avenue. More extensive shopping is available on Patchogue-Holbrook Road two miles west and Patchogue Village, two miles south.

Recreational Facilities

The Town of Brookhaven recreational facilities include the Holtsville Park, located on Buckley Road, approximately 2 miles from the Community. This park includes a pool, picnic grounds, playgrounds, and a small petting zoo. Other Town facilities include the Bald Hill Cultural Center approximately 4 miles from the Community.

Hecksher State Park and Connetquot River State Park are located approximately 15 miles from the Community.

There are two public golf courses in the area, Heatherwood Golf Club and Bellport Golf Course.

With the Long Island Sound on the north shore and the Great South Bay on the south shore, both approximately 10 miles from the Community, several town beaches and marinas will be within easy driving distance from the Community.

Sewer, Water, and Sanitation

Sewage in the Community will be disposed of by means of a denitrification system. Water will be supplied by the Suffolk County Water Authority. Water charges for each Unit and the common elements will be a common

expense. Refuse removal will be by private contractor. See Schedule B, Projected Budget for First Year of Condominium Operation, for the projected cost.

Snow Removal and Roadway Maintenance

Roadways located in the Community will be maintained by the Condominium. Snow removal for the Community is to be provided by private contractors and will be a common expense. See Schedule B for the projected cost.

Medical, Educational and Religious Facilities

The closest hospital is the Brookhaven Memorial Hospital, which is located in Patchogue, approximately 5 miles from the Community.

Located nearby is the State University of New York at Stony Brook, Suffolk Community College, and St. Joseph's College.

The Community is located in the Sachem School District No. 5 and will be served by Sachem High School North Campus located at 212 Smith Road, Lake Ronkonkoma for the 11th and 12th grades and Sachem High School South Campus for the 9th and 10th grades. Grades 7 and 8 will attend Sagamore Junior High School located at 57 Division Street, Holtsville. The elementary school for kindergarten through 6th grade is Waverly Avenue Elementary School located at 1111 Waverly Avenue, Holtsville.

Although the schools specified above will probably be the schools that children of the Community will attend, no representation to that effect can be made by the Sponsor. The current bussing regulations and policies for all schools will determine which school will serve the Community.

All houses of Worship are within the vicinity of the Community.

Zoning

The property is presently zoned MF-1 Residence which permits construction of the Community.

SCHEDULE A

PRICES OF UNITS AND PROJECTED CHARGES

Unit #	Model	Approx. Area Sq. Ft. (Note 1)	Percentage of Common Interest (Note 2)	Offering Price (Note 3)	Projected Monthly Common Charge (Note 4)	Projected Monthly Real Estate Taxes (Note 5)	Projected Monthly Carry Charge (Cols. 4 & 5)	Projected Monthly Carrying Charges Deductible for Income Taxes (Note 6)
1	Simplex	1,069	1.209	\$114,900	70.67	166.69	237.36	166.69
2	Simplex	1,069	1.209	114,900	70.67	166.69	237.66	166.69
3	Simplex	1,069	1.209	114,900	70.67	166.69	237.66	166.69
	Simplex	1,069	1.209	116,900	70.67	166.69	237.66	166.69
5	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
6	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
7	Simplex	1,069	1.209	116,900	70.67	166.69	237.36	166.69
8	Simplex	1,069	1.20.9	114,900	70.67	166.69	237.36	166.69
9	Simplex	1,069	1.209	117,900	70.67	166.69	237.36	166.69
10	Simplex	1,069	1.209	119,900	70.67	166.69	237.36	166.69
11	Townhouse	1,515	1.714	149,900	100.17	195.00	295.17	195.00
12	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
13	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
14	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
15	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
16	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
17	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
18	Townhouse	1,515	1.714	149,900	100.17	195.00	295.17	195.00
19	Townhouse	1,515	1.714	149,900	100.17	195.00	295.17	
20	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
21	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
22	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
23	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
25	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
	Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
26	Townhouse	1,515	1.714	149,900	100.17	195.00	295.17	195.00

SCHEDULE A

PRICES OF UNITS AND PROJECTED CHARGES

Unit # and Model	Approx. Area Sq. Ft. (Note 1)	Percentage of Interest (Note 2)	Offering Price (Note 3)	Projected Monthly Common Charge (Note 4)	Projected Monthly Real Estate Taxes (Note 5)	Projected Monthly Carrying Charge (Cols. 4 & 5)	Projected Monthly Carrying Charges Deductible for Income Taxes (Note 6)
27 - Simplex	1,069	1.209	124,900	70.67	166.69	237.36	166.69
28 - Simplex	1,069	1.209	122,900	70.67	166.69	237.36	166.69
29 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
30 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
31 - Simplex	1,069	1.209	121,900	70.67	166.69	237.36	166.69
32 - Simplex	1,069	1.209	119,900	70.67	166.69	237.36	166.69
33 - Simplex	1,069	1.209	121,900	70.67	166.69	237.36 ¹	166.69
34 - Simplex	1,069	1.209	119,900	70.67	166.69	237.36	166.69
35 - Simplex	1,069	1.209	119,900	70.67	166.69	237.36	166.69
36 - Simplex	1,069	1.209	121,900	70.67	166.69	237.36	166.69
37 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
38 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
39 - Simplex	1,069	1.209	122,900	70.67	166.69	237.36	166.69
40 - Simplex	1,069	1.209	124,900	70.67	166.69	237.36	166.69
41 - Townhouse	1,515	1.714	152,900	100.17	195.00	295.17	195.00
42 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
43 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
44 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
45 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
46 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
47 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
48 - Townhouse	1,515	1.714	152,900	100.17	195.00	295.17	195.00
49 - Townhouse	1,515	1.714	152,900	100.17	195.00	295.17	195.00
50 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
51 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
52 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00

SCHEDULE B-1
SCHEDULE A

PRICES OF UNITS AND PROJECTED CHARGES

Unit # and Model	Approx. Area Sq. Ft. (Note 1)	Percentage of Common Interest (Note 2)	Offering Price (Note 3)	Projected Monthly Common Charge (Note 4)	Projected Monthly Real Estate Taxes (Note 5)	Projected Monthly Carrying Charge (Cols. 4 & 5)	Projected Monthly Carrying Charges Deductible for Income Taxes (Note 6)
53 - Townhouse	1,5-15	1.714	147,900	100.17	195.00	295.17	195.00
54 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
55 - Townhouse	1,515	1.714	147,900	100.17	195.00	295.17	195.00
56 - Townhouse	1,515	1.714	152,900	100.17	195.00	295.17	195.00
57 - Simplex	1,069	1.209	122,900	70.67	166.69	237.36	166.69
58 - Simplex	1,069	1.209	120,900	70.67	166.69	237.36	166.69
59 - Simplex	1,069	1.209	117,900	70.67	166.69	237.36	166.69
60 - Simplex	1,069	1.209	119,900	70.67	166.69	237.36	166.69
61 - Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
62 - Townhouse	1,515	1.714	144,900	100.17	195.00	295.17	195.00
63 - Simplex	1,069	1.209	119,900	70.67	166.69	237.36	166.69
64 - Simplex	1,069	1.209	117,900	70.67	166.69	237.36	166.69
65 - Simplex	1,069	1.209	120,900	70.67	166.69	237.36	166.69
66 - Simplex	1,069	1.209	122,900	70.67	166.69	237.36	166.69

FOOTNOTES TO SCHEDULE A

1. The square footage of each Unit has been computed based on the floor space of each Unit measured to the exterior side of the sheetrock.
2. Percentage of common interest -is based on equal percentages within separate classifications of Units pursuant to Real Property Law Section 339(i)(1)(iii).
3. No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Plan at any time during the Offering where a reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated Unit purchase. See section XIII for the estimated closing costs and adjustments, which costs are in addition to the sales prices set forth herein.
4. Common charges have been estimated by the Sponsor and include fire and liability insurance for the Units and common elements, landscape maintenance and maintenance and operation of the common elements. Common charges exclude repair and decoration to the inside of a Unit, electricity for each Unit and insurance for personal belongings. See Schedule B-1 for estimated heating and electrical costs for each Unit.
5. Real estate tax estimates are based upon information received from the Assessor of the Town of Brookhaven, by letter dated July 13, 1987 using the current 1987/88 total tax rate of \$75,483 per \$100 of assessed valuation. The following is the estimated assessed valuation for each Unit:

Model Type	Estimated Assessed Valuation	Estimated Annual Real Estate Taxes
A-TOWNHOUSE	3,100	\$2,339.97
B-SIMPLEX	2,650	\$2,000.30

- This amount is subject to change in subsequent years due to changes in the assessed value, the tax rate or in the method of assessing real property which may result in a change in real property taxes. Actual assessments for individual Units may vary depending on such factors as optional features and premium locations.
6. Projected monthly carrying charges deductible for income tax purposes consist of the real estate taxes payable by the Unit Owner for such unit. In addition to the projected figures, any interest charges which a purchaser pays on a mortgage may also be deductible. No projections are made with respect to interest charges since purchasers will be responsible for obtaining mortgage financing of their choice, if they require any.

Projected Budget For First Year of Operation
Beginning July 1, 1988

Income

Common Charges (66 Units)..... \$70,130.00

Expenses

Salaries and Wages (Note 1)	-0-
Refuse Removal (Note 2)	5,544.00
Electricity (Note 3)	7,355.00
Water (Note 4)	11,342.00
Sewer Maintenance (Note 5)	3,000.00
Supplies (Note 6)	1,000.00
Insurance (Note 7)	11,639.00
Professional Fees (Note 8)	4,000.00
Landscape and Snow Removal (Note 9)	16,000.00
Contingency (Note 10)	3,000.00
Sprinkler Start-up and Winterization (Note 11)....	1,000.00
Reserve Funds (Note 12)	
Sewer	2,500.00
Tennis Court	750.00
Other	3,000.00
Total Projected Expenses	\$70,130.00
Annual Common Charge Per Unit	
Model A-Townhouse	1,202.04
Model B-Simplex	848.04
Monthly Common Charges per Unit	
Model A-Townhouse	100.17
Model B-Simplex	70.67

NOTE: In the event the estimated first year differs from the actual commencement of the budget year by six (6) months or more, Sponsor will amend the Plan to include a revised budget. If the amended budget exceeds this budget by 25% or more the Sponsor will offer all purchasers the right to rescind their purchase agreement and have their deposits returned, with interest, if any.

WAVERLY ESTATES CONDOMINIUM

FOOTNOTES TO SCHEDULE B

1. There are no employees of the Condominium. All maintenance and repairs will be performed by outside contractors. This does not violate any applicable labor laws.
2. Refuse will be provided by a private contractor and includes pickup two times weekly from designated dumpsters situated within the Condominium. The cost is based on a proposal dated September 25, 1987, from Jet Sanitation Service Corp., Central Islip, New York.
3. Provides for electricity for site lighting and sprinkler system. The total cost is based on an estimate received from LILCO by letter dated August 12, 1987. The individual Unit Owners will be responsible for all electricity and heat consumed in their own Unit. See Schedule B-1 for the estimated heating and electrical costs for each model.
4. Provides for water usage in each Unit and provides for the exterior sprinkler system. Projections are based on a letter dated September 1, 1987, received from the Suffolk County Water Authority.
5. Provides for annual sewer maintenance such as pumping of tanks and flushing of sewer lines.
6. Provides for stationery, postage and miscellaneous clerical items in connection with the billing and collection of common charges.
7. Provides for "All Risk" fire and extended coverage of \$4,500,000.00. Coverage 'also includes comprehensive, general liability and property damage with a single limit of \$1,000,000 per occurrence and Officers and Directors liability insurance. Coverage also includes an umbrella liability policy in the amount of \$2,000,000. Based on an estimate dated October 2, 1987, received from The Donald A. Hall Insurance Agency of Valley Stream, New York. The insurance coverage would be from St. Paul Fire and Marine Insurance Company. Purchasers should procure their own fire and liability coverage for the Purchasers personal effects and the interior of the Unit.
8. Provides for a certified public accountant to prepare annual tax returns and financial statements, and for an attorney on retainer to provide legal advice and counsel.
9. Based upon proposed contract with Eastern Service Systems, Inc. Landscape maintenance is based on an eight month season starting April 1st and ending November 30th and includes spring clean-up, weekly mowing,

fertilization and insect and weed control, and fall cleanup. Snow plowing service commences upon the accumulation of 2 inches of snow. Also included is the application of salt to roadways as needed during any icy conditions. Heavy snowfalls in excess of 12 inches may warrant heavy equipment which would be at additional cost.

10. Provides for contingency for unanticipated expenses that may arise during the budget year. Included in this figure is the semi-annual fire alarm system inspections.

11. Provides for start-up and winterization of sprinkler system.

12. Sewer reserve is based on a ten year cycle at which time there will be a replenishment of chemicals at an estimated cost of \$25,000.

Tennis court reserve to provide for upkeep of court.

The reserve for other items include road, curb and sidewalk repairs, roof repairs, exterior siding repairs and any other items as may be necessary.

SCHEDULE B-1

ESTIMATED HEATING AND ELECTRICAL COSTS

Model	Estimated Annual Electric Costs For <u>Heating</u>	Estimated Annual Electric Cost For Hot Water <u>Heating</u>	Estimated Annual Cost For General Electric <u>Usage</u>	Estimate of Annual Electric Cost For Central Air <u>Conditioning</u>	Total Annual Estimated Utility <u>Costs</u>
A	\$697	\$631	\$928	\$319	\$2575
B	491	583	880	267	2221

The above estimate of the cost of electricity for heating, air conditioning, hot water heating and general consumption is made on the basis of the average use of same as provided by the Long Island Lighting Company on August 5, 1987, multiplied by the rate existing on such date. (Including a current fuel adjustment factor of 0.7840 cents per KWH) Since such computations and estimates were made by LILCO, Sponsor makes no representation as to their accuracy. The computations for heating are based upon the maintenance of 70 degrees on the thermostat for a heating season of 5,500 degree days. It must be expected that this rate may further increase with the passage of time. The figures represented for Model B are an average of the first and second floor units. There is a slight variation in cost between these units.

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

Although the Sponsor is under obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially affect the cost of heating and cooling after the purchase of a Unit or in subsequent years. Sponsor represents however, that it has followed the plans and specifications provided by the manufacturer of the heating, hot water and air conditioning units together with the recommendation of the utility company and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost. Further, that it has not been induced to select the heating system described herein on the basis of any financial inducement.

NORSTAR MORTGAGE CORPORATION

1600 Stewart Avenue
Westbury, New York 11590
516-832-6000
718-746-7104
914-452-1506

October 30, 1987

Waverly Acres, Inc. 28
Rolling Drive Glen
Head, NY 11545

Attention: Frank Scro
President

Reference: Waverly Estates, Inc.
Holtsville, NY

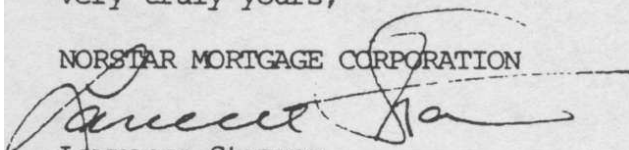
Dear Mr. Scro:

We are writing to confirm our discussion concerning your condominium development located at Express Drive South in Holtsville. It is our understanding that you are constructing 66 condominium units at this site to be known as Waverly Estates.

Norstar Mortgage Corporation is an approved lender of Sonyma Mortgages, and we will provide these mortgages upon proper application by financially qualified buyers at prevailing rates established by Sonyma. The present Sonyma rate is 8-3/4%. The mortgage carries with it a 2-1/2% commitment fee. These loans are offered for a term of 20 to 30 years. Prior to the closing of the first Sonyma loan, the "pool insurer must approve this project.

We will also make available to purchasers of the Waverly Estates Condominium, who do not qualify for a Sonyma Mortgages, a variety of fixed rate and adjustable rate mortgages.

We look forward to working with you in connection with this project.

Very truly yours,
NORSTAR MORTGAGE CORPORATION

Lawrence Strauss
Regional Vice President
LS:mas

VIII. MORTGAGE FINANCING

Purchasers will be responsible for obtaining mortgage financing of their choice if they require any.

The Sponsor will accept purchase agreements conditional upon the Purchaser's ability to obtain mortgage financing for a period of twenty-five (25) to thirty (30) years and up to ninety (90%) percent of the purchase price at the then prevailing rates of interest. Purchasers shall have forty-five (45) days from the date of execution of the agreement in which to obtain such financing. In the event a purchaser is unable to obtain it, then the Sponsor shall have the right but not the obligation to designate another lending institution or to supply such mortgage financing to the Purchaser within thirty days, or, in the alternative, to refund the contract deposit with interest, if any. Each Unit must be owner-occupied.

Norstar Mortgage Corporation has represented to the Sponsor that it will provide mortgage financing at its prevailing rates upon proper application by financially responsible buyers. The text of Norstar Mortgage Corporation's letter to Sponsor is set forth on the following page:

IX. CHANGES IN PRICES OF UNITS

The offering prices set forth in Schedule A may only be changed by a duly filed amendment to the Plan where the change in price is an across the board increase or decrease affecting one or more lines of units or unit models, or is to be advertised. However, Sponsor may enter into an agreement with a purchaser to sell one or more units at prices lower than those set forth in Schedule A if such reduction does not constitute a general offering but, is rather the result of an individually negotiated Unit purchase.

No changes will be made in the size or number of units, their respective percentage of common interest or in the amount or quality of common elements except by amendment to the Plan and to the Declaration. Such amendment to the Declaration must be made with the consent of all Unit Owners directly affected if the Declaration was filed prior to such change.

Where a Purchase Agreement has been executed for a Unit, and the Purchaser is not in default, no change will be made without the consent of the Purchaser, in writing, to the size, layout, percentage of common interest or the size or quality of the common elements directly affecting or servicing the Unit.

X. PROCEDURE TO PURCHASE

Any person may accept Sponsor's offer to sell the Units by entering into a Purchase Agreement with the Sponsor. See Schedule D for a complete copy of Purchase Agreement. A Purchaser will be given not less than three (3) days to review the Offering Plan and all filed amendments prior to executing a Purchase Agreement. The Agreement provides that the purchaser will purchase from the Sponsor a designated Unit in the Condominium described in the Declaration creating such Condominium. Upon signing the Purchase Agreement, the Purchaser shall make a down payment of ten percent (10%) plus an additional deposit for any special work orders made by Purchaser. Upon full payment of the purchase price at the closing, in cash or by mortgage, purchaser will receive a bargain and sale deed with covenants against grantor's acts, which will convey good marketable title to purchaser of fee ownership in the unit and such percentage of common interest in the common elements as is set forth on Schedule A, free and clear of all liens and encumbrances other than those set forth in section XII, Closing of Title to Units. The Purchase Agreement may be modified with the consent of Purchaser and Sponsor in accordance with the law, in writing, and subject to the terms of this Plan. Sponsor must either return a fully executed Purchase Agreement within ten (10) business days of the execution of the Agreement by the purchaser or reject the Purchase Agreement and refund the deposit monies.

Once a Purchaser's mortgage loan application is approved, this Purchase Agreement will be fully binding on both the Purchaser and the Seller according to its terms even if the commitment should expire, subject to the following: If a Purchaser's mortgage loan commitment expires before the closing date set forth herein, the Purchaser will be obligated to make a "good faith effort" to (i) extend the expired commitment or (ii) obtain a new commitment from another lending institution prior to the scheduled closing. However, if Purchaser is unable to secure the extension or to obtain a new commitment after making a good faith effort, Seller shall have thirty (30) days in which to (1) designate another lending institution for Purchaser to apply, or (2) the option to grant or supply Purchaser a mortgage loan itself at the prevailing rates and terms. If Seller is unwilling to grant Purchaser a mortgage or Purchaser is unable to obtain a commitment from a lending institution designated by Sponsor, then the Purchaser will have the right to cancel the Purchase Agreement by giving written notice to the Seller. As used in this paragraph, "good faith effort" includes acceptance of an extension or new commitment at the then prevailing mortgage loan rates and terms and paying any fees required in connection with an extension or new commitment. In the event the Purchaser does not make a "good faith effort" then the Purchaser's paid on account of the purchase price with interest, if any, shall

be returned-without delay to Purchaser, and all parties hereto shall be relieved of and from any further liability to each other.

Sponsor will not be responsible for any fees or charges imposed by any lending institution for extending or cancelling an expired commitment.

Trust Funds

Section 71-a(3) of the Lien Law of New York provides that the purchaser of a condominium unit may* require that the monies paid on execution of a Purchase Agreement be deposited within five (5) business days in a segregated interest bearing escrow account in a bank, trust company, savings bank, state or federal savings and loan association located in New York. In lieu of such deposit the Sponsor may post a bond or contract of indemnity issued by a surety company guaranteeing the return of the monies which would otherwise be required to be deposited into the escrow account.

In accordance with the above, the Sponsor has elected to establish an escrow account in Norstar Bank, 1035 Stewart Avenue, Garden City, N.Y. The name of the account will be "Waverly Acres, Inc., - Special".

On closing of title the balance of the purchase price will be payable by cash or certified or bank check and all advance payments including interest will be paid to Sponsor and the Purchaser will receive credit for the total amount paid to Sponsor. Deposits may

be released only at closing, or pursuant to bond as described in the first paragraph above.

The escrow account will provide that the Sponsor and DAVID A SCRO, ESQ., 1-8 Atlantic Avenue, Farmingdale, New York 11735, Sponsor's attorney, must sign for release of such escrow funds. All funds received by Sponsor and Sponsor's attorney will be handled in accordance with the provisions of Section 352-h and 352-e(2)(b) of the General Business Law.

Default

In the event of a default by the purchaser under such Purchase Agreement, which default continues for ten days after notice of such default from the Sponsor to the purchaser, the down payment of ten percent (10%) of the purchase price plus the actual cost of any special work ordered may be released to the Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other. If a bond has been posted, it may be withdrawn after such default and notice. The deposit money may also be withdrawn if the purchaser rescinds the Purchase Agreement or upon mutual written consent between the purchaser and Sponsor.

In the event of a failure by the Sponsor to convey title as set forth herein to any Unit on or before six months after the date of delivery of title set forth in the respective Purchase Agreement, except for unforeseen events not within the control of the Sponsor, in which event the above period shall be extended to nine months, the purchaser will have the option to cancel the agreement and have the down payment refunded by the Sponsor, with interest, if any, provided purchaser is not in default.

General

Risk of loss from fire or other casualty shall remain with Sponsor unless and until a purchaser takes actual possession of a Unit pursuant to written agreement with the Sponsor or legal title to the Unit has been conveyed to Purchaser.

A date for the closing of title and their obligation to pay the balance of the purchase price will be set by the Sponsor in accordance with the Purchase Agreement upon at least fifteen (15) days written notice to the Purchaser.

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

XI. EFFECTIVE DATE

Sponsor's offer to sell the Units is contingent upon the Plan being declared effective. No closing of title will be held until the Plan is declared effective.

The Plan may be declared effective by duly filed amendment or by service of written notice to all purchasers. If the Plan is declared effective by notice, Sponsor must submit an amendment to the Department of Law within three (3) business days after service of the notice together with an affidavit of service of such notice on all purchasers who shall be identified by name, address, unit purchased, purchase price exclusive of extra features and total purchase price.

Sponsor will not record the Declaration and declare the Plan effective until it has Purchase Agreements for not less than 10 Units (15% of Units offered). The Plan must be declared effective when Purchase Agreements have been accepted for the sale of 53 or more (80%) of the Units being offered.

The Plan may be abandoned by Sponsor, at its option, before it is declared effective or before 80% of the units have been purchased. Within twenty day (20) days following abandonment of the Plan, all monies paid by purchasers shall be refunded with interest, if any. In the event Sponsor abandons the Plan it shall promptly file an amendment to the Plan confirming the abandonment or file a notice

of abandonment on a form required by the Department of Law.

Once the Plan has been declared effective, it may not be abandoned except for (i) a defect in title which cannot be cured for less than 1/2% of the net cash purchase price of all Units, or (ii) substantial damage or destruction of the buildings by fire or other casualty which cannot be cured for less than 1/2% of the net cash purchase price of all Units, or (iii) the taking of any material portion of the property by condemnation or eminent domain, or (IV) any other reason except Sponsor's willful default which makes Sponsor's performance under the Plan a practical impossibility.

Sponsor shall submit to the Department of Law, if requested, copies of all Purchase Agreements, including any amendments or modifications, within five (5) business days after such request is made.

XII CLOSING OF TITLE TO UNITS

"Closing" means that procedure by which the parties meet for the purpose of affecting the transfer of title. At closing the Purchaser will pay the balance of the purchase price and will receive a deed conveying title to the Unit Purchaser. The closing of title to the first units are expected to commence in May, 1988. Such closing, however, will only take place after or simultaneously with the happening of the following events:

1. The issuance of a temporary or permanent Certificate of Occupancy to the Building in which the Unit is located and any other necessary permits.

2. Recordation and filing of the Condominium Declaration, By-Laws, floor plans in accordance with the New York Condominium Act or other applicable law and such other documents as may be required by law;

3. Discharge or partial release duly recorded of all liens affecting the unit to be closed and its undivided common interest as required by New York Condominium Act, Section 339-r;

4. The purchaser has been served with a written notice of the closing date at least fifteen (15) days prior to such date and has had an opportunity to inspect the unit and other property subject to the Declaration.

5. Sponsor has amended the Plan to disclose that it has been declared effective and to confirm that any units to be closed have been constructed in accordance any applicable plans and specifications and Sponsor has complied with the requirements of subparagraphs (1) through (7) of this section;

6. The delivery to the Unit Owner of a Bargain and Sale Deed with covenants against grantor's acts.

7. Sponsor shall assign any manufacturers' warranties with respect to equipment and appliances installed in the Unit to the Unit Owner and shall assign any warranties with respect to equipment and appliances installed in the common elements to the Board of Managers.

8. The purchaser shall execute an instrument in the form annexed to the Purchase Agreement designating the Board of Managers as his attorneys in fact, coupled with an interest for the sole purpose of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Units acquired by the Board of Managers in accordance with any of the provisions of the By- Laws.

9. The Purchaser shall execute all required forms in connection with the New York State Real Property Transfer Gains Tax.

Title to the Unit will be subject to the following:

1. State of facts of the property shown on an accurate survey provided such facts would not render title unmarketable and any state of facts which an accurate survey of the Unit would show provided such state of facts would not render title unmarketable.

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

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

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

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

(b) Easements in favor of the Board of Managers, its agents, contractors or employees to have a right of access to the Unit and to the common elements to inspect, maintain or repair or to make repairs to the Units to prevent damage to the common

elements or any other units, elements, to lay wires, pipes, television system servicing any to any other Unit.

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

(d) Easements for the continuance of encroachments on the Unit and on the common elements by other Units or portions of the common elements, now existing by reason of the construction of the Units, or hereafter occurring by reason of the settling or shifting of the Units, or by reason of the repair and/or restoration by the Board of Managers of the Units or such other Units or such common elements, after damage by fire or other casualty or after taking in condemnation or eminent domain proceedings, or by reason of an alteration to the common elements made by the Board of Managers, so that any such encroachments may remain so long as the buildings and Units shall stand.

5. Covenants and Restrictions recorded in Liber 10110 cp 532 dated July 24, 1986.

6. Right of Way Liber 9873 Cp 151 and prior deeds.

XIII. CLOSING COSTS AND ADJUSTMENTS

The following is a list of the estimated closing fees and charges to be incurred by each purchaser, if applicable, the amounts of which are based on rates in effect as of the date of this Plan and are subject to change without notice or amendment.

(a) Fee and Mortgage title insurance charges, if ordered, in accordance with the schedules of rates set by the title company and filed with the New York State Department of Insurance.

(b) Approximately \$ 25.00 to record the deed and approximately \$25.00 to record the Power of attorney.

(c) In the event the Purchaser obtains mortgage financing, any and all charges imposed by Purchaser's mortgagee including the following customary charges:

(i) Mortgage Tax of 1/2 of 1% of the amount of the mortgage requested by purchaser up to \$10,000.00 and 3/4 of 1% of the amount of such mortgage* over \$10,000.00. A portion of the mortgage recording tax set forth above will be computed in accordance with Section 339-ee subsection two of the New York Condominium Act and shall be paid to Sponsor in reimbursement of previous mortgage tax paid by Sponsor in connection with the property;

- (ii) Mortgage recording fees of approximately \$40.00;
 - (iii) Mortgage origination fees or points, if any;
 - (iv) Lender's attorney fees;
 - (v) Miscellaneous bank fees such as credit report, appraisal, and processing fees;
- (c) New York State Real Estate Transfer Tax of \$4.00 per one thousand (\$1,000.00) dollars of the purchase price.
- (d) Approximately \$20.00 recording fee for the satisfaction or release of lien, if any, on the Unit conveyed,

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

Purchaser may also be required by the lending institution to deposit in escrow an amount based on an estimate of monthly real estate taxes assessed for each Unit to pay such taxes when they are due. In the event that the Units have not been separately assessed for real estate tax purposes prior to the closing of title to the first unit, those purchasers who have not obtained a mortgage from an institutional lender will be required to pay to Sponsor an amount equal to the estimated unpaid real estate taxes which will be levied against the parcel for the six (6) month period following the first closing or until the units are separately assessed, whichever is shorter. Sponsor will place said monies in an escrow account and will pay the real estate taxes from the escrow account when taxes are due and payable. In the event that the actual taxes are greater than the amount collected, Sponsor shall be entitled to a pro rata share of the additional taxes from each Unit Owner. If the actual taxes are less than collected, the Sponsor will reimburse the pro rata share of the taxes to each Unit Owner.

Each purchaser will be responsible for any fee required by his own attorney. The Sponsor anticipates that the only items which will be apportioned at the closing of title to Units will be real estate taxes, electric charges, if any, water and sewer charges, if any, and common charges, if they have been declared by the Board of Managers. The adjustments will be made as of midnight on the day immediately preceding the closing date. In the event there are any other items which are to be apportioned at closing, the Sponsor will advise the purchaser in writing of such items at least fifteen

(15) days before the closing. The Sponsor will advise the purchaser of the closing date by giving him written notice at least fifteen (15) days prior to the closing date.

XIV. RIGHTS AND OBLIGATIONS OF THE SPONSOR

The Sponsor has obtained a firm written commitment for construction financing from Norstar Bank, 1035 Stewart Avenue, Garden City, N.Y.

The Sponsor will diligently and expeditiously, at its own cost and expense, complete construction of the Community substantially in accordance with the plans and specifications referred to herein and will diligently perform all of its obligations set forth in this Offering Plan. The Sponsor shall deliver to the Board of Managers a copy of the "as Built" plans.

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

Although the Sponsor intends to use the materials, colors, fixtures, appliances and equipment described herein and in the building plans, the Sponsor reserves the right to substitute materials, fixtures, appliances and equipment of equal or better quality or design for any of those set forth.

Sponsor reserves the right to change the size, number, location of buildings or units and other improvements or common elements, provided such changes do not change or adversely affect the value or percentage of common interest of any Unit to which title has closed or for which a Purchase Agreement has been

executed and is in effect unless all affected Unit Owners consent in writing to such change and all affected contract vendees are given the right to rescind their purchase agreement and receive any deposit or down payment. No such change will be made unless it is first disclosed in a duly filed amendment to the Offering Plan and to the Declaration, if recorded.

Sponsor will obtain a temporary or permanent Certificate of Occupancy, New York Board of Fire Underwriters Certificate, and any other certificate or permit required by law for the building in which the Unit is located and will, at its own cost, perform any work and supply any materials necessary to obtain the certificates or permits.

In the event a permanent Certificate of Occupancy for a Unit has not been issued as of the date of closing for said Unit, the Sponsor will continue to hold all monies previously deposited and being held in escrow pursuant to Section 352-e (2)(b) of the General Business Law unless Sponsor's designated engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy. Any sum of money exceeding the amount certified by the Sponsor's engineer or architect will be released to the Sponsor. Upon the issuance of the permanent Certificate of Occupancy, such escrow deposit will be released to Sponsor without the consent of any other party. Alternatively, Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit or post a surety bond in the amount certified by Sponsor's engineer or architect. In such event, it will disclose such fact by duly filed amendment to the Plan.

The Sponsor will also correct material defects in the construction of the buildings due to defective materials or improper workmanship substantially at variance with the plans and specifications, provided it is notified of such defects in writing by certified mail within one year from the date of closing of title to the first Unit in the building in which the alleged defect exists. As to the common elements, the Sponsor will be liable to correct any defect due to defective materials or defective workmanship provided the Sponsor is notified in writing by certified mail of such defect within one year of the date of the closing of title to the first Unit.

The Sponsor makes no warranties as to appliances except that it will deliver to each purchaser the manufacturer's warranties thereon. In no event shall the Sponsor be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements, damage to walkways or other concrete areas, internal roadways, or any recreational facilities including the tennis court caused by acts beyond the control of Sponsor. The Sponsor shall not be responsible for nail pops, ridging, normal lumber shrinkage, normal settlement or any consequential damage

resulting there from, water problems caused by ice dams, normal plumbing and heating noises or carpet stretching, normal settlement cracks on concrete foundations, patios, sidewalks and other flat work, slab leaks resulting from acts of God or alteration of landscaping or grading (whether performed by the Condominium, or Unit Owner), leakage resulting from "ice dams" forming on roofs, spalling or flaking of concrete surfaces if ice melting compounds have been used, scuffing on kitchen cabinet or vanity surfaces, variations of wood grain or staining of kitchen cabinets or vanities, minor chips (nicks) to formica tops, cultured marble tops and tubs, edges and surfaces, shaping variations of the exterior siding staining on the surface or grooves, and shading variations on fascias from staining. Subsequent to the conveyance of title to a Unit, the Sponsor shall not be responsible for paint touchups, repair of dented appliances, porcelain or formica chips and scratches in tubs, vanities or countertops. The Sponsor shall not be responsible for any work or materials ordered directly from Sponsor's contractors or suppliers nor shall Sponsor be responsible for any incidental or consequential damages caused by any defects. The Sponsor has no obligation to make any repair to the Units or the common elements except as expressly set forth in the Offering Plan.

The Sponsor will pay all contractors, subcontractors and materialmen and all others involved in the construction of the Community for the work performed and fixtures, material and equipment supplied or installed in the construction of the Community and will cause all mechanics' liens arising out of the construction of the Community or the furnishing or installation of fixtures or equipment, to be discharged or bonded promptly after the liens are filed.

The Sponsor has no obligation to defend any suits or to indemnify the Board of Managers or Unit Owners arising out of any act or occurrence occurring prior to the recording of the Declaration except claims arising out of acts, omissions or representations of the Sponsor.

Sponsor will pay all common charges and special assessments with respect to unsold units which are actually declared and assessed by the Board of Managers.

Sponsor will initially procure and the annual budget reflects the cost of fire and casualty insurance in an amount sufficient to avoid co-insurance by the Unit Owners.

The Sponsor is a corporation organized and existing under the Laws of the State of New York. As such, the Sponsor can be dissolved and liquidated at any time; however, no dissolution or liquidation of Sponsor will be made for at least one (1) year following sale and delivery of title to the last unit sold.

Pursuant to Section 352-e (9) of the General Business Law, copies of the Offering Plan and all Exhibits and documents referred to in this Plan, are and will be kept on file at the office of the sponsor for six years from the date the Declaration is recorded for examination by any person who has purchased a condominium interest offered by this Plan or otherwise participated in this offering.

No bond or other security has or will be posted to insure performance of Sponsor's obligations under this Section XIV.

XV. CONTROL BY THE SPONSOR

The Sponsor, as owner of unsold units, will have voting control in the Board of Managers until the fifth anniversary date of the recording of the Declaration or until 90% of the Units in the Community are closed, whichever occurs first. The Sponsor, during this indeterminate period, thus will have control of maintenance, facilities and services to be provided and will determine the common charges to be paid by all Unit Owners, including the Sponsor and the enforcement of the Sponsor's obligations. However, during such control period, Sponsor will not increase or decrease the services set forth in the Estimate/ of Income and Expenses (Schedule B) and this Offering Plan without the consent of a majority of all Unit Owners (other than Sponsor voting as a Unit owner) present at a duly called meeting of the Unit Owners.

The first Board of Managers of the Condominium will be Mary- Anne Martino, Paul Martino, and David A. Scro. The Sponsor shall retain the right to substitute other persons in the place of the above named individuals until the resignation of the First Board of Managers as set forth below. Within 60 days of the closing of title to the first Unit Sponsor will, at a duly called meeting of the Board, elect one Unit Owner who is independent of the Sponsor to the Board of Managers to serve on the Board until the first Board of Managers resigns. The members of the Board of Managers designated by Sponsor and the elected Unit Owner will call for a special meeting of the Unit Owners to elect a new Board within thirty (30) days prior to the expiration of the period described in the first paragraph of this section. Upon the election of the new Board, the members of the first Board will resign. Members of the Board of Managers shall not be compensated for their services. Members of the Board of Managers other than Sponsor designated members may be removed for cause by an affirmative vote of a majority of the Unit owners. Officers of the Condominium other than Sponsor designated officers may be removed with or without cause, at anytime, by the affirmative vote of a majority of the whole Board of Managers. While the Sponsor is in control of the Board of Managers it will not enter into a managing agent contract which would bind the Condominium for a period of

more than two years after the recording of the Declaration unless the contract provides that it may be cancelled by the Condominium upon 90 days notice.

So long as the Sponsor or its designee shall continue to own Units representing 5% or more in common interest, or five years after the date of the filing of the Declaration of Condominium whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent, (i) make any additions, alterations or improvements to the common elements or to any Unit costing cumulatively more than \$5,000, the foregoing not to include necessary repairs and maintenance work; or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve for the contingencies provided in Schedule B; or (iii) hire any employee in addition to the employees referred to in the Plan; or (iv) enter into any contracts not in existence on the date of the first closing of title to a Unit; (v) borrow money on behalf of the Condominium; or (vi) increase or reduce the services or maintenance set forth in Schedule B.

The detailed provisions for the management of the Condominium are set forth in the, By-laws attached. The By-laws contain provisions, among others, dealing with the election of the Board of Managers and Condominium officers, powers of the Board of Managers, voting rights of Unit Owners, assessment of common charges, foreclosure of liens for non-payment of common charges, management of the Condominium and use of the Units.

Any officer, manager or managing agent appointed by the Board of Managers shall be employed for such period and on such terms and conditions as the Board may determine. Accordingly, any such person so employed may be discharged for any reason if the Board of Managers determined that such action will serve the interest of the Condominium.

XVI. RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sale or Lease of Units

According to the covenants and restrictions imposed by the Town of Brookhaven each Unit must be owner occupied. Units can be sold by a Unit Owner, provided that he is not in arrears on the payment of Common Charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for out of the proceeds of the sale). No right of first refusal or similar provisions to prospective purchasers has been included in the Declaration or By-Laws of this Condominium. No Unit can be sold without a simultaneous sale of the undivided interest in the common elements.

Restrictions on Occupancy and Use

There is no restriction upon ownership of a Unit. Occupancy of a Unit, however, must be owner occupied and in accordance with the applicable zoning regulations of the municipalities having jurisdiction over the Community.

The By-Laws of the Condominium contain the following use restrictions: No immoral, improper, offensive or unlawful use shall be made of the Community or any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Unit Owners, their families, employees, guests and pets shall not use or permit the use of the Units and common elements in any manner that would be illegal, disturbing or a nuisance to other Unit Owners. No resident shall put any advertisement or posters of any kind in or on the Community including but not limited to the interior or exterior of windows without the consent of the Board of Managers. It is prohibited to hang garments, rugs, etc. from the windows or from the building or string clothes lines on or over the common elements or to use any of the common elements for storage. No Unit Owner shall paint the fences or exterior surfaces of the windows, walls or doors opening out of his Unit. The interior roadways or parking areas of the Condominium shall not be used for storage of any boat, trailer, camper, bus, truck or commercial vehicle. Any such parking shall be subject, in addition, to any restriction due to zoning or local ordinance requirements. See Schedule H, Article VIII for complete details.

Mortgage of Units by Unit Owners

The Unit Owner may mortgage his Unit at any time after he acquires the Unit in whatever amount and under whatever terms he can obtain, provided that the mortgage can only be taken from a bank, savings and loan association, life insurance company, pension fund, trust company, mortgage company or other institutional lender. Any Unit Owner may, however, upon the resale of his Unit, grant a purchase money mortgage to a purchaser of his Unit. If a Unit Owner mortgages a Unit, he must provide for payment of any arrearages of Common Charges at or before the closing of the mortgage.

Common Charges - Assessment and Collection

The Board of Managers will prepare and furnish copies of its budget to the Unit Owners annually. Based upon such budget and any modification thereof approved by the Board of Managers, the Unit Owners will be charged for the cost of the operation of the Condominium in accordance with their interest in the common elements. Any special assessments will be charged to the Unit Owners in accordance with their interest in the common elements. The charges assessed by the Board of Managers ("Common Charges"),

in addition to the cost of repairing and maintaining the common elements, assessments and other normal operational costs, may include, in the discretion of the Board of Managers, reserves, working capital and other sums necessary to carry on the affairs of the Condominium.

The estimated Condominium expenditures in Schedule B were made by the Sponsor and passed on by Eastern Development Corp. Although the Sponsor is of the opinion that estimates are accurate and reasonable, they are not intended and cannot be construed as an assurance of the actual expenses and are merely based upon information available at this time. Actual costs may be lesser or greater than as set forth herein.

It is presently anticipated that the common charges are to be used primarily to pay for fire and other casualty insurance on the Buildings and common elements, public liability and property damage insurance, electricity for the common elements, legal and accounting expenses, supplies and a maintenance reserve. The common charges do not include maintenance, repairs or decoration of the interior of the Units or proportions thereof, payments required pursuant to the terms of Unit Owners' mortgages or real estate taxes covering the individual Units.

The common charges for each unit will be collected monthly by the Board of Managers and are set forth on Schedule A. However, additional services which the Unit Owners may desire or other factors can increase these charges.

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

Under the Real Property Law of the State of New York, the Board of Managers shall have a lien against each Unit for its unpaid common charges and legal interest thereon prior to all other liens except liens for the payment of taxes and all sums unpaid on a first mortgage of record. The lien shall continue in force even after resale of a Unit except that the Board shall, in accordance with the Declaration, release the lien and right to collect unpaid common charges against any purchaser of a Unit where such purchase arises out of foreclosure of a first institutional mortgage when the Board of Managers has been made a party to the foreclosure action. The Board of Managers may foreclose the lien in the same manner as a mortgage on real property and in doing so shall be entitled to recover all cost incurred including, reasonable

attorney's fees. The liability of each Unit Owner for the payment of common charges thereafter assessed against his Unit shall terminate upon a sale, transfer or conveyance of such Unit in accordance with the provisions of the Condominium Declaration and By-Laws.

Repairs, Alterations and Improvements to Units

The Unit Owner can make any interior alterations or improvements to the Unit he desires **without** obtaining the consent of the Board Of Managers so long as such alterations or improvements do not impair the structural soundness of the building in which the Unit is located or any common elements within the rules and regulations of the Town of Brookhaven.

Each Unit Owner will be responsible for the maintenance of and repairs to his Unit. Thus, for example, all interior painting, internal plumbing, interior electrical repairs, heating system repairs, and all interior maintenance will be performed by the Unit Owner.

As to the common elements, all maintenance, repairs and replacements including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any pipes, wires, ducts, cables, conduits and public utility lines located in and servicing the same unit or any portion of which is located in one Unit and services another Unit or more than one Unit or so much of any pipes, wires, ducts, cables, conduits and public utility lines as are located in the common elements whether or not it serves one or more Units shall be made by the Board of Managers and the cost thereof shall be a common expense. All repairs to the exterior of any door, fence, building, open area or other generally visible portion of the Community must be in conformation with the style and colors initially installed by the Sponsor. The Board of Managers shall repair all exterior plumbing stoppages and exterior electrical repairs occurring in the common elements.

Insurance

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

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

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

The proceeds of all policies of physical damage insurance carried by the Board shall be payable to the Board of Managers in the event of a loss amounting to \$40,000 or less, and to the Insurance Trustee if the loss shall amount to more than \$40,000 to be applied for the purpose of repairing, restoring or rebuilding the Buildings unless otherwise determined by the Unit Owners, as hereinafter set forth.

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

The amount of fire insurance to be maintained on the Community upon the transfer of title of all Units and until the first annual meeting of the Board of Managers following the first annual meeting of the Unit Owners will be in the amount of at least \$4,500,000 for all 66 Units. The Board of Managers shall review the amount of fire insurance annually.

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

The cost of such insurance and the fees and expenses of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a common expense. The Board of Managers shall also obtain and maintain, to the extent it determines:

(1) fidelity insurance covering all employees of the Condominium who handle Condominium funds; (2) workmen's compensation insurance; and (3) in order to limit the liability of Unit Owners for personal injury and tort, public liability insurance covering each member of the Board of Managers and each Unit Owner, in such limits as the Board of Managers may deem proper. The Board of Managers shall review such limits once each year.

The public liability insurance policy to be maintained until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners will be a limit of \$1,000,000 per occurrence covering all claims for bodily injury for the property damage arising out of any one occurrence in the common elements. The public liability insurance shall also cover cross liability claims of one insured against another.

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

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

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

Although there is no requirement for annual appraisals to ascertain whether the insurance coverage is adequate, such appraisals may be desirable prior to renewal of any fire policy.

Access by Board of Managers

The Board of Managers and its designees shall have the right of access to any Unit and to all portions of the common elements for the purposes of inspection, removal of violations, the making of repairs, curing defaults and for such other purposes as permitted by the Declaration and By-Laws.

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

Ownership of a unit in the Community subjects the Unit Owner to compliance with the provisions of the Declaration and By-Laws as well as any rules and regulations contained in the Declaration or By-Laws or established by the Community in accordance therewith. The rules and regulations set forth in the By-Laws and Declaration can be found in Part II. The Board of" Managers can institute legal actions to enforce compliance with the provisions of the Declaration and By-Laws as well as the rules and regulations established therewith.

The provision of the By-Laws which requires members of the Board of Managers to be Unit Owners will not apply to the first Board of Managers.

**XVII. RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS
AND SUMMARY OF DECLARATION AND BY-LAWS**

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

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

Board of Managers

The affairs of the Condominium shall be governed by a Board of Managers (the "Board"). The first Board shall consist of three Managers designated by the Sponsor. At the first annual meeting of Unit Owners, five (5) Managers shall be elected for staggered terms.

Every Unit Owner shall be entitled to cast one vote on each ballot for each Unit he owns at the Board of Managers elections. All Managers other than designees or nominees of the Sponsor shall be owner occupied Unit Owners. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. Elections are to be held annually. To insure the Sponsor minimum representation of the Board after it turns over control of the Board to the Unit Owners, the Sponsor shall have the right to designate one member of the Board so long as the Sponsor continues to own one Unit.

Removal of Members of the Boa*rd of Managers

Managers, other than Sponsor designated managers, may be removed for cause by an affirmative vote of a majority of the Unit Owners. No manager other than a member of the first Board of Managers or Sponsor's designees or nominees shall continue to serve on - the

Board if, during his term of office, he shall cease to be an owner occupied Unit Owner.

Powers and Duties of Board of Managers

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

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

11. To make additions, alterations, or improvement to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed \$5,000. The Board of Managers may make additions, alterations or improvement to the common elements costing in excess of \$5,000 only with the approval of the majority of the Unit Owners. While the Sponsor is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of \$5,000 or enter into service or maintenance contracts the duration of which will extend more than one year after the Sponsor loses control of the Board of Managers, only with the approval of a majority of the Unit Owners, excluding the Sponsor, voting at a duly held meeting of the Unit Owners.

12. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that (i) the consent of at least 66-2/3% in number of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the common elements without the written consent of the Owners of said Unit.

13. Since each Condominium Unit is separately assessed for real estate tax purposes, each Condominium Unit Owner must institute his own proceeding to review real estate tax assessments against such Unit. However, the Board of Managers may institute such proceeding on their behalf with the consent of those Unit Owners who agree to subscribe to such application.

Liability of Board of Managers and Unit Owners

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

bears to the total liability of the member of the Board of Managers.

Officers

The officers of the Condominium shall be chosen by the Board of Managers and will consist of a president, a vice president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be owner occupied Unit Owners or members of the first Board of Managers. Except for the initial Board designated by Sponsor, two or more offices may not be held by the same person or by Unit Owners from the same Unit.

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

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

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

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

He shall disburse the funds of the Condominium.

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

Repairs, Alterations and Improvements to Common Elements

All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls of the buildings, roof and roof members as well as all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, any portion of which is located in one Unit and

services another Unit or more than one Unit or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Units shall be made by the Board of Managers and the cost thereof shall be a common expense. All repairs to the exterior of any door, fence, building, open area or other generally visible portion of the Community must be in conformation with the¹ style and colors initially installed by the Sponsor. The Board of Managers shall repair all plumbing stoppages and electrical repairs occurring in the common elements. The Board of Managers shall have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under this Offering Plan, the By-Laws or the Declaration of the Condominium.

Restoration or Reconstruction After Fire or Other Casualty

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

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

Insurance

The Board of Managers shall obtain and maintain, to the extent obtainable, fire insurance with the extended coverage, damage, vandalism and malicious mischief endorsements insuring the buildings, including all of the Units and the bathroom, kitchen and laundry equipment initially installed therein by the Sponsor, together with all heating, air conditioning equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, in the amount equal to the full

replacement value of the Buildings. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Unit which shall be payable to such Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine.

Reports to Unit Owners

All Unit Owners will receive within three (3) months of the end of each fiscal year, copies of an annual report of the Condominium including a balance sheet and profit and loss statement verified by an independent public accountant, a statement regarding any taxable income attributable to the Unit Owners, and a notice of the holding of the annual Unit Owners meeting. All Unit Owners shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board but not more often than once a month.

Amendments

The Declaration may be amended upon a vote of 80% of the Unit Owners in number held at a duly called meeting of the Unit Owners provided however that:

(i) No amendment shall change any condominium parcel, nor a Unit Owner's proportional share of the common charges, nor the voting rights appurtenant to any Unit, unless all of the record Owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these Units agree to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees.

The By-Laws may be amended at any duly called Unit Owners meeting provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by eighty percent (80%) of the Unit Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Unit Owners' interest and the interests of holders of a mortgage encumbering a Unit or Units.

Units Acquired by the Board of Managers

All Units acquired by the Board of Managers, or its designee, shall be held by it on behalf of all Unit Owners whose respective

interest shall be in proportion to the common interest to such Unit Owners and the votes appurtenant to such Units shall be cast by the Board of Managers or its designee at all meetings of the Unit Owners, except that the Board will not vote in any election of members of the Board.

Termination of Condominium

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

Covenant Against Partition of Common Elements

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

Reserves

There is no limitation or restriction against the Board of Managers assessing, collecting and accumulating reserves for capital replacement or otherwise.

Easements

Each Unit Owner will have an easement in common with all other Unit Owners for the use, maintenance and repair of all pipes, wires, conduits and public utility lines located in the common elements or located in other Units and servicing his Unit. Further, each Unit Owner will have an easement for the continuance of any encroachment by his Unit on any adjoining Unit or common element now existing or which may come into existence hereafter as a result of the settling of the Units or repair or alteration of the Units by the Board of Managers, after damage by fire or other casualty or as a result of condemnation or eminent domain proceedings, or by reason of an alteration made by the Board to the common elements so that any such encroachment may remain undisturbed so long as the Unit stands. Each Unit will be subject to such encroachments and easements in favor of all other Units. The Board of Managers, its agents and employees shall have a right of access to the Units and to the common elements, irrespective of the restricted nature of such common elements, to inspect, maintain or repair the common elements or any pipe, wire, or conduit therein or to make repairs to the Unit to prevent damage to the common elements or any other Unit.

Allocation of Common Interest

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

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

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

Management Services

There is no agreement in effect relating to the management of the Condominium. Initially, the Condominium will be managed by the Board of Managers. Sponsor will manage the Condominium without charge as long as it retains control of the condominium or until such time as a managing agent is employed whichever is sooner. No representation is made as to the cost, terms or availability of management services.

XVIII. TAXES

Real Estate Taxes

In accordance with the New York State Condominium Act, real estate taxes applicable to each Unit will be separately assessed. The estimated monthly costs to be incurred by the owner of each Unit in the first year in which the property will be fully subject to real estate taxes are set forth on Schedule A. Estimated assessed valuation is based upon information received in a letter dated July 13, 1987 from the Assessor of the Town of Brookhaven in which he estimated the assessed valuation of a Model A-TOWNHOUSE at \$3,100, and Model B-SIMPLEX at \$2,650. The 1987/88 total tax rate of \$75,483 per \$100 of assessed valuation.

The estimate of projected taxes has been prepared by Sponsor based on the Town of Brookhaven Assessor's Letter and cannot be construed as an assurance of the final tax cost, but is merely an estimate based upon information available at this time.

Section 454 of the New York State Real Property Tax Law provides the United States Armed Forces may be entitled to an exemption covering part of the general real estate taxes applicable to their respective Units including their proportionate share of said real estate taxes covering the common elements. No warranty or

representation is hereby made that the County Assessor will allow the aforementioned veterans exemption to a Unit Owner.

The Sponsor has been advised by its counsel, David A Scro, Esq., that each Unit Owner will be entitled under the present law to a deduction for Federal and New York State income tax purposes for the real Estate taxes

paid by him covering his Unit and for the interest paid by him for any mortgage covering his Unit. See the Opinion of Counsel, Schedule I. The Sponsor has been advised by its counsel that the Condominium will be taxed on any excess of income over expenses from unrelated sources. Examples of unrelated sources include interest earned on reserve and other invested funds, income from concessions and income from dues or fees received from persons other than the Unit Owners. If the Condominium is required to pay taxes, the amount thereof will be levied as an additional common charge. The amount of the estimated tax deductions for the first year as set forth on Schedule A has been computed by Sponsor and has not been passed upon by Sponsor's counsel.

XIX. WORKING CAPITAL FUND AND RESERVE FUND

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

The budget includes a reserve fund providing for the maintenance of the sewer system, tennis court and other items. A contingency fund for unanticipated expenses is also included. No representation is made that the reserve funds will be adequate to cover current or future expenses including repairs or replacement of common elements. If additional funds are required over and above the reserve fund, it may be necessary to increase the common charges payable by the Unit Owners or to collect a special assessment from each Unit Owner.

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

XX. IDENTITY OF PARTIES

Sponsor and Selling Agent

The Sponsor is Waverly Acres, Inc., a New York corporation, with offices at 28 Rolling Drive, Glen Head, New York. The principals are Frank P. Scro and Hector Cuales. Both principals have been actively engaged in general contracting and real estate development on Long Island for over 30 years. Mr. Scro was one of the principal Sponsors of Springdale At Farmingdale Condominiums, Farmingdale, New York.

F.P.S. Realty, Inc., is the selling agent. The firm is duly licensed under the laws of the State of New York as a real estate broker. Mr. Scro is the sole principal of the corporation.

David A. Scro, Esq., 1-8 Atlantic Avenue, Farmingdale, New York, 11735, counsel of the Sponsor, has been selected by the Sponsor to represent the Condominium in connection with all legal matters incident to the operation and management of the Condominium. No legal fee will be charged for such representation except for work actually performed after the formation of the Condominium. The Condominium can at any time choose to select different attorneys to represent it.

All legal matters in connection with the establishment of the Condominium, the tax opinion of counsel contained herein and the preparation of this Offering Plan have been passed upon for the Sponsor by David A. Scro, Esq. The estimated insurance rates have been passed upon by The Donald A. Hall Agency, Inc. of Valley Stream, New York. The aforementioned estimate has been included in this Offering Plan in reliance upon the opinions of said agency and upon its authority as an expert but the Sponsor has no knowledge that this estimate is not correct.

XXI. GENERAL

Pending Litigation

At the date of this Offering Plan, there is no litigation or administrative proceedings pending against the Condominium or the Sponsor or any other party which would affect their ability to perform their obligations relating to this Offering, or which would in any other way affect this Offering.

Prior Offerings

This property has not been the subject of any prior public offerings.

Non-Discrimination

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

Amendment of Plan

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

WAVERLY ACRES, INC Sponsor

Dated: November 15, 1987
Glen Head, New York

PART II

PART II

SCHEDULE C

Description of Property and Specifications

Annexed hereto is the Architectural Report prepared by Roger P. Smith, R.A., and the Engineering Report prepared by Donald M. Hand, P.E., which set forth the general construction details and describe the general character of work, materials, and construction of the Community.

The Sponsor reserves the option to substitute materials, fixtures, and equipment of equal or better quality.

ARCHITECT'S REPORT

WAVERLY ESTATES

HOLTSVILLE
TOWN OF BROOKHAVEN
COUNTY OF SUFFOLK
STATE OF NEW YORK

Date: September 14, 198

CONSTRUCTION

All homes will comply with the building code requirements of the Town of Brookhaven and the New York State Building Code. There are 66 condominium units of which 40 are 2 story townhouses and 26 are one bedroom simplexes. The simplexes are arranged one over one.

FOUNDATION: The Community consists of two story construction, with the first floor consisting of 4 inch concrete wire-reinforced slabs on grade. Foundations are a minimum of 8 inches in width of 3000 psi compressive strength poured concrete. Foundations are 10 inches in width where there are brick exterior walls.

Typical soil composition beneath the foundation is 6 inch compacted sand and gravel with a minimum 2 ton bearing capacity.

WALLS: Exterior walls are 4 inches thick consisting of 2 inch x 4 inch wood studs, 16 inches on center and 1/2 inch plywood sheathing (or equal). Exterior walls are either of horizontal vinyl siding, brick, or a combination of both with decorative trim of various types. The exterior walls have 1/2 inch sheetrock applied on the interior faces. Interior non-bearing walls consist of wood studs, 16 inches on center with 1/2 inch sheetrock on each side. All fire walls are two-hour fire rated consisting of 2 inch "H" steel studs over two pieces of 1 inch thick gypsum shaft liner and 1/2 inch thick type "X" drywalls. Fire walls occur between every other unit. Party walls are provided between every unit where there are no fire walls. Party walls consist of staggered 2 inch x 4 inch wood studs, 16 inches on center, for an overall width of 6 inches.

Walls are covered with 1/2 inch sheetrock. All ceilings are 8 feet high measured from the lower face of the sub-floor to the upper face of the drywall ceiling. All homes will be painted with two coats of flat white latex base paint on walls, woodwork, and ceilings which will be sand finished except for bathrooms which will not be sand finished.

INSULATION: All exterior walls are of wood framing with 3 and 1/2 inch R-11 fiberglass batts. Fiberglass batts will be installed between walls and ceilings dividing units. The second story of the townhouse units and second story simplex units will have 6 inch R-19 fiberglass batt ceiling insulation installed.

FLOORS AND ROOFS: All second floor joists are constructed of 16 inch deep wood floor trusses 24 inches on center, with 3/4 inch plywood nailed to the floor joists. The roofs consist of pitched and gabled wood attic-type trusses 24 inches on center with 1/2 inch plywood sheathing covered by 15 pound felt and asphalt strip shingles. In addition, the townhouse and second story simplex units have 14 riser wooden stairs with handrails. All floors are covered with Evans and Black quality "Hot Shot" carpet, or equal, except

kitchens and storage rooms which will be covered with reinforced vinyl tile and ceramic tile in bathrooms.

Roof flashings are aluminum, built in where the townhouse roofs abut the simplex roof structure or other townhouse roof structures.

Valley flashings are aluminum. The overall drainage system is designed to accommodate all runoff from roof areas. Drainage water from roofs reaches the ground, flows to catch basins and is piped to drainage pools. All roof areas will be drained by aluminum gutters with leaders to the ground.

WINDOWS AND DOORS: Thermal Break windows in all units are Unifast Series 3000 aluminum single hung insulated windows except for various fixed glass windows in the entryway of some of the town house -units. The front entrance doors are prehung, fully weather-stripped, 3 feet by 6 feet 8 inches, metal clad insulated. All interior swinging doors are hard board hollow core units and certain closet doors will be wood louver doors. Storm doors and storm windows will not be provided. The townhouse unit will have a 6 feet by 6 feet 8 inches insulated thermal break sliding glass door.

STREETS AND SIDEWALKS: All sidewalks are constructed of poured concrete. Streets and parking areas are asphalt paved. All streets, parking areas, and sidewalks will be retained in condominium ownership. Street lighting will be high pressure sodium lamps and will be spaced equally throughout the parking areas. Storm drainage collection is by means of lawn leaching basins and street catch basins.

REFUSE REMOVAL: Pickups of refuse will be made two times a week by a private contractor, the cost of whose services is included in the common charges. Refuse will be stored in four or six cubic yard bulk containers resting on concrete pads.

WATER: Water will be supplied by the Suffolk County Water Authority and will be metered and charged to the Condominium and included in the monthly common charges. Water piping to the buildings will be Type "K" copper tubing.

HOT WATER: Hot water will be provided by individual electric water heaters of 52 gallon capacity in all units and will be installed in the utility room.

AIR CONDITIONING: Air conditioning is provided as part of the integral operation of the heat pump unit.

BATHS: The Townhouse unit includes two full baths and the Simplex unit includes one full bath. Each full bath includes a

five foot tub with shower bar or shower stall, one lavatory in a finished vanity cabinet, and one water closet, Briggs or equal.

The additional half bath in the Townhouse unit includes one lavatory in a finished vanity cabinet and one water closet, Briggs or equal.

All baths will include a medicine cabinet. In addition, the master suite in the Townhouse has a lavatory in a finished cabinet in the dressing area.

The tub or shower areas will be tiled in a coordinated color. The floor will be tiled in ceramic floor tile, color to match fixtures.

KITCHENS: The kitchen appliances supplied with each home are a free-standing electric range (Westinghouse Model No. KF320 or equal), a refrigerator-freezer (Westinghouse Model No. RT173H or equal), a dishwasher (Westinghouse Model No. SU210J or equal), and an enamel steel sink. Ventilation of the kitchen in all models is by ductless fan hood.

Kitchen cabinets are factory finished mica or wood cabinets with mica counter tops.

LAUNDRY FACILITIES: Hot and cold water connections, electrical outlets, and waste connections are provided for the electrical clothes washer and dryer. The laundry appliances supplied are a combination washer-dryer (Westinghouse Model No. SM230J or equal).

PLUMBING: Each plumbing fixture is provided with a stop before each cold or hot water faucet, except for the tub and shower fixtures. Also, there is a water valve before the water heater which can shut down all the hot water in the unit. The above is provided so that each homeowner can change faucet washers, water heaters, or plumbing fixtures if necessary, as this is each unit owner's responsibility. There will also be a master water shut-off valve in each unit.

LANDSCAPING: Shrubs and sod are located in front and on the sides of each building. An automatic sprinkler system will be installed by the Sponsor to water all grass areas. All areas not sodded will be seeded or will remain in their natural state as per landscape plan approved by the Town of Brookhaven.

TELEVISION CONNECTION: Each home is provided with two television outlets, one in the living room or den and one in the master bedroom, connected to Cable TV Antenna System to be operated by Viacom Cable Television Corporation. The cost of cable television service and hookup will be borne by the individual unit owner. Outside television antennas are prohibited.

ELECTRICAL EQUIPMENT: All units have their own electric meters. Electric service will be underground and will be provided by the Long Island Lighting Company. All circuits will be provided with circuit breakers. All service entrance wiring and branch wiring will be done with copper wire. Electricity consumed in connection with the maintenance and operation of common elements will be separately metered and will be included as part of the condominium common charges. Wiring will be installed in accordance with the requirements of the New York Board of Fire Underwriters. All townhouse units will have 150 amp service and simplex units 125 amp service. 110 volt lines will be provided throughout the units as well as 220 volt wiring where required. One self-contained smoke detector will be installed in each unit in the hallway adjacent to the bedrooms. All electrical wall outlets are duplex receptacles. In all rooms where there are no ceiling fixtures, one duplex outlet will be wired to a switch. Otherwise, the ceiling fixture will be so wired.

There will be special outlets or wiring for the dishwasher and clothes washer and dryer as well as an adequate number of wall outlets in each room in accordance with Fire Underwriters Code requirements.

Builder's light fixtures will be supplied in the following areas: exterior at the front door, in the foyer, and in most halls, in the kitchen, dinette, dining room, and bathrooms. Switched lights and/or pull chains will be installed in the utility room and walk-in closets.

HEAT: Heat will be provided by an individual heat pump unit in each unit (Rheem or equal, size depending on the size of the home and the direction of exposures). The heating system will effectively heat all rooms to 70 degrees Fahrenheit when the outside temperature is 0 degrees Fahrenheit with a 15 mile per hour wind velocity. However, the heating estimates in Schedule B-1 are based on keeping the thermostats at 70 degrees Fahrenheit for a season of 6000 degree days. Electric consumption is individually metered and is provided by the Long Island Lighting Company. See Schedule B-1 for the estimated annual heat pump cost estimate.

WARRANTIES: The Sponsor will deliver to the purchaser upon the closing of title to his unit and/or to the Board of Managers, upon recording of the Declaration, all applicable manufacturer's and subcontractor's warranties and guarantees including a U/L certificate relating to the purchaser's unit or the common elements, respectively, to the extent made by such manufacturers or subcontractors. NOTE: Although the Sponsor intends to use the fixtures, appliances, equipment, and materials in the Model units In all units, the Sponsor reserves the right to substitute fixtures, appliances, equipment and materials of comparable quality for any of those used herein.

RECREATIONAL FACILITIES

The Condominium will have one outdoor tennis court located in the central area of the development. The tennis court will be constructed of asphalt or equivalent playing surface surrounded by a 12 foot mesh fence. The cost of maintenance, repair and use of the tennis court will be included in the monthly common charges.

The Condominium will also have a gazebo for the enjoyment of the unit owners.

Decorative fixtures, paints, wallpapers, furniture, furnishings, burglar alarm system and special landscaping shown in the models are for display purposes only and are not included in the purchase prices.

Prepared by:



ENGINEERING REPORT

WAVERLY ESTATES

HOLTSVILLE
TOWN OF BROOKHAVEN
COUNTY OF SUFFOLK
STATE OF NEW YORK

Date: September 21, 1987

LOCATION

The subject parcel is located south of Express Drive South, approximately 1000 feet east of Waverly Avenue and north of Long Island Avenue in Holtsville, Town of Brookhaven, Suffolk County, New York.

SITE STATISTICS

1. The subject parcel comprises 10.03 acres or 437,041 square feet. The building area consists of 46,248 square feet or 10.6% of the total lot area. Zoning is under Multiple Family-1.

2. The site is relatively flat with no gradients exceeding those permitted by the Town of Brookhaven,

3. a. The sub-surface conditions through-out the site consist of a topsoil layer, a layer of sandy loam, and then clean sand and gravel. The virgin soil is capable of supporting two story residential dwellings using a standard foundation. The porosity of the soil is adequate to provide good drainage.

b. Ground water is sufficiently deep to prevent flooding. There is no nearby surface water that could cause flooding. There is no danger of a mud slide.

SITE LANDSCAPING

The site will be landscaped using vegetation indigenous to the locale and will be supplemented with existing trees and shrubs. Open areas will be either covered by sod, seeding, ground cover, or mulch.

The landscaping shall conform to the landscaping plan approved by the Town of Brookhaven Department of Planning unless alternates have been approved by that Department. The Condominium Association shall maintain the landscaping. The cost of maintaining and operating any lawn or landscaping sprinkling will be borne by the Condominium Association.

SITE IMPROVEMENTS

1. Private drives and parking areas will be constructed in accordance with the approved site plan. Their construction will consist of a compacted 6 inch stabilized base of natural aggregate, a 2.5 inch asphalt binder course and a 1.5 inch asphalt wearing course in the widths as shown on the site plan. The pavement shall be maintained by the Condominium Association.

2. Parking shall be provided for all units. There will be one reserved parking space per unit. The remaining parking spaces will be on a first come-first serve basis. The total number of parking spaces shall be 134. All parking areas shall be maintained by the Condominium Association.

3. Concrete curbs shall be installed at all parking areas, driveways, and at all locations shown on the site plan. The concrete curb shall meet the requirements of the Town of Brookhaven specifications. The curbs shall be 18 inches deep with a 6 inch reveal constructed of 3,000 psi compressive strength concrete. Handicap ramps shall be provided as shown on the site plan.

4. Storm water drainage is designed to store 2 inches of storm water run-off. All paved areas and roofs shall be designed with a coefficient of runoff of 100*. Landscaped areas shall be designed on the basis, of a coefficient of 17*. All storm water will be directed to inlets through a series of 'swales. Roof runoff shall be piped into leaching pools designed to the appropriate capacity through 4 and 6 inch diameter PVC pipe. All pools that are inter-connected shall be done so with 15 inch diameter reinforced concrete pipe, Class IV, under roads and parking areas and 15 inch SDR 35 PVC pipe under grassy areas. The drainage system, shall be maintained by the Condominium Association.

5. Site lighting will consist of the following:

a. One set of "Sterner" or equal high pressure sodium lamps mounted on each building for area lighting. This lighting shall be shielded from adjacent property and roads.

b. Eighteen (18) high pressure sodium lamps on 15 foot stanchions equally spaced throughout the parking area.

c. Four (4) "Lithonia" Hi-Tek, KAS Series 1000 or equal metal halide lamp3 on 30 foot stanchions spaced around the tennis court.

6. All utilities shall be furnished by underground service. The following utilities shall be provided:

a. Water - Purveyor: Suffolk County Water Authority through a master meter. Cost of water to be paid through condominium charges.

b. Electric - Purveyor: Long Island Lighting Company.

c. Telephone - Purveyor: New York Telephone Company.

d. Cable Television - Purveyor: Viacom Cablevision.

e. Sanitary - Private on-site disposal to be maintained by the Condominium Association.

SEWAGE

All building waste lines will be connected to the Condominium's own sewer lines which are connected to the Condominium's own sanitary sewer disposal system. This system consists of three 12 foot diameter and four 10 foot diameter septic tanks, two pumping stations, four leaching fields, two denitrification columns and four leaching pools. Waste piping within the units is 1 and 1/2 inch to 3 inch plastic (PVC Schedule SDR 35) and 2 inch to 5 inch service weight cast iron below grade. Exterior sewage piping is 4 inch to 8 inch plastic pipe. The expense of the maintenance and operation of all sewage lines and of the sewage treatment will be included in the monthly condominium common charges.

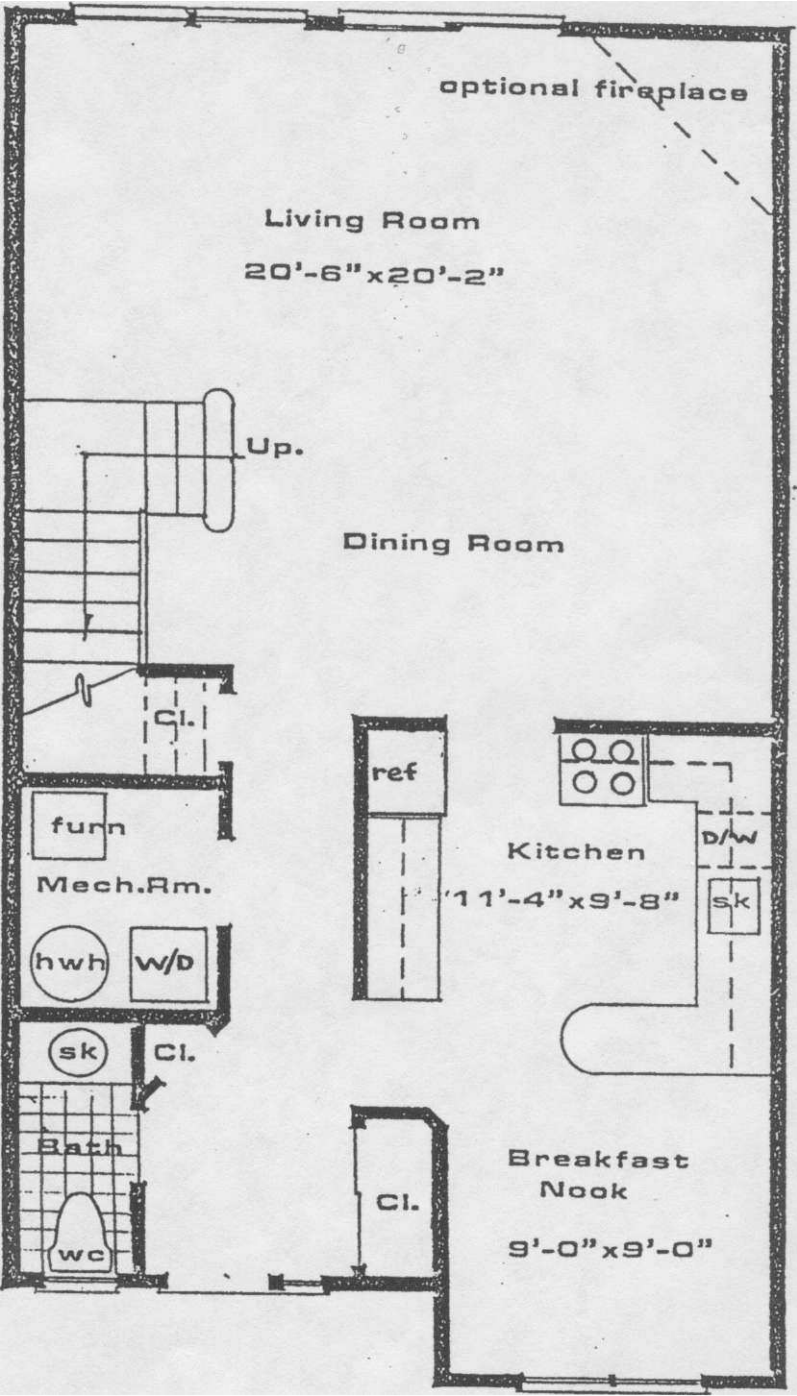
REFUSE REMOVAL

Initial storage will be in individual containers provided by the unit owner or inhabitant. The individual containers shall be emptied into 6 centrally located dumpsters. The dumpsters will be emptied twice a week by a private contractor retained by the Condominium.

The six dumpsters shall have adequate covers and will be enclosed by a six foot screen fence.

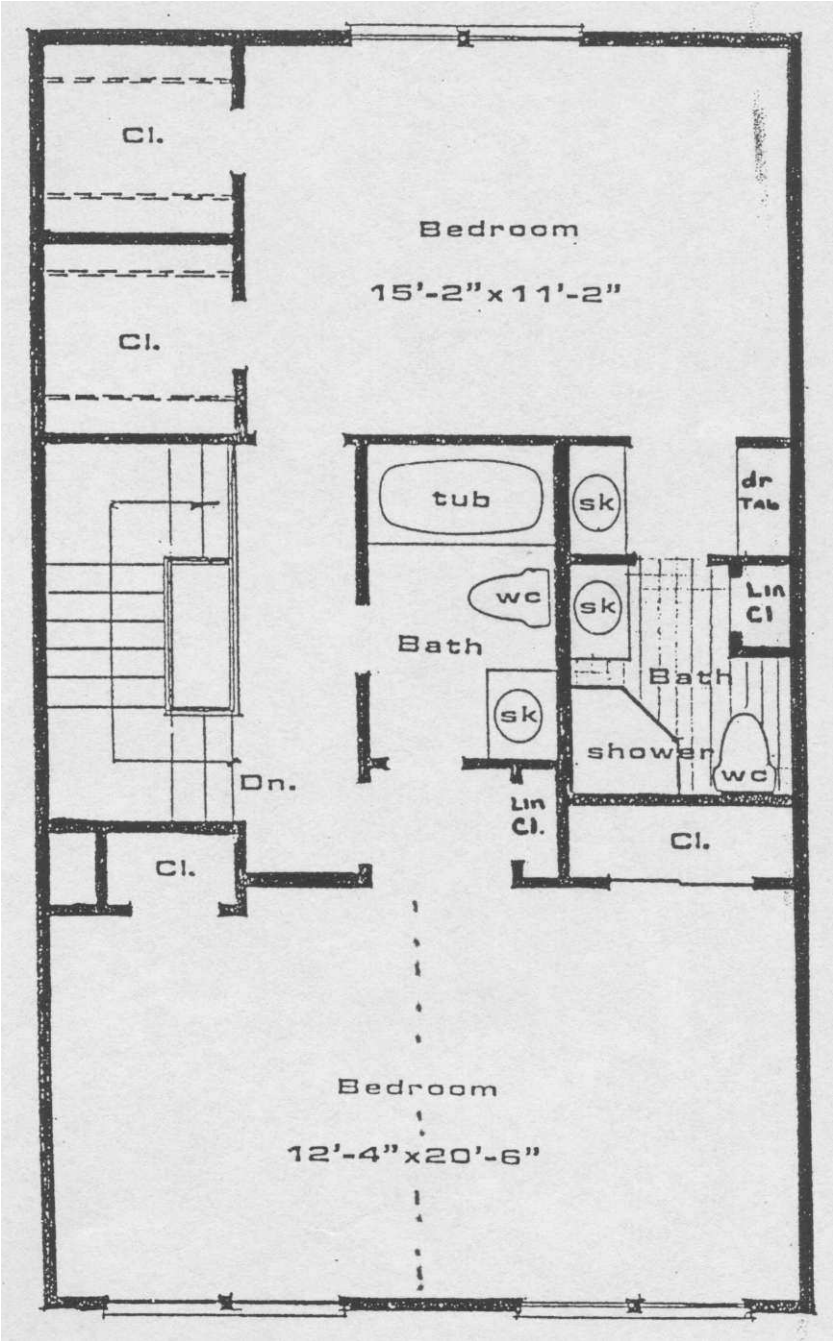
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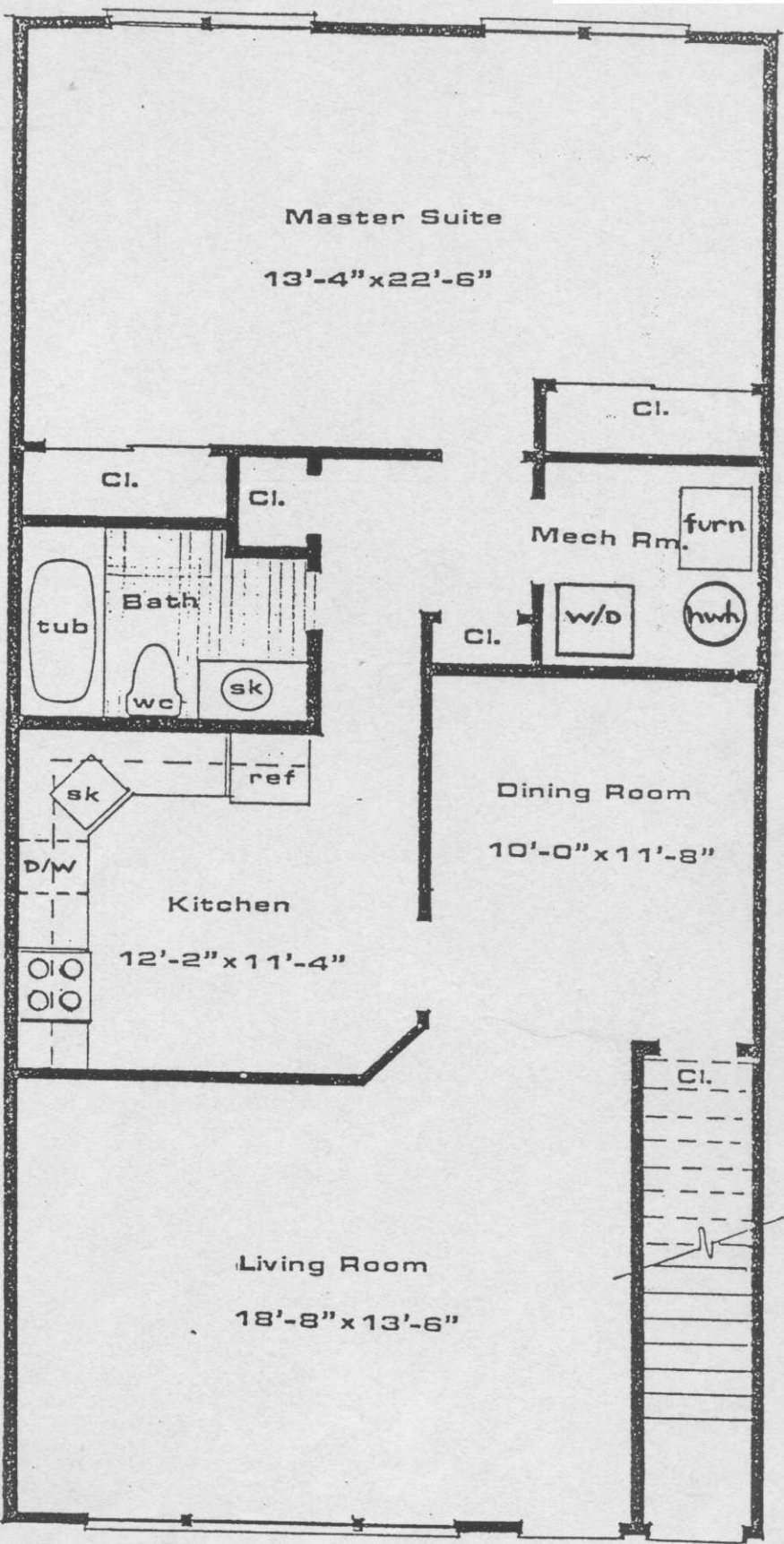


Townhouse Unit

[first floor]



Townhouse Unit; [second floor]



Simplex

A. "Unit" as hereinafter referred to shall be defined as follows:

"Each Unit is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower surface of the concrete slab forming the first floor of the Unit up to the exterior surface of the sheetrock forming the ceiling of the first floor in the case of a one story Unit or the second floor in the case of a two story Unit. Doors, windows, interior walls and fire places which abut a Unit are part of the Unit. The description of the Units set forth herein pertains to the location of the walls, floors and roof of the Units as they are finally set forth in the building plans to be filed simultaneously with the recording of the Declaration."

WAVERLY ESTATES CONDOMINIUM

PURCHASE AGREEMENT

Agreement made and dated _____, 198, between Waverly Acres, Inc., a New York corporation, having its offices at 28 Rolling Drive, Glen Head, New York, hereinafter called the Seller ("Sponsor") and residing at No. _____ hereinafter called the "Purchaser."

WHEREAS, the Seller will promulgate a Condominium Plan and desires to offer for sale, pursuant to Article 9-B of the Real Property Law of the State of New York, Condominium Units to be situated on the land owned by it located in Holtsville, Town of Brookhaven, County of Suffolk, New York and the Purchaser is desirous of purchasing a Condominium Unit therein;

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

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

2. Delivery of Deed; Adjustments. The Closing of title shall take place at an office to be designated by the Seller or by the lending institution at _____ o'clock on or about _____, 198, or at another date and time designated by the Seller upon at least fifteen (15) days written notice mailed to the Purchasers at their address hereinabove set forth. The Seller shall be entitled to a reasonable adjournment in the closing of title in the event of delay by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements. If the Purchaser is not ready to close title at the date and time fixed pursuant to the contract, any adjournment exceeding seven (7) days granted at the request of the Purchaser shall be upon the condition that all adjustments, including mortgage interest shall be made as of the date originally fixed for the closing of title. Nothing herein contained shall be construed to require Seller to grant any adjournment not reasonable in duration. In no event shall purchaser take possession of the unit prior to the date of closing.

3. Purchase Price. The Purchase price is \$ payable as follows:
\$, on the signing of this agreement, the receipt of which is hereby acknowledged;

\$, certified or bank cashier's check on closing of title;

\$, by obtaining a conventional or adjustable mortgage loan in that amount to be procured by the Purchaser from a lending institution designated or approved by Sponsor, the proceeds of which would be turned over to Seller at closing. (See Paragraph 10).

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

4. Recording of Condominium Declaration. The Declaration and By-Laws will be recorded by the Seller in the Office of the Clerk, County of Suffolk, prior to the conveyance of the first Condominium Unit as set forth in the Offering Plan. The Seller shall file with the Declaration when it is recorded a verified statement of a registered architect or licensed professional engineer certifying that the Plans theretofore filed fully and fairly depict the layout, location, Condominium Unit designation and approximate dimensions of the Condominium Units as built. The Declaration and By-Laws, when recorded by the Seller, will be substantially in the form and substance of the Declaration and By-Laws delivered to the Purchaser and any changes therein will not substantially adversely affect the Purchaser.

5. Seller's Failure to Convey. It is specifically understood and agreed that in the event the Seller shall be unable to deliver or cause to be delivered a deed to the premises to the Purchaser in accordance with this agreement because of the inability of the seller to complete the filing of the premises as part and parcel of a Condominium Plan in accordance with the Offering Plan of the Waverly Estates Condominium and any amendments thereto, then the Seller shall immediately notify the Purchaser and thereupon this agreement shall terminate and the sole liability between the parties shall be the return by the Seller to the Purchaser of the Purchaser's down payment with interest, if any, under this agreement.

6. Construction of Condominium. The Seller has applied and obtained building permits from the Town of Brookhaven to erect Condominium Units as residential dwellings on the property.

Prior to the closing of title set forth herein, the Seller will declare the property and the Condominium Units erected thereon to be a Condominium pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York.

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

8. Purchase of Unit Without a Mortgage Loan. The Purchaser may, at his option, pay the Purchase Price "all cash" without obtaining a mortgage provided Purchaser gives written notice to Seller thereof within 30 days from the date hereof. In the event Purchaser exercises this option, the provisions of this agreement which refer to the mortgage to be obtained by Purchaser (including provisions for mortgage costs) shall be deemed deleted.

9. Mortgage Loan - Manner of Payment. The mortgage loan applied for by Purchasers herein shall be secured by a first mortgage on the Unit herein described which shall be self liquidating and payable in monthly installments of principal and interest, together with installments of taxes, insurance and common charges as the lending institution shall require.

10. Contract Subject to Purchaser Receiving Mortgage Commitment. The Purchaser hereby agrees to furnish, deliver and/or execute all other instruments in connection with the Purchaser's application for such loan, to furnish all information required by the lending institution and/or Seller and to render within 10 days from the date of this Purchase Agreement a truthful and accurate statement of them, and if the application is approved, to execute at title closing all papers, statements or instruments which may be necessary to consummate the mortgage loan transaction (and if this agreement is executed by one spouse only on behalf of Purchasers such spouse agrees that the other spouse will join in the application for the consummation of the mortgage loan.) Failure to comply will be deemed a material breach of this agreement. In the event the mortgage shall be approved in a reduced amount, the Purchaser agrees to accept said mortgage on condition that it be reduced by not more than \$3,000. If, after compliance with the foregoing by the Purchaser, he is not approved by the lending institution approved by Seller within forty-five (45) days from the date hereof then this agreement shall be deemed cancelled and the monies paid hereunder by the Purchaser shall be refunded to the Purchaser and the Parties hereto shall be released from any liability hereunder except that the Seller

reserves the right but not the obligation to designate another lending institution or to grant the mortgage loan itself at prevailing rates and terms. In the event that written notice is not received by the Sponsor or Sponsor's attorney of the Purchaser's inability to obtain such financing within the said forty-five (45) day period, this provision shall be deemed waived by the Purchaser. If such other lending institution or Seller does not approve the Purchaser within an additional 30 days, then this agreement will be deemed cancelled and all monies paid by Purchaser will be refunded with interest, if any. The instruments furnished by the Purchaser are hereby made a part of this agreement.

Once a Purchaser's mortgage loan application is approved, this Purchase Agreement will be fully binding on both the Purchaser and the Seller according to its terms even if the commitment should expire, subject to the following: If a Purchaser's mortgage loan commitment expires before the closing date set forth herein, the Purchaser will be obligated to make a "good faith effort" to (i) extend the expired commitment or (ii) obtain a new commitment from another lending institution prior to the scheduled closing. However, if Purchaser is unable to secure the extension or to obtain a new commitment after making a good faith effort, Seller shall have thirty (30) days in which to (1) designate another lending institution for Purchaser to apply, or (2) the option to grant or supply Purchaser a mortgage loan itself at the prevailing rates and terms. If Seller is unwilling to grant Purchaser a mortgage or Purchaser is unable to obtain a commitment from a lending institution designated by Sponsor, then the Purchaser will have the right to cancel the Purchase Agreement by giving written notice to the Seller. As used in this paragraph, "good faith effort" includes acceptance of an extension or new commitment at the then prevailing mortgage loan rates and terms and paying any fees required in connection with an extension or new, commitment. In the event the Purchaser does not make a "good faith effort" then the Purchaser's right to cancel will be deemed waived. Upon cancellation, all sums paid on account of the purchase price with interest, if any, shall be returned without delay to Purchaser, and all parties hereto shall be relieved of and from any further liability to each other.

11. Escrow or Bonding of Deposits. The Seller will hold all monies received directly or through its agents or employees hereunder in trust until the closing of title to a Unit or Sponsor may use said funds prior to closing if a bond or an irrevocable letter of credit is posted to insure a return of such payment in the event a Purchaser is entitled to a refund or such monies pursuant to the terms of this Purchase Agreement or the Offering Plan. If no bond or letter of credit is posted, such funds will be held as trust funds pursuant to Section 352-h and 352-e (2) of the General Business Law, in a special account entitled "Waverly Estates Condominium Special Account or similar name in the "Norstar Bank, 1035 Stewart Avenue, Garden City, New York. The signature of David A. Scro, Esq., 1-8 Atlantic Avenue, Farmingdale, New York 11735 shall be required to withdraw such funds. The funds existing in the trust account will be payable to the Seller after the closing of title to the Unit covered by this Purchase Agreement. In the event of default by the Purchaser under this Purchase Agreement, which default continues for thirty days after notice of such default from the Seller to the Purchaser, the down payment plus the cost of any extras ordered may be released to the Seller from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other. If a bond has been posted, it may be withdrawn after such default and notice.

In the event the Seller cannot convey title to the Unit, all monies advanced by the Purchaser hereunder shall be returned to Purchaser with interest, if any. The Seller will not record the Declaration until it has Purchase Agreements for at least 15% in number of all the Units. If the Seller does not record the Declaration within eighteen months of the date of the Offering Plan, all monies advanced by Purchaser will be returned promptly thereafter with interest, if any.

12. Subordination of Purchase Agreement to Building Loan Mortgage. The Purchaser agrees that all terms and provisions of this agreement are and shall be subject and subordinate to the lien of any building loan mortgage on the condominium property heretofore or hereafter made and advances heretofore or hereafter made thereon, and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated there under by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. The Seller shall satisfy all such mortgages or obtain a release of the Unit from the lien of such mortgages at or prior to the closing date, except for the individual mortgage of Purchaser thereon, whether same is by extension, assumption, consolidation or otherwise.

13. Construction of Unit by Seller. The Seller agrees, at its own cost and expense to erect and complete the aforementioned Unit in accordance with the requirements as to materials and workmanship of the Building Department of the Town of Brookhaven and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department. The issuance of a temporary or permanent Certificate of Occupancy shall mean that the Unit is substantially complete, in which event the Purchaser agrees to accept a letter agreement from the Seller wherein the Seller shall agree to complete all unfinished items within sixty (60) days from the date of the closing of title, weather permitting.

14. Personal Property Included in Sale; Excluded Items. All articles of personal property, fixtures and equipment as set forth in the Offering Plan for the Model Type Condominium Unit referred to herein are included in this sale, and same will be delivered free and clear of all liens and encumbrances save and except the lien of the mortgage applied for by Purchasers herein. This sale includes the following items: Heat pump which includes central air conditioning, dishwasher, refrigerator, range, washer/dryer, screens, Builder's electrical fixtures, medicine cabinet in bathroom, and floor surfaces as follows: Bathrooms have ceramic tile floors and base. Living room, dining room, and bedroom will have wall to wall carpeting; kitchen, hall, and utility room will have kentile floors. (For detailed description of property and specifications see the Engineering and Architectural Reports in Schedule C)

Decorative fixtures, furniture, furnishings, custom color paint, wall paper, upgraded carpeting, upgraded ceramic floors, upgraded mirrors and shelves, wall and window treatments, special kitchen cabinets, and fireplace added for decorative purposes exhibited in the Model Units, excepting those specifically set forth herein or in the Offering Plan, are for display purposes only and are not included in this sale.

15. Selection of Colors. It is further agreed **that** wherever the Purchaser has the right to make a selection of colors, fixtures and/or materials as set forth in the **Offering** Plan, he shall do so within seven (7) days after written **demand** therefore. In the event the Purchaser fails to make such selection within such period, the Seller shall have the right **to** use its own judgment in the selection of colors, fixtures **and** materials and the Purchaser shall accept the same. Such written demand shall be by ordinary mail addressed to the Purchaser **at** the address set forth.

16. Sellers Right to Make Changes in Materials, etc. The Seller reserves the right to: (a) make changes or substitutions of materials or construction for items as set forth in the Offering Plan or Building

Plan, provided any such changes are of comparable value and quality; (b) determine the grading, elevation and design (including reversal of the

Unit layout) of all plots and dwellings to fit into the general pattern of the Community; and (c) determine elevation and location of foundations, driveways, walkways, stairs, decks, and streets to conform with the topographical conditions; (d) determine the ultimate house mix in the Condominium; (e) modify driveways, entry walks, size of garage door and location, relocate parking stalls and garage bins, etc., in order to preserve trees and as topographical conditions require; (f) determine location of electric meters and air conditioning compressors.

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

18. Marketable Title, Subject To. The Seller shall give and Purchaser shall accept a good and marketable title subject to the terms of the Declaration and By-Laws as filed and of the Offering Plan, free and clear of all lien and encumbrances except the lien of the mortgage applied for by Purchaser herein and except as set forth in the Offering Plan; and such title as Safeco Abstract Corporation or any other licensed title insurance company will approve and insure for mortgages and/or fee title insurance. Fee title insurance, if ordered by Purchaser, shall be purchased at Purchaser's own cost and expense.

19. Seller's Failure to Convey. The Seller's liability under this agreement for failure to complete and/or deliver title for any reasons other than Seller's willful default,, shall be limited to the return of the money paid hereunder, with interest, if any, and upon the return of said money, this agreement shall be null and void and the parties hereto released from any and all liability hereunder. In any event, the Seller shall not be required to bring any action or proceeding or otherwise incur any unreasonable expense to render the title to the premises marketable or to cure any objection of title.

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

21. Limited One Year Warranty. At the closing of title the Seller will deliver the certificates and warranties delivered to them and transferable to Purchaser or to the Condominium and it is further agreed that title will not close without Purchaser's consent until a Certificate of Occupancy has been issued covering the Unit or Building in which the Unit is located. Seller's liability pursuant to the manufacturers' warranties covering heating, air conditioning systems, appliances, electricity, plumbing and roofing are limited solely to the extent that such warranties are delivered to Seller, transferable to the Purchaser or to the Condominium and then only as against such manufacturer. The Seller will correct material defects in the construction of the buildings due to defective materials or improper workmanship substantially at variance with the plans and specifications, provided that it is notified of such defects in writing by certified mail within one year from the date of closing of title to the first Unit in the building in which the alleged defect exists. The provisions of this paragraph shall survive the closing of title and delivery of the deed.

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

23. Lien of Deposit; Risk of Loss. All sums paid on account of this Agreement- and the reasonable expense of the examination of the title to the Unit are hereby made liens hereon, but such liens shall not continue after default by the Purchasers under this agreement. The risk of loss or damage to the Unit by fire or any other cause until the delivery of the deed or possession of the Unit by Purchaser is assumed by the Seller.

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

25. Possession Prior to Closing. It is expressly understood and agreed that the Purchaser shall in no event take possession of the premises prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this agreement and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove them from the premises as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and upon such election, the amount paid hereunder shall belong to the Seller as liquidated damages. It is further understood and agreed that the Seller will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the property before, on or after the closing of title herein.

26. Execution of Required Documents. Purchasers agree to deliver to Seller all documents and forms including the New York State Transferee Gains Tax Form and to perform all acts required by the Seller to carry out the provisions of the Offering Plan, establish the Condominium, conform to the provisions of all applicable laws and regulations and satisfy any objection of title. This paragraph shall survive delivery of the deed.

27. Delay in Closing; Purchaser's Option to Cancel. In the event the Seller shall be unable to convey title to the Condominium Unit six months after the date of delivery of title set forth herein except for delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing Sponsor from obtaining necessary supplies and/or materials, in which event the period shall be extended to nine months, and except for the Purchaser's default, the Purchaser shall have the option to cancel this agreement and to have the down payment advanced by him returned to the Purchaser with interest, if any. The Seller has the option not to close title to the Condominium Unit described herein if less than 80% of all of the Condominium Units to be constructed as part of the Condominium are sold within 18 months after the date of the initial filing of the Offering Plan, so long as title to any Condominium Unit has not been conveyed and the Declaration has not been filed at such time. In the event Seller exercises such option, it shall forthwith return the Purchaser's down payment with interest, if any.

28. Closing Cost and Adjustments. Purchaser agrees to pay Seller, at the closing of title, New York State Transfer Taxes, and any reimbursement for mortgage recording taxes allocable to the Unit being sold plus any recording charges in connection therewith, and any other governmental charges, recording or filing fees assessed on the transfer of title including any recording fees for the satisfaction or release of lien, if any, on the Unit conveyed. Purchaser also agrees to pay two months common charges to the Condominium at the closing of title representing Purchaser's share of the initial working capital fund of the Condominium. Purchaser shall also be responsible for any and all charges which may be imposed by Purchaser's lending institution. Purchaser will adjust with Seller such taxes, electricity, and common charges as may be determined to be due at the time of closing.

29. Options Ordered by Purchaser. Any special work order or changes ordered by Purchaser shall be signed by the Purchaser and must be paid for in full within seven days of the order. If for any reason the Sponsor fails to install said special work in accordance with the work order, the limit of the Sponsors liability is a refund of the amount of the charge.

Sponsor shall not be liable for damage to any extras ordered directly through a subcontractor or supplier by the Purchaser or other property of Purchaser in the premises prior to closing of title, notwithstanding Sponsor's required consent for such installation or construction.

30. Breach of Purchase Agreement. Should Purchaser violate, repudiate, or fail to perform any of the terms of this agreement, Seller may, at its option retain all of the moneys paid on account plus the cost of optional extras ordered hereunder as liquidated damages, in which event the parties shall be discharged of all further liability hereunder, or Seller may otherwise avail itself of any legal or equitable rights which it may have under this agreement. This provision shall apply whether or not construction has commenced and regardless of any sale of the Unit subsequent to Purchaser's default.

31. Binding Nature of Purchase Agreement, Assignability; Notice. The parties agree that the stipulations and agreements herein contained shall be binding upon them, their respective heirs, executors, administrators and/or assigns. The Purchasers agree that they will not record or assign this agreement or any of their rights hereunder without the written consent of the Seller. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address above given or at such address as either party may hereinafter designate to the other in writing.

32. Broker. The parties agree that no broker except F.P.S. Realty, Inc. brought about this sale and Purchaser agrees to indemnify Seller against any claim brought for brokerage based upon Purchaser's act.

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

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

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

WAVERLY ACRES, INC.

Purchaser

Purchaser

By:_____

Sponsor

SCHEDULE E

POWER OF ATTORNEY

I (We) residing at _____
the owner of Condominium Unit No. _____ in the Condominium
known as _____
Waverly Estates Condominium covering the property located in
Holtsville, Town of Brookhaven, Suffolk County, New York, do
hereby nominate, constitute and appoint the members of the
Board of Managers of Waverly Estates Condominium and their
successors, jointly, my true and lawful attorneys-in-fact,
coupled with an interest, with power of substitution, in my
name and on behalf to acquire, in their own name or in the name
of their designee by deed on behalf of all owners of
Condominium Units in said property, any Condominium Unit whose
owner desires to abandon the same, or which shall be the
subject of a foreclosure sale or in lieu of a foreclosure sale,
at such price and on such terms as my said attorneys-in-facts
shall, in their sole discretion deem proper and thereafter to
convey, sell, lease, sublease, mortgage, vote or otherwise deal
in such Condominium Unit so acquired, at such terms as my
attorneys-in-fact may in their sole discretion determine,
granting to my said attorneys-in-fact the power to do all
things in the said premises which I could do if I were
personally present.

I (We) do hereby further irrevocably nominate, constitute
and appoint Waverly Acres, Inc. and its successors, my true and
lawful attorneys-in-fact coupled with an interest in my name
and on my behalf to vote at any Unit Owners meeting for, and to
file an amendment to the Declaration of Waverly Estates
Condominium permitting the certification by a registered
architect or professional engineer, certifying that the floor
plans filed as part of an amended Declaration are an accurate
copy of portions of the plans of the building and fully and
fairly depict the layout, location, designation and approximate
dimensions of the Units as built or amending such Declaration
to create any utility easements or to carry out any of the
provisions of the Offering Plan of such Condominium.

This power of attorney shall be irrevocable.

IN WITNESS WHEREOF, I (we) have set my (our) hand(s) and
seal this day of _____, 198 .

STATE OF NEW YORK) COUNTY OF NASSAU)

On this day of , 198 , before me
personally came the person(s)
described in and who executed the within Power of Attorney
and acknowledged to me that he executed the same.

Notary Public

DEED

THIS INDENTURE made the day of 198 ,
between Waverly Acres, Inc., a corporation existing under the laws of
the State of New York, having a place of business at 28 Rolling Drive,
Glen Head, New York, Party of the First Part and

residing at
Party of the Second Part;

W I T N E S S E T H ;

That the party of the First Part, in consideration of Ten Dollars
(\$10.00), lawful money of the United States, and other good and valuable
consideration, paid by the party of the Second Part, does hereby grant
and release unto the Party of the Second Part, the heirs or successors
and assigns of the Party of the Second Part forever,

ALL that certain piece or parcel of real property, with the
improvements therein contained, situate and being a part of a
Condominium in Holtsville, Town of Brookhaven, County of Suffolk and
State of New York, known and designated as Unit No. together with a %
undivided interest in the common elements of the Condominium hereinafter
described as the same is defined in the Declaration of Condominium
hereinafter referred to.

The real property above described is a Unit shown on the plans of a
Condominium prepared and certified by

and filed in the office of the Clerk of the County of
Suffolk on the day of 198 as Map No.
defined in the Declaration of Condominium entitled Waverly Estates
Condominium made by Waverly Acres, Inc. under Article 9- B of the New
York Real Property Law dated

, 198 and recorded in the Office of the Clerk of
the County of Suffolk on the day of , 198 ,
in Liber of Conveyances at page covering the property
therein described. The land area of the property is described as
follows:

(PROPERTY DESCRIPTION)
SCHEDULE G

Together with the appurtenances and all the estate and rights of the party of the first part in and to said premises.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, by-laws, rules, regulations and easements all as set forth in the Condominium Documents filed and recorded as aforesaid.

SUBJECT TO: (1) a first mortgage in the sum of \$ made by _____ to _____ dated _____, and recorded on _____ in the office of the _____ in Liber _____ of Mortgages, page _____ which the Party of the Second Part hereby assumes and agrees to pay. (2) The provisions of the Declaration, By-Laws, site plan and floor plans of the Condominium recorded or filed simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded or filed in the office of the Clerk of the County of Suffolk, which provisions, together with any amendments thereto shall bind any person having at any time any interest or estate in the unit, as though such provisions were recited at length herein.

TO HAVE AND TO HOLD the premises herein granted unto the Party of the Second Part, the heirs or successors and assigns of the Party of the Second Part forever.

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

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

The use which the Unit is intended is that of a one family residence, subject to the applicable governmental regulations and the restrictions contained in the Declaration.

This conveyance is made in the regular course of business actually conducted by the Party of the First Part.

The word "Party" shall be construed as if it read "Parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the First Part has duly executed this deed and the Party of the Second Part has duly assumed the mortgage therein referred to, the day and year first above written.

WAVERLY ACRES, INC.

By: _____
Party of the First Part

In presence of:

STATE OF NEW YORK) o SS o «
COUNTY OF)

On this day of , in the year one thousand nine hundred and , before me personally came , to me known, who being by me duly sworn, did depose and say that he resides at No. that he is the of Waverly Acres, 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 the Board of Directors of said corporation and that he signed his name thereto by like order.

Notary Public

SCHEDULE G

DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
OF PREMISES LOCATED SOUTH OF THE LONG ISLAND
EXPRESSWAY AND 1007.50 FEET EAST OF WAVERLY AVENUE
HOLTSVILLE, TOWN OF BROOKHAVEN
COUNTY OF SUFFOLK, STATE OF NEW YORK,
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY
LAW OF THE STATE OF NEW YORK.

NAME: WAVERLY ESTATES CONDOMINIUM

SPONSOR: WAVERLY ACRES, INC.
28 Rolling Drive
Glen Head, New York 11545

DATE OF DECLARATION:

DAVID A. SCRO
ATTORNEY AT LAW
1-8 ATLANTIC AVENUE
FARMINGDALE, NEW YORK 11735

SCHEDULE G
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DECLARATION OF WAVERLY ACRES, INC.
PURSUANT TO ARTICLE 9-B OF THE REAL
PROPERTY LAW OF THE STATE OF NEW YORK

In Holtsville, Town of Brookhaven, County of Suffolk and State of New York on this day of , 198 ,
Waverly Acres, Inc., a corporation organized and existing under the laws of the State of New York, whose principal office is situated in Glen Head, County of Nassau, State of New York, hereinafter referred to as the "Owner" represented in this Declaration by , who is fully empowered and qualified to execute this Declaration on behalf of the said corporation does hereby state;

FIRST: Submission of Property. By this Declaration the Owner submits the property described in this Declaration, including the land and the Building and other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Owner owns all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in Holtsville, Town of Brookhaven, County of Suffolk and State of New York, and more particularly described in Schedule B annexed hereto.

THIRD: Definitions.

(a) The Owner of each Unit is hereinafter referred to as the "Unit Owner." Every Unit Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Unit Owner's vote referred to in Paragraph EIGHTH of this Declaration and By-Laws.

(b) "Unit" as hereinafter referred to shall be defined as follows: Each Unit is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower surface of the concrete slab forming the first floor of the Unit up to the exterior surface of the sheetrock forming the ceiling of the first floor in the case of a one story Unit and the second floor in the case - of a two story Unit. Doors, windows, interior walls and fireplaces which abut a Unit are part of the Unit. The Description of Units set forth herein pertains to the

(c) location of the walls, floors and roof of the Units as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration.

(d) A "Building" as hereinafter referred to shall be defined as a number of Units all of which are constructed under a continuous roof.

(e) "Party Wall" as hereinafter referred to shall be defined as a wall which is common to and separates two Units.

(f) "Condominium" as hereinafter referred to shall mean Waverly Estates Condominium which is composed of the Unit Owners.

(g) "Unit Owner" - means the person or persons "owning a unit in fee simple absolute.

FOURTH: Community. The Sponsor is constructing on the parcel of land described above a Condominium Unit Community known as Waverly Estates Condominium according to the plans filed simultaneously with the recording of this Declaration in the office of the Clerk of Suffolk County, which Plans set forth a description of the buildings stating the number of stories and number of Units.

The Community will consist of 66 Units to be located in seven (7) buildings as set forth on the Plot Plan filed simultaneously herewith. The Units are wood frame construction with poured concrete foundation and concrete slab. Each of the Units has access to a public street by means of a walk or driveway. For the purposes of describing the location of the buildings, approximate area, type and number of rooms of each Unit and the common elements to which each Unit has an immediate access, each Unit is described as Unit No. 1-66. Each Unit will be sold to one or more Owners each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Unit, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration, and referred to as the "common elements", all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the Sponsor and the Unit Owner at the time of construction of the Unit.

The aforesaid Community has a total plot area of approximately 10.033 acres.

FIFTH: Common Elements. The common elements of the Community will consist of all of the Community, except the Units, including, but without limitations, outside walls and roofs of the building, the land, building and improvements (other than the Units) comprising the Community (including the land under the Units and under the improvements), recreational facilities, all utility or other pipes and material located outside of the Units.

IRREVOCABLY RESTRICTED AREAS

Certain portions of the common elements are irrevocably restricted in use to specified Unit Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Unit or common element and subject to the rules of the Board of Managers (see By-Laws, Article VIII). Any portion of the common elements which is not restricted in use may be used by any Unit Owner. The common elements are not subject to partition nor are they severable from the Units except in accordance with the Real Property Law. Following are detailed descriptions of the irrevocably restricted common elements:

1. The land which is located directly beneath each Unit is restricted in use to the Owner of such Unit.

2. The heat pump unit located in the common elements adjacent to each Unit and serving such Unit, is restricted in use to the Owner of such Unit.

3. The attic storage area situated above a platform initially installed by sponsor in some Units and located above the pull down stairs in such Unit is restricted in use to the Owner of the Unit having direct access to the platform from the pull down stairs. /

4. Designated reserved parking areas for each Unit.

5. Patio area outside each Townhouse Condominium.

The common elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law.

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

The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned in the conveyance or other instrument.

SIXTH: Easements. All pipes, wires, conduits and public utility lines located within each Unit shall be owned by such Unit

Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements including electric meter banks located on the exterior of a Unit and servicing one or more other Units, will be owned in common by the Units Owners. The Board of Managers shall have a right of access to all common elements for the maintenance, repair or improvement whether such common elements are restricted or not.

The Sponsor, its successors, assigns, and purchasers, reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of Units and facilities in the Condominium and, towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television and other utilities and for any other materials or service necessary for the completion of the work. The Sponsor, its successors, assigns, and purchasers, also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Finally, the Sponsor, its successors, assigns and purchasers reserve the right to continue to use the common elements and any facilities, sales offices, model Units, signs and parking spaces located on the common elements, in the Sponsor's efforts to market Units constructed in the Condominium. This paragraph shall not be amended without the consent of the Sponsor.

SEVENTH: Service of Process: Service of process on the Unit Owners in any action with relation to the common elements shall be made upon the Board of Managers of Waverly Estates Condominium, Long Island Avenue, Holtsville, Town of Brookhaven, County of Suffolk, New York.

EIGHTH: Common Interest. Each Unit Owner shall have such percentage interest in the common elements as is set forth in Schedule A attached hereto and shall bear such percentage of the common expenses of the Condominium. Each Unit Owner shall have one vote for all voting purposes at any meeting of the Unit Owners. The percentage of interest of each Unit in the common elements has been based on a equal percentages within separate classification of Units as of the date of recording this Declaration.

NINTH: Administration. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of the By-Laws which are made a part of this Declaration and are attached hereto.

TENTH: Amendments and Withdrawal

(a) The dedication of the property to Condominium ownership herein shall not be revoked or the property withdrawn from Condominium ownership unless 80% of the Unit Owners in number and in common interest and the first mortgagees, if any, of each of these same Units agree to such revocation or removal of the property from the Plan by duly recorded instruments.

(b) The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of 80% of the Unit Owners in number held at a duly called meeting of the Unit Owners, provided however, that:

(i) No amendment shall change any condominium parcel, nor a Unit Owner's proportionate share of the common charges, nor the voting rights appurtenant to any Unit, unless all of record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same Units agree to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees.

There shall be a presumption for a period of 60 days subsequent to the recording of the amendment that the vote of the Unit Owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the 60 day period such presumption will be deemed conclusive.

(c) Any amendment to this Declaration shall not take effect until it is recorded in the office of the Clerk of the County of Suffolk.

Irrespective of any other provision of this Declaration, no action for partition or division of the common elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

ELEVENTH: Subject to Declaration, By-Laws, etc. All present or future Unit Owners, future tenants, if any, or any other person that might use* the facilities of the Community in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Units of the Community or the mere act of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Unit Owner shall constitute a lien on his Unit prior to all other liens except: (a) tax or assessment liens on the Unit by the taxing subdivisions of any governmental authority, including but not limited to State, County, Village, and School District taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Unit. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorney's fees (but such right shall not be a lien against the Unit). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Unit Owners as a common expense. However, where the holder of an institutional mortgage of record, or other purchaser of a Unit at a foreclosure sale of an institutional mortgage, obtains title to the Unit as a result of foreclosure, or the institutional mortgage holder obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Unit shall not be subject to a lien for the payment of common charges chargeable to such Unit which were assessed and became due prior to the acquisition of title to such Unit by such acquirer. In such event, the unpaid balance of common charges will be charged to all other Unit Owners as a common expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a bank, savings and loan association, life insurance company, mortgage company, pension fund, trust company or other institutional lender or a mortgage granted by the Sponsor to a purchaser of a Unit or in which the Sponsor participates with one of the above.

Every Unit Owner shall pay the common charges assessed against him when due and no Unit Owner may exempt himself from the liability for the payment of the common charges assessed against him by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Unit. However, no Unit Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Unit made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and By-Laws.

THIRTEENTH: Units Acquired by the Board. In the event any Unit Owner shall convey his Unit to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Unit at a foreclosure sale in accordance with Article IX of the By-Laws, title to such Unit or the rights to the lease of such Unit shall be held by the Board of Managers or its designee on behalf of all other Unit Owners.

In order to carry out the provisions of this paragraph each Unit Owner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or lease any such Unit under whatever terms the Board may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Unit under such terms as the Board in its sole discretion shall deem proper.

FOURTEENTH: Encroachments. The Unit Owners agree that if any portion of a Unit or the common elements (whether restricted in use to an individual Unit Owner or not) encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the building is partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and is rebuilt, the Unit Owners agree that encroachments of any portion of the Unit or the common elements as aforescribed due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the building or reconstructed building shall stand.

FIFTEENTH: Unit Ownership. Upon the closing of title to a Unit, a purchaser shall automatically become a Unit Owner in the Condominium and shall remain such until such time as he ceases to own the Unit for any reason.

SIXTEENTH: Conveyance of a Unit. In any conveyance of a Unit, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the Grantee of the Unit shall be jointly and severally liable with the Grantor for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid common charges against the Grantor and such Grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for any unpaid common charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other purchaser of a Unit at a foreclosure sale of an institutional mortgage.

SEVENTEENTH: Covenants and Restrictions. The use of the Unit by the Unit Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Managers and the following covenants and restrictions:

(a) the Unit and area restricted to the Unit Owner's use shall be maintained in good repair and overall appearance.

(b) No alterations to the exterior of the Unit or any part of the common elements may be made and no structure may be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. Alterations which would not impair the structural soundness of the Building may be made without the consent of the Board of Managers. Any alteration that would impair the structural soundness of the Building requires the written consent of the Board of Managers. Consent must be requested in writing to the to the President of the Board of Managers. The above provisions of this paragraph shall not apply to Sponsor. Any alteration or improvement must be within the rules and regulations of the Town of Brookhaven.

(c) Any Unit Owner who mortgages his unit shall notify the Board of Managers providing the name and address of his mortgagee.

(d) The Board of Managers shall, at the request of the mortgagee of the Unit, report any unpaid common charges due from the Unit Owner of such Unit.

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

(f) No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(g) Regulations promulgated by the Board of Managers concerning the use of the property shall be observed by the Unit Owners, provided, however, the copies of such regulations are furnished to each Unit Owner prior to the time the said regulations become effective.

(h) The common charges shall be paid when due.

(i) No Unit Owner may alter the landscaping located on the common elements. In no event may a Unit Owner remove any existing trees from the common elements without the written consent of the Board of Managers.

(j) Covenants and Restrictions recorded in Liber 10110 cp 532 dated July Unit Number 24, 1986.

(k) Right of Way Liber 9873 cp 151 and prior deeds.

EIGHTEENTH: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no way affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

WAVERLY ACRES, INC.

BY: _____

STATE OF NEW YORK)
: SS: •:
COUNTY OF NASSAU)

On this day of , in the year one thousand nine hundred and , before me personally came , to me known, who being by me duly sworn, did depose and say that he resides at No. that he is the of WAVERLY ACRES, 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 the Board of Directors of said corporation and that he signed his name thereto by like order.

SCHEDULE A

<u>Model Type</u>	<u>Unit Number</u>	<u>Percentage of Common Interest</u>	<u>Approximate Area in Square Feet</u>	<u>Type and Number of Rooms</u>
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TO BE COMPLETED PRIOR TO THE RECORDING OF THE DECLARATION

SCHEDULE B

ALL that certain plot, piece or parcel of land, situate, lying and being at Holtsville, Town of Brookhaven, County of Suffolk and State of New York more particularly bounded and described as follows:

BEGINNING at a point on the northerly side of Long Island Avenue, said point being distant 1007.50 feet easterly from the corner formed by the intersection of the northerly side of Long Island Avenue and the easterly side of Waverly Avenue; thence northerly along the arc of a curve bearing to the left having a radius of 30.00 feet and a length of 43.02 feet and North 02 degrees 49 minutes 30 seconds East 361.75 feet; thence westerly North 87 degrees 10 minutes 30 seconds West 87.82 feet; thence North 02 degrees 49 minutes 30 seconds East 1885.03 feet to the southerly side of Long Island Expressway (S.R. 495) (South Frontage Road); thence easterly along the southerly side of Long Island Expressway (S.R. 495) (South Frontage Road) along the arc of a curve bearing to the right having a radius of 1470.00 feet and a length of 48.32 feet and South 86 degrees 10 minutes 24 seconds East 169.22 feet; thence southerly South 02 degrees 34 minutes 40 seconds West 1882.04 feet; thence westerly North 87 degrees 10 minutes 30 seconds West 87.82 feet; thence southerly South 02 degrees 49 minutes 30 seconds West 346.60 feet and along the arc of a curve bearing to the left having a radius of 30.00 feet and a length of 51.23 feet to the northerly side of Long Island Avenue; thence westerly along the northerly side of Long Island Avenue South 84 degrees 58 minutes 50 seconds West 111.04 feet to the POINT OR PLACE OF BEGINNING.

SCHEDULE H

BY-LAWS OF
WAVERLY ESTATES CONDOMINIUM

DAVID A, SCRO
ATTORNEY AT.LAW
1-8 ATLANTIC AVENUE
FARMINGDALE, NEW YORK 11735

.....

BY-LAWS

OF

WAVERLY ESTATES CONDOMINIUM

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BY-LAWS
OF
WAVERLY ESTATES CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Unit Ownership. The property located at Holtsville, Town of Brookhaven, County of Suffolk, as specifically set forth in the Declaration and more commonly known as Waverly Estates Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the building and improvements thereon including the Condominium Units (hereinafter referred to as "Units"), and the common elements and the use and occupancy thereof, the term "Building" as hereinafter used shall be defined as the exterior walls and roof of a Unit or number of Units all of which are constructed under a continuous roof or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Units.

Section 3. Personal Application. All present or future Unit Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Community in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Units or the mere act of occupancy of any of said Units will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The condominium shall be limited to Unit Owners. "Unit Owner" as referred to herein shall mean all of the owners of each Unit.

Section 2. Voting. Each Unit Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Units) shall be entitled to cast one vote at all Unit Owners' meetings for each Unit or Units owned by such Unit Owner, but the Board of Managers shall not cast any of its votes for the election of any member of the Board. Where ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Unit Owner's vote. (One vote per Unit)

Section 3. Quorum. So many Unit Owners as shall represent at least 51% of the total authorized votes of all Unit Owners present in person or represented by written proxy shall constitute a quorum at all meetings of the Unit Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Unit Owners, the Unit Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Unit Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Unit Owners, unless the question is one upon which, by express provisions of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Unit Owners, every Unit Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. Waiver and Consent. Whenever the vote of Unit Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meeting. Meetings shall be held at such suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings - Control of Board of Managers by Sponsor. Within one year after the transfer of title to the first Unit, the Sponsor shall call the first annual Unit Owners meeting.

Thereafter annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Unit Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them. The Sponsor will have voting control of the Board of Managers until the fifth anniversary of the recording of the Declaration or until 90% of the Units in the Condominium are closed, whichever occurs first. At the fifth annual meeting, and at

all successive meetings. Sponsor may not designate a majority of the Board of Managers but may cast its votes to elect no more than two members of the Board of Managers.

Section 10. Special Meetings. It shall be the duty of the President to call a Special meeting of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners having been presented to the Secretary. c

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Report of Officers
- (e) Report of committees
- (f) Election of inspectors of election (in the event there is an election)
- (g) Election of Managers (in the event there is an election)
- (h) Unfinished business
- (i) New Business

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term. The affairs of the Condominium shall be governed by a - Board of Managers. The first Board of Managers shall consist of three Managers designated by the Sponsor who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of the Unit Owners. Within 60 days of the closing of title to the first Unit, the Sponsor will, at a duly called meeting of the Board, elect one (1) Unit Owner who is independent of the Sponsor to the first Board of

Managers, to serve until the first annual meeting of the Unit Owners. Until succeeded by the Managers elected at the first annual meeting of the Unit Owners, Managers need not be Unit Owners; thereafter, all Managers other than designees or nominees of the Sponsor shall be owner-occupied Unit Owners. The Managers shall be elected at the annual meeting of the Unit Owners. At the first annual meeting of Unit Owners called pursuant to Section 9 of Article II, five (5) Managers shall be elected by the Unit Owners. The term of office of two of the Managers shall be fixed for three (3) years, the term of office of two of the Managers shall be fixed at two (2) years, and the term of office of one of the Managers shall be fixed at one (1) year. Separate ballots shall be conducted for each of the three terms of office. Each Unit Owner shall be entitled to cast one vote on each ballot for each Unit he owns in accordance with Article II of these By-Laws and the terms of the Declaration. The two or one nominees on each of the ballots, as the case may be, receiving the highest number of votes on their ballot shall constitute the duly elected Board of Managers. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years.

The Managers shall hold office until their successors have been elected and hold their first meeting. Notwithstanding the foregoing, the Sponsor shall have the right to designate three members of the Board of Managers, who do not have to be Unit Owners, until the fifth anniversary of the recording of the Declaration of Condominium or until 90% of the Units in the Condominium are closed, whichever occurs first. After Sponsor turns over control it will have the right to designate one member of the Board so long as it continues to own at least one Unit. This Section one (1) may not be amended without the written consent of Sponsor.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining Managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term of such vacancy. If the vacancy occurs with respect to any member of the first Board of Managers (see Section 4 of this Article III) who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term.

Section 3. Removal. Managers other than Sponsor designated managers may be removed for cause by an affirmative vote of the majority of the Unit Owners. No Manager other than a member of the First Board of Managers shall continue to serve on the Board if, during his term of office, he shall cease to be an owner- occupied Unit Owner.

Section 4. First Board of Managers. The first Board of Managers shall consist of Mary-Anne Martino, David A. Scro, and Paul Martino, who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Unit Owners. Within sixty (60) days of the closing of title to the first Unit, the Sponsor will, at a duly called meeting of the Board, elect one Unit Owner, who is independent of the Sponsor, to serve on the Board of Managers. Any or all of said Managers shall be subject to replacement in the event of the resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers.

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

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of the amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Unit Owners pro-rata according to their respective common interest;

2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Units, Buildings, and other common elements;

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

4. To enter into and upon the Units when necessary and at as little inconvenience to the Unit Owners as possible in connection with the maintenance, care, and preservation of the property;

5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

6. To insure and keep insured the common elements and Units in accordance with Article VII of these By-Laws;

7. To collect delinquent assessments by suit or otherwise,

to abate nuisances and to enjoin or seek damages from the Unit Owners of the property for violations of the house rules or rules and regulations herein referred to;

8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Unit Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Unit.

9. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of a manager in connection with the matters hereinabove set forth.

10. To bring and defend actions by or against more than one Unit Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation.

11. To acquire Units in foreclosure or as a result of abandonment and to take any or all steps necessary to repair or renovate any Unit so acquired and to vote as a Unit Owner, offer such Unit for sale or lease or take any other steps regarding such Unit as shall be deemed proper by the Board of Managers;

12. To make additions, alterations, or improvements to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed \$5,000. The Board of Managers may make additions, alterations or improvements to the common elements costing in excess of \$5,000.00 only with the approval of a majority of the Unit Owners. While the Sponsor is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of \$2,500.00 or enter into service or maintenance contracts the duration of which will extend more than one year after the Sponsor loses control of the Board of Managers, only with the approval of a majority of the Unit Owners, excluding the Sponsor, voting at a duly held meeting of the Unit Owners.

13. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that (i) the consent of at least 66-2/3% in number of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the common elements without the written consent of the Owner of said Unit.

14. To institute proceedings to contest the real estate tax assessment against the units with the consent of the Unit Owners who agree to subscribe to such application.

15. To adopt House Rules.

(b) The Board of managers may, by resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) managers or Unit Owners one of whom shall be a manager, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

(c) Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor or its designee shall continue to own Units representing 5% or more in common interest, or five years after the date of the filing of the Declaration of Condominium whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent: (i) make an addition, alteration or improvement to the common elements or to any Unit, costing cumulatively more than \$5,000.00, the foregoing not to include necessary repairs and maintenance work, or (ii) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium ownership, or (iv) enter into service or maintenance contract for work not covered by contracts in existence on the date the said Plan is declared effective or (v) borrow money on behalf of the Condominium, or (vi) increase or reduce the services or maintenance set forth in Schedule B of the Waverly Estates Condominium Offering Plan. The provisions of this paragraph may not be amended without the written consent of Sponsor.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls, roof and roof members as well as all* maintenance, repairs and replacements to any public utility lines as are located in the common elements and serve one or more Units, and exterior maintenance shall be a common expense. All maintenance (including electrical and plumbing repairs in the Units and painting and decorating of the inside of the Units), repairs and replacements to the Units including windows (including all glass breakage), doors, windows and doors which open from a Unit (except painting and maintenance of the exterior surface which is performed by the Board of Managers), and repairs to the heating and air conditioning system, pipes, wires and conduits located within or without the same Unit other than as set forth above shall be made by the respective Unit Owners at their own expense. Any replacement of windows, glass or doors is subject to the approval of the Board of Managers. However, the Board of Managers shall repair and replace any public utility lines located underground or overhead of any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Unit Owner to which the common element is restricted in use, in which event such Unit Owner

shall make such repairs or replacements at his own expense. The Board of Managers and its agents, employees and contractors shall have a right of access to any Unit and to all common elements for the purpose of carrying out of its obligations under these By- Laws or the Declaration of the Condominium. The Board of Managers will provide snow removal for the roadways located on the property. All replacements, repairs, painting or maintenance, whether made by the Unit Owner or by the Board of Managers to the doors, windows, or the exterior surface of the Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such manner so as to conform to the materials, style and color initially provided by the Sponsor. In the event that a Unit Owner fails to make any maintenance or repair which maintenance or repair is necessary to protect any of the common elements or any other Unit, the Board of Managers shall have the right to make such maintenance and repair (after the failure of the Unit Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of any emergency situation) and to charge the Unit Owner for the cost of such repairs and/or maintenance. In the event the Board of Managers charges a Unit Owner for the repairs and maintenance to his Unit or for the repairs to any common elements restricted in use to such Unit Owner, and the Unit Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Unit Owner shall be liable for the reasonable attorney's fees and costs of such suit or proceeding together with interest on all sums due.

Section 7. Compensation. Managers and officers, as such, shall receive no compensation for their services.

Section 8. Meetings.

(a) The first meeting of each Board newly elected by the Unit Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Unit Owners -meetings, and immediately after the adjournment of same, at which the dates, places and times of regularly scheduled meetings of the Board shall take place.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days notice to each Manager either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in the like manner and on like notice on the written request of at least three (3) Managers.

(d) At all meetings of the Board, a majority of the Managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as- . ,~may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meetings of Managers, the Managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such

waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Unit Owners, their mortgagees and the Department of Law of the State of New York and shall present annually (at the annual meeting, but in no event later than four months after the close of the fiscal year) and when called for by a vote of the Unit Owners at any special meeting of the Unit Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Unit Owner and a notice of the holding of the annual Unit Ownership meeting.

Section 10. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

Section 11. Management Agent. The Board of Managers may employ for the Condominium a management agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, all of the delegable duties of the Board listed in this article. While Sponsor is in control of the Board of Managers it will not enter into contracts which bind the Condominium for a period of more than two years (except Cable Television Agreements which shall not be controlled by the Board) after the recording of the Declaration unless the contract provides that it may be cancelled by the Condominium upon 90 days notice.

Section 12. Liability of the Board of Managers, Officers and Unit Owners. Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers, as agents for the Unit owners as a group only and that no member of the Board of Managers, Officer of the Condominium nor individual Unit Owner shall be liable for such contract, agreement or commitment. The Unit Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Unit Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Unit Owners. The Board of Managers and Officers of the Condominium shall have no liability to the Unit Owners in the management of the Community except for willful misconduct or bad faith and the. Unit Owners shall severally indemnify all members of the Board of Managers and Officers of the Condominium against any liabilities or claims arising from the acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of willful misconduct or acts made in bad faith. Such several liability of the Unit Owners shall, however, be limited as to each Unit Owner to such proportion of the total liability thereunder as such Unit Owner's common interest bears to the common interest of all Unit Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, secretary and a treasurer. The Board of Managers may also choose one or more assistant secretary and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be owner-occupied Unit owners or designated by Sponsor to the Board of Managers. Except for the initial Board designated by Sponsor, two or more offices may not be held by the same person or by Unit Owners from the same Unit.

Section 2. Election. The Board of Managers at its first meeting after each annual Unit Owners Meeting shall elect a president, a vice-president, a secretary and a treasurer. Only the president must be a member of the Board.

Section 3. Appointive Officers. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time, to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole of the Board of Managers. If the office of any officer

becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Unit Owners and Managers, he shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board are carried into effect and shall have other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice president of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Unit Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Unit Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Condominium.

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

Section 9. Agreements, etc.. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to

the Board of Managers, any Manager or Unit Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Managers, such Manager or Unit Owner at such address as appears on the books of the Condominium.

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

ARTICLE VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Unit Owner and

mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from the prior years. The total annual requirements shall be assessed as a single sum against all Units and prorated against each of said Units according to the respective common interest appurtenant to such Units. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Unit or the common elements restricted to the use of the Unit Owner of said Unit. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for the regular assessments. The Unit Owner agrees to pay promptly when due the monthly and all special assessments assessed against his Unit. In the event of default in the payment of monthly common charge assessments by any Unit Owner, the Board, at its sole option, may declare the common charge assessment on said Unit Owner's Unit for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board shall send notice to the delinquent Unit Owner and the mortgagee, if any, of such Unit giving the Unit Owner a five day grace period in which to make his payment. The Board may charge the delinquent Unit Owner a fee of not more than twenty dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate may also be collected by the Board on the common charge assessment from its due date to the date payment is actually received from the Unit Owner. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments.

The Board shall take action to collect any common charges due from any Unit Owner which remains unpaid 90 days from its due date by way of foreclosure of the lien on such Unit in accordance with Section 339 of the Real Property Law or otherwise.

No Unit Owner shall be liable for any common charges which accrue against his Unit subsequent to a sale, transfer or other conveyance by him of his Unit in accordance with these By-Laws and the Declaration. A purchaser of a Unit (other than a mortgagee or a purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Unit and unpaid at the time of the purchase.

Section 3. Foreclosure of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Unit at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Unit because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Unit. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Unit.

Section 4. Statement of Common Charges. Upon the written request of any Unit Owner or his mortgagee, the Board shall promptly furnish such Unit Owner or his mortgagee with a written statement of the unpaid common charges due from such Unit Owner.

Section 5. Liability for Electricity. All electricity consumed in the Units shall be an expense of each individual Unit Owner.

Section 6. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account", into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Units. Disbursements from the said account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements for the purchase, lease, sale or other expenses resulting from the purchase or lease of Units.

Section 7. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purpose.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring all of the Building in the Condominium (but not including furniture, furnishings or other personal property supplied or installed by Unit Owners), together with all heating, air conditioning and other service machinery, contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, in the amount equal to the full replacement value of the Building. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the

approval of the Insurance Trustee, and that the net proceeds thereof, if \$40,000 or less, shall be payable to the Board of Managers, and if more than \$40,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Unit in an amount as required by the mortgagee of such Unit and such amount will be increased upon the closing of title to all Units and until the first meeting of the Board of Managers following the first Unit Owners meeting, such amount shall be at least in the sum of \$4,500,000 if all the buildings are complete.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice of all of the insured, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member Of the Board of Managers and each Unit Owner. Such public liability coverage shall also cover liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Unit Owners meeting, such public liability insurance shall be in a single limit of \$1,000,000 covering all claims for bodily injury and for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Unit.

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

Section 2. The Insurance Trustee. A New York bank or trust company shall be the Insurance Trustee. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located i n the State of New York.

Section 3. ^v Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Units are destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with the repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Buildings (including any damaged Units, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners in the Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess ' of the insurance proceeds shall constitute a common expense and the Board of managers may assess all the Unit owners for such deficit as part of the common charges.

If 75% or more of the units- are destroyed or substantially damaged and 75% or more of the Unit owners do not duly and promptly resolve to proceed with the repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first Paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration) then the excess of such insurance proceeds shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective common interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

Waverly Estate Condominiums

House Rules & Regulations

WAVERLY ESTATE CONDOMINIUM ASSOCIATION HOUSE RULES and ADDENDUMS INDEX

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II. ADDENDUMS

A.	INSURANCE - JUNE 15, 1999
B.	INSURANCE - JUNE 15, 2000
C.	INSURANCE - MARCH 16, 2004
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E.	INSURANCE - JUNE 4, 2007
F.	INSURANCE - JUNE 17, 2008
G.	INSURANCE - JUNE 5, 2009

HOUSE RULES WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

Article VIII - House Rules (original can be found on page 126 of your prospectus)

- Section 1 -** In addition to the other provisions of these By-Laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Units and the conduct of all residents thereof.
- Section 2 -** All Units shall be used for residential purposes only.
- Section 3 -** Owners of a Unit, members of their families, their employees, guests and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said owners, or in such a way as to injurious to the reputation of the Condominium.
- Section 4 -** The common elements shall not be obstructed, littered, defaced or misused in any manner.
- Section 5 -** Every Unit Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Unit Owner or such other person for whose conduct he is legally responsible.
- Section 6 -**
- (a) Every Unit Owner must perform promptly all maintenance and repair work to his own Unit which, if omitted, would affect the Community in its entirety or in a part belonging to other Unit Owners, or the building of which his Unit forms a part, he being expressly responsible for the damages and liabilities that his failure to do so may engender.
 - (b) All the repairs to internal installations of the Unit located in and servicing only that Unit, such as telephone and sanitary installations shall be at the Unit Owner's expense.
- Section 7 -** A Unit Owner may not make any alterations to the exterior of the Unit or any part of the common elements nor may any structure be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Unit which would impair the structural soundness of the building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the President of the Board of Managers. This paragraph shall not apply to the sponsor. Any alteration or improvement must be within the rules and regulations of the Town of Brookhaven.
- Section 8 -**
- (a) No resident of the Community shall post any advertisement or posters of any kind (including inside or outside windows) in or on the Community except as authorized by the Board of Managers. This paragraph shall not apply to the Sponsor who reserves the right to advertise or sell any unsold units in any manner that the Sponsor shall deem proper. This paragraph may not be amended and / or restricted by any other By-Law without the express written consent of the Sponsor.

- (b) It is prohibited to hang garments, rugs, etc. from the windows or from the Building or to string clothes lines on or over the common elements or to use any of the common elements (including patios and porches) for storage purposes.
- (c) No Unit Owner shall paint the exterior surfaces of the windows, walls or doors opening out of his unit.
- (d) No fence or gate shall be erected in the Community without the prior written consent of the Board of Managers nor may any existing wall or fencing be altered or painted without the written consent of the Board of Managers.
- (e) Commercial license plate vehicles may not be parked in the Community parking spaces.
- (f) Unless otherwise approved in writing by the Board of Managers, the Owner of each Unit may only park two (2) automobiles for each Unit owned by such Unit Owner in the Community parking spaces.
- (g) No television antennae shall be erected on the exterior of any unit or the common elements without the prior written consent of the Board of Managers.

Section 9 - New house rule effective 10/1/93 - It is understood that the responsibility for all common, and / or maintenance charges along with any additional or special assessment (s) are the sole responsibility of the condominium unit owner. As such, the payment must be drawn from the personal checking account of the individual (Not business or tenant) unit owner. Since it is further understood that some unit owners may not have a personal checking account, a bank (or tellers) check or money order is acceptable. However, in that case, a statement must be attached to the payment which states " Please be advised since I (we), the owners of unit # (unit #) do not have a personal checking account, I (we) have sent a bank check (teller's check or money order) to satisfy my (our) common charges (maintenance charges or special assessment)." This statement must accompany each payment and needs to be signed and dated.

Payment by electronic mail is also acceptable as long as the statement includes the unit owner's name.

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 10
Sale of Units
Implemented November 1,1995

Contract of Sale of Unit

Any unit owner, upon the signing of a Contract of Sale of their unit, must contact the Board of Managers with the following information:

- * Seller's attorney - Name, address, telephone number, fax number and contact person.
- * Buyer's name(s)
- * Buyer's attorney - Name, address, telephone number, fax number and contact person.
- * Estimated date of closing, if known.

Prior to closing - 30 days

- * Seller must transfer original Prospectus and By-Laws to buyer or buyer's attorney and provide to the Association, a signed statement that such transfer has occurred. If the original prospectus cannot be ascertained, the seller must pay to the Association, the fee of \$ 55.00 to cover reproduction costs.
- * Seller must pay to the Association:
 1. Seller's administrative fee \$ 150.00 to cover cost of necessary paperwork and verbal communications provided to attorneys and mortgagors.
 2. All common charges through the end of the month in which the closing is to take place.
 3. All outstanding assessments must be paid in full.
 4. All outstanding fines, fees or penalties.

Upon satisfaction of all the above, your attorney and bank will be provided with a Seller's Satisfaction Statement indicating that all accounts have been settled.

Adopted by the Board of Managers on June 6, 2002

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 5
IMPLEMENTATION - June 1,2003

Any Unit Owner who directly or indirectly destroys or defaces the property belonging to Waverly Estate Condominium Association through the negligence of a pet, vehicle, child, hired contractor, guests or by their own negligence will be assessed to the extent of all repairs or replacement of that property.

Adopted by the Board of Managers on June 13,1999.

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC. HOUSE RULE, Article VIII, Section 12 Schedule of Fines and Fees
Implemented MARCH 10, 2001

Any unit owner, child or guest of a unit owner, who is observed by a Board member committing any of the following infractions will be fined in accordance with the 'Powers and Duties of the Board of Managers, item 6, in "Compliance with Terms of Declaration, By-Laws and Rules and Regulations" of the Waverly Estate Condominium Association By-Laws.

DESCRIPTION OF VIOLATION	Please refer to individual House Rule for rules and regulations.		First	Subsequent
			Offense	Offenses
<u>VEHICLES AND PARKING</u>				
15 minute curbside parking			\$ 50.00	\$ 50.00
Handicapped parking without permit			\$100.00	\$125.00
Commercial vehicles including livery plates			\$ 35.00 /day	
All other parking infractions			\$ 50.00	\$ 100.00
<u>PETS</u>				
Unleashed animal or animal walked in unauthorized areas - all infractions			\$ 25.00 I" \$	
Failure to pick up Animal Waste - all infractions			50.00 All subsequent offenses \$ 50.00	
Urinate or defecate in unauthorized areas - all infractions				\$ 50.00 2 nd \$
<u>GARBAGE & DEBRIS</u>				
				100.00 \$
				100.00 \$
All infractions - household & corrugated \$ 50.00/ item plus carting fee				100.00
Unauthorized use of dumpster for construction debris				\$200.00/occurrence plus carting fee
<u>LATE FEE. PENALTIES AND BANK FEES</u> /				
Late fees - applicable after 15 th of month or net terms				\$ 20.00 /month
Interest on common charges & special assessments - applicable on balances after the 15 th of the month				1.5 %
Interest on fines and fees - applicable 30 days from date of invoice				1.5%
Returned check fee				\$ 30.00
<u>FIRE ALARM INSPECTIONS</u>				
Return inspection fee by fire alarm inspector (subject to change each year)				\$ set by inspector
Daily rate for non-compliance after initial warning				\$ 25.00/day
<u>OTHER FINES AND FEES</u>				
Unit occupancy - Any owner who rents or otherwise leases unit			\$ 1,000.00/month or part thereof \$	
Small Claims Court appearance				500.00 \$
Homeowners insurance - failure to provide proof				5.00/day \$
Seller's Administrative Fee - upon transfer of ownership				150.00 \$ 50.00 \$
Refinance Administrative Fee				55.00 \$
Prospectus				50.00/day \$
Children's swimming pools -^11 infractions Patio Deck				500.00
Application deposit				

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 13
IMPLEMENTATION - June 5, 2004, rev March 5, 2010**

LATE FEES. PENALTIES AND/OR BANK FEES

In addition to fees previously defined in House Rule, Article VIII, Section 12 and in accordance with the Bylaws of the Waverly Estate Condominium Association, effective June 26, 2002, in addition to the \$ 20.00 late fee, owners will be charged interest at the rate of 1-1/2 % on any outstanding money due the Association on the 15th of the month.

Adopted by the Board of Managers on June 6, 2002

HOUSE RULE, Article VIII, Section 14
WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
IMPLEMENTATION JUNE 26, 2002

RULES OF PLAY IN TENNIS COURT AREA

1. HARD BALL PLAYING OF ANY KIND INCLUDING BUT NOT LIMITED TO BASEBALL, LA CROSS, RACKET BALL AND HANDBALL, IS STRICTLY PROHIBITED.
2. HOCKEY PLAYING WITH THE USE OF A HOCKEY PUCK IS STRICTLY PROHIBITED.
3. ROLLER BLADING, ROLLER SKATING, SKATEBOARDING, BICYCLE RIDING AND / OR USE OF A GO CART OR SCOOTER WITHIN THE FENCED AREA IS STRICTLY PROHIBITED.
4. HANGING ON THE RIM OF THE BASKET BALL HOOP IS STRICTLY PROHIBITED
5. ALL CHILDREN 10 AND UNDER MUST BE ACCOMPANIED BY AN ADULT.
6. DOGS ARE NOT PERMITTED WITHIN THE TENNIS COURT AREA.
THE COST OF ANY DAMAGE TO THE TENNIS COURT AREA AND EQUIPMENT, DUE TO THE NEGLIGENCE OF A UNIT OWNER, HIS FAMILY AND/OR GUESTS, WILL BE THE RESPONSIBILITY OF THE UNIT OWNER.

Please remember to do the following things before leaving the tennis court area:

1. TURN OFF LIGHTS AFTER USE IN EVENING HOURS.
2. REWIND TENNIS COURT NET AFTER USE.
3. REMOVE ALL DEBRIS (CANS, BOTTLES, WRAPPERS ETC.) WHEN YOU LEAVE THE AREA.

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 15
IMPLEMENTATION - June 5, 2004, rev March 5, 2010

MORTGAGE REFINANCE ADMINISTRATIVE FEE

Effective ***March 1, 2003***, requests for information, certificates of insurance, bank questionnaires, settlement letters or other applicable forms, from lending institutions, law firms, residents or other organizations regarding ***MORTGAGE REFINANCES***, will require a ***\$ 50.00*** administrative fee payable by the unit owner to the Association ***prior to*** the release of any information requested. This fee is for ***each*** lending institution requesting information and is ***non-refundable***.

Adopted by the Board of Managers on February 26, 2003

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 16
IMPLEMENTATION - June 1,2003**

ALTERATIONS TO FLOWERBEDS

Any resident wishing to alter their front flowerbed in any way, with the exception of adding flowers to an existing **arrangement, must complete a Flowerbed Planting Application.**

1. Request and complete a Flowerbed Planting Application. Follow all guidelines within the application when choosing new plant material and layout.
2. Attach necessary documentation requested within the application and return to the Board of Managers prior to installation or removal of any plants from the flowerbed.
3. If approval is granted, written authorization will be mailed to you within 20 days of receipt of your application.

Adopted by the Board of Managers on June 1, 2003

HOUSE RULE, Article VIII, Section 17
WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
IMPLEMENTATION - November 18, 2003

Swimming Pools

Effective **November 18, 2003**, any resident wishing to use a swimming pool must follow the guidelines listed below.

- 1) *All pools must be less than 18" in height.***
- 2) *All pools must be emptied when not in use or unattended and removed from the grass at the end of each day.***
- 3) *A fine of \$ 50.00/ occurrence will be charged to any homeowner who disregards this house rule.***

«

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 18
IMPLEMENTATION - June 5, 2004, rev March 5, 2010

Open flame and heat generating devices

Use: *All barbeques, fire rings, hibachis, portable grills or any other open-flame or heat generating device must be placed a minimum of 4 feet away from any part of any building or privacy fence when in use. Use of deep fryers is strictly prohibited.*

Storage: Town homes - *barbeques may be stored on deck or patio but must be allowed to cool down for several hours before being stored near the vinyl siding or privacy fence. Damage to the siding, fence or any part of the building caused by heat will be the financial responsibility of the owner to repair.*

Ash disposal: *Charcoal grills only - Ashes should only be disposed of in a fire-proof container only. Ashes are not to be dumped into the dumpster until 24 hours later.*

Adopted by the Board of Managers on June 5, 2004

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 19
IMPLEMENTATION - June 5, 2004, rev March 5, 2010**

Information Updates

Every two years, the Board of Managers updates the records. All unit owners will receive a copy of the information on file regarding vehicles, pets and contact information. All unit owners must update and return this information within 30 days.

Adopted by the Board of Managers on October 26, 2004

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 20
IMPLEMENTATION - June 5, 2004, rev March 5, 2010

FENCES ON DECKS OR PATIOS

Effective ***May23, 2005***, any resident wishing to install a fence on their deck or patio, must complete a **Fence Installation Application**.

1. Request and complete a Fence Installation Application. Follow all guidelines within the application when choosing the type and size of fence.
2. Attach necessary documentation requested within the application and return to the Board of Managers prior to installation of your fence.
3. If approval is granted, written authorization will be mailed to you within 15 days of receipt of your application.

Revised and Adopted by the Board of Managers on August30, 2005.

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 21
IMPLEMENTATION - June 5, 2004, rev March 5, 2010**

Parking Rules and Regulations

Definition: The traffic area or main thoroughfare is defined as the area from the East curb to the white line running parallel to the East curb.

1. **Registration** - All vehicles must be registered with the Board of Managers prior to parking on the property. New owners must register their vehicles prior to taking occupancy. Failure to register all vehicles will subject vehicle to removal from the property at the owner's expense.
 - A) **Parking Space assignment** - Each unit owner is assigned **one** lettered parking space. This information is included with your closing documents. Unmarked spaces are on a first come, first serve basis. If three or more vehicles are registered, owners must show proof of ownership of all vehicles by providing copies of current NYS registrations for each vehicle.
 - B) **Parking permits** - All owners' vehicles must have a parking permit sticker. Upon residency, stickers will be provided to you. If you change your vehicle at any time throughout the year, you must contact the Board and obtain a Vehicle Change Form. Complete and return this form. Upon receipt by the Board, a new parking permit will be mailed to you. The old sticker must be discarded.
It cannot be transferred to the new vehicle. Failure to apply a parking sticker to vehicle(s) will result in fines and/or removal from the property at the owner's expense.
2. **Commercial Vehicles** - **Commercial vehicles, lettered vehicles or vehicles with commercial plates are not allowed** to park overnight unless prior written permission is given by the Board of Managers. All requests to the Board of Managers must be in writing. Reason of necessity must be proven.
3. **Curbside parking** - Curbside parking is strictly for loading or unloading your vehicle. The amount of time the vehicle is parked at the curb cannot exceed 15 minutes. Fines will be imposed for failure to abide by this rule. See House Rule, Section 12 for Schedule of Fines and Fees.
4. **Guests, contractors and large parties** - It is the sole responsibility of the owner to instruct guests and contractors to park in unmarked spaces only. Vehicles, other than those owned by residents of Waverly Estates, who park in a lettered space, behind other residents, or at the curb in the main thoroughfare are subject to removal from the property at the owner's expense. Parking fines will also be levied against the unit owner to which this vehicle is associated.
 - A) **Overnight guests** - Residents with guests staying for a period longer than 3 days should contact the Board and provide vehicle information. A parking sticker is not necessary unless the guest is staying longer than 7 days at which time it will be at the discretion of the Board of Managers to issue a parking permit.
 - B) **Excess parking for large parties** - The Board of Managers must be informed at least 10 days prior to the event when parking will be limited due to a large party.
5. **Piggy back parking & traffic line** - Piggy back parking is necessary when a resident owns more than 2 vehicles. Two vehicles should be parked in your assigned space and additional vehicles in an unlettered space. Piggy back parking is permitted in areas where doing so will not interfere with oncoming traffic or interfere with the ingress or egress of other vehicles. An automatic fine of no less than \$ 50.00 for the first infraction and \$ 100.00 for all subsequent infractions will be levied against owners of vehicles protruding into the traffic area over the white line.
6. **Bus stop parking - North and South entrances** - Owners can wait at the East curb only at the North entrance and the West curb only at the South entrance, facing the correct direction, a minimum of 25 ft. from the corner. The time must be limited to 15 minutes in accordance with the 15 minute, curbside parking rule.

Adopted by the Board of Managers on August 21, 2006

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 22
IMPLEMENTATION - June 5, 2004, rev March 5, 2010**

Proof of Contents Insurance

Condominiums consist of two entities; the Association and the owners. The Association is required to carry Property and Liability coverage to insure the buildings and common areas.

Owners are required to carry contents insurance which covers Personal Property (contents and furnishings), Personal Liability and interior parts of the building structure as outlined on page 34 of your prospectus.

You are required to provide proof of contents insurance to the Association upon renewal of your policy each year. Failure to provide the required insurance information within 30 days from the renewal date of your policy will result in a daily fine of \$ 5.00 for each day thereafter that proof is not received.

Adopted by the Board of Managers on July23, 2007

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 23
IMPLEMENTATION June 18, 2008

Pet Rules and Regulations

Definition: An outdoor pet is defined as any animal that can be walked outside.

1. All outdoor pets must be registered with the Board of Managers regardless of when they are obtained.
2. All outdoor pets must be on a leash at all times.
3. Pets can be walked on the East side of the main thoroughfare only. Owners may not allow their pets to urinate or defecate on any part of the West side of the property.
4. Pet waste must be removed immediately and discarded properly in a trash receptacle.
5. At no time can pets be walked or allowed to run freely on common grounds. This includes but is not limited to all grassy areas in front of and in the rear of the buildings and the North and South entrances to the property.
6. Pets are not permitted inside the tennis court area.
7. Town home owners are permitted to have their leashed pet on their deck or patio. However, the lead cannot extend beyond the deck or patio. Owners must be home when the pet is on the deck or patio and monitor the animal to insure that its presence does not cause a nuisance to their neighbor.
8. At present, there is no fee for owning a pet. However, should the need arise, the Board reserves the right to charge pet owners a Annual Pet Assessment, with advance notice, at any time it deems necessary to defray costs resulting from damage to common grounds by animal waste.
9. It is prohibited to leave or food containers of any kind on common ground for feral animals.
10. Fines will be levied to any owner who violates any of the rules and regulations outlined in this House Rule.

Adopted by the Board of Managers June 18, 2001

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION INC.
HOUSE RULE, ARTICLE VIII, SECTION 24
IMPLEMENTATION JUNE 18, 2008**

PARTY TENT INSTALLATION

Tent installation

- * Unit owner must complete and submit a Tent Application a minimum of 20 days before the event.
- * The tent should be placed directly behind your unit as to not infringe on your neighbor's rights to use the common grounds. The installer should be mindful of the location of the sprinkler heads so as not to cause any damage to the sprinkler system.
- * Installer must submit proof of liability insurance indicating a minimum coverage amount of \$1,000,000.00.

Parking instructions

- * Curbside parking is strictly prohibited in the complex. Fines will be levied to the owner having the party.
- * Piggyback parking is allowed provided vehicles do not cross over white parking line adjacent to East curb.
- * Parking by your guests is allowed in unmarked spaces only.
- * Instruct your guests to use the unmarked spaces by the tennis court first.

Noise, cleanup and damage

- * Tent must be removed within 24 hours of event.
- * Noise and / or playing of music must cease by 11:00 pm in accordance with the Suffolk County Noise ordinance and for the courtesy of your friends and neighbors.
- * All debris must be cleaned up. This includes cigarette butts. If your guests are smokers, please provide a receptacle for discarding their cigarette butts. Fines will be imposed if any garbage is left on the property.
- * *Any costs incurred due to damage to the common grounds caused by you, your guests or the installation of the tent, will be billed to you.*

Adopted by the Board of Managers June 18, 2008

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.
HOUSE RULE, Article VIII, Section 25
IMPLEMENTATION - June 5, 2004, rev March 5, 2010

Garbage and use of dumpsters

1. **Household garbage** must be discarded in the duly designated dumpsters only. Household garbage **does not include:**
 - A. Corrugated boxes
 - B. Appliances including but not limited to hot water heaters, dishwashers, refrigerators, washer/dryers, etc.
 - C. Furniture including but not limited to couches, tables, chairs, patio furniture, mattress/boxsprings etc.
 - D. Carpeting and padding
 - E. Construction debris including but not limited to bricks, sheetrock, wood, concrete etc.
2. All **corrugated cardboard** must be discarded in the duly designated corrugated cardboard dumpsters only. Boxes should be crushed or cut into pieces no larger than 2' x 2'. Styrofoam, bubble wrap, metal wraps or any other packaging materials **must not** be discarded with the corrugated cardboard. This can be discarded with household garbage.
3. **Cans and bottles, whether glass or plastic are considered household garbage and** should be discarded in the household garbage dumpster only. Do not discard them in the corrugated cardboard dumpster.
4. Owners are responsible to instruct all contractors they hire and delivery personal not to discard old appliances/furniture or packaging materials into the dumpster.
5. To discard appliances, furniture or any other item listed above as non-household garbage, owners must contact the Board of Managers to obtain the current refuse removal company's contact information to schedule a pickup. Any expense incurred with the special pickup will be born by the owner and paid directly to the refuse company.

After a pickup has been scheduled, owners must contact the Board of Managers with date, time, item to be picked up and the location of the item to be left for the refuse company.
6. Items **cannot** be left within the fenced in area nor can they be left outside the dumpster enclosure.
7. Fines will be levied against any owner who disregards any of the rules listed herein.

**WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC. HOUSE RULE, Article VIII,
Section 26 IMPLEMENTATION April 20, 2009**

Service / Repair Calls

When a problem arises inside a unit and the Unit owner believes that it is due to the failure of a common element, the matter will be handled as follows:

1. Upon contact between the Unit owner and the Board of Managers, an evaluation will be performed by a duly designated contractor of the Association. A written report of the findings will be provided to the Association and to the Unit owner upon completion.
2. If the report finds that the repair is the responsibility of the Association in accordance with the By-Laws regarding Repairs and Maintenance found on pages 34 and 40 of the Prospectus, the cost of the initial service call along with the cost to make the necessary repairs, will be the sole responsibility of the Association. All repairs will be made in a timely manner at no cost to the Unit owner.
3. If the report finds that the repair is the responsibility of the Unit owner in accordance with the By-Laws, the cost of the initial service call and the cost to make the necessary repairs will be the sole responsibility of the Unit owner. The Unit owner may choose their own contractor, who must be licensed and insured, to make the necessary repairs or use a contractor known to the Board of Managers. The cost of the repairs will be a contract between the Unit owner and the contractor directly. The Association will bill the Unit owner for reimbursement of the fee paid for the initial service call.

****In the case of an emergency, the Unit owner should try to contact the Association before contacting their own contractor. If they are unable to reach the Association, they are asked to use good judgment before contacting their own contractor. A detailed description of the emergency, the repairs that were made, proof of insurance and a copy of the paid bill must accompany all requests for reimbursement consideration.*

Adopted by the Board of Managers April 20, 2009

Waverly Estate Condominiums

Addendums

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECTUS AND BY-LAWS

INSURANCE COVERAGE

Addendum : Increase in Blanket Building and Contents Limit Insurance coverage (building replacement cost) of current amount of \$ 10,270,000.00 to \$ 10,781 000 00 effective June 15, 2010.

Adopted by the Board of Managers July 12, 2010

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

**ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECTUS AND BY-LAWS
INSURANCE COVERAGE**

Addendum : Increase in Blanket Building and Contents Limit Insurance coverage (building replacement cost) of current amount of \$ 9,781,000.00 to \$ 10,270,000 effective June 15, 2009.

Adopted by the Board of Managers June 5, 2009

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

**ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECTUS AND BY-
LAWS**

INSURANCE COVERAGE

Addendum : Increase in Blanket Building and Contents Limit Insurance coverage (building replacement cost) of current amount of \$ 9,315,280.00 to \$ 9,781,000.00 effective June 15, 2008.

Adopted by the Board of Managers June 17, 2008

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

**ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECTUS AND BY-
LAWS**

INSURANCE COVERAGE

Addendum : Increase in Blanket Building and Contents Limit Insurance coverage (building replacement cost) of current amount of \$ 8,957,000.00 to \$ 9,315,280.00 effective June 15,2007.

Adopted by the Board of Managers June 4, 2007

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECTUS AND BY-LAWS

INSURANCE COVERAGE

Addendum: Increase in Blanket Building and Contents Limit Insurance coverage (building replacement cost) of current amount of \$ 7,888,500.00 to \$ 8,612,000.00 effective June 15,2004.

Adopted by the Board of Managers March 16, 2004.

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

**ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECTUS AND BY-
LAWS**

INSURANCE COVERAGE

Addendum: Increase in Blanket Building and Contents Limit insurance coverage (building replacement cost) of current amount of \$ 6,179,000.00 to \$ 7,888,500.00 effective June 15, 2000.

Adopted by the Board of Managers June 15, 2000.

WAVERLY ESTATE CONDOMINIUM ASSOCIATION, INC.

ADDENDUM FOOTNOTES, SCHEDULE B, ITEM 7, PAGE 15 PROSPECUTS AND BY-LAWS

INSURANCE COVERAGE

Addendum: Increase in Blanket Building and Contents Limit Insurance coverage (building replacement cost) of current amount of \$ 4,500,000.00 to \$ 6,179,000.00 effective June 15, 1999.

Adopted by the Board of Managers June 15,1999.

ARTICLE IX. DEFAULT

In the event a Unit Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers, acting in behalf of the Board shall notify the Unit Owner and the mortgagee, if any, of such Unit. If such sum, charge or assessment shall remain unpaid for 90 days after the giving of such notice, the Board may foreclose the lien encumbering the Unit as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Unit does not pay the assessment required to be paid by him within thirty (30) days of its due date, said sum shall bear interest at the maximum amount permitted by the State of New York from its due date and said Unit Owner shall be liable for the Condominium's reasonable costs including reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Unit Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by eighty percent (80%) of the Unit Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Unit Owners' interest and the interests of holders of a mortgage encumbering a Unit or

September 10th, 1993

BOARD OF MANAGERS 67 GAZEBO LANE HOLTSVILLE, NY 11742

TO: All Waverly Estate Unit Owners

FROM: Board of Managers

SUBJECT: SPECIAL NOTICE/LETTERS RECEIVED

1. On the advice of legal counsel, a new house rule has been approved by unanimous vote. This rule becomes effective 10/1/93. This new house rule is attached with this letter.
2. The Sachem Education Advisory Council has invited Waverly Estates Condominium Association to participate in the council's monthly meetings. "The purpose of the council is to advise the Board of the community's needs, wants, and concerns. If there is a volunteer to be a liaison between the Board of Managers and the Education Advisory Council, please contact the board A.S.A.P. This position would require the first Thursday of every month from 7:30 to 10 P.M. and a written report to the Board of Managers after each meeting. This is a great way to be involved for your community with minimal time involved.
3. Attached with this correspondence is an article regarding buying condominiums on Long Island. We thought you might appreciate the importance placed on the reserve funds in this news clip.

It is understood that the responsibility for all common, and/or maintenance charges along with any additional or special assessment(s) are the sole responsibility of the condominium unit owner. As such, the payment must be drawn from their personal checking account of the individual (Not business or tenant) unit owner. Since it is further understood that some unit owners may not have a personal checking account, a bank (or tellers) check or money order is acceptable. However, in the case of a bank check, a statement must be attached to the payment which states "Please be advised since I (we) the owners of unit # (unit #) do not have a personal checking account. I (we) have sent a bank check (tellers check or money order) to satisfy my (our) common charges (maintenance charges or special assessment) ." This statement must accompany each payment and needs to be signed and dated.

Payment by electronic mail is also accepted as long as the statement includes the unit owner's name.

a:rjt27

AMENDMENT NO. 1 To the Offering Plan of WAVERLY ESTATES CONDOMINIUM Dated
January 19, 1988

I. Schedule A to the Offering Plan is hereby amended to increase the purchase price of all Units as shown on Revised Schedule A attached.

The provision of this Paragraph shall only be effective to Purchase Agreements entered into subsequent to January 22, 1987.

Other than as set forth above, there are no other material changes which require an Amendment to the Plan.

WAVERLY ACRES, INC. Sponsor

Units.

ARTICLE XI. SELLING, MORTGAGING AND LEASING UNITS

Section 1. Selling and Leasing Units. According to the covenants and restrictions of the Town of Brookhaven each Unit must be owner occupied. Units can be sold by a Unit Owner, provided that he is not in arrears on the payment of common charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for out of the proceeds of the sale).

Section 2. Waiver of Partition Rights. The Unit Owners waive all of their voting rights concerning partition respecting any Unit acquired by the Board of Managers in accordance with this Article.

Section 3. Mortgaging of Units. No Unit owner shall mortgage his Unit except by a mortgage loan granted by a federal or state savings and loan association, mortgage company, savings or commercial bank, life insurance company, union pension fund, agency of the United States Government or agency of the State of New York or a purchase money mortgage loan granted by the Seller or in participation with one of the above institutions.

Section 4. Gifts, etc. Any Unit Owner may convey or transfer his Unit by gift during his lifetime or devise his Unit by will or pass the same by intestacy, without restriction.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than \$40,000 and to the Board of Managers if the award is \$40,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts:

(a) So much of the award as is applicable to unrestricted common elements, to the Unit Owners pro rata according to the respective common interest appurtenant to the Units owned by such Unit Owners.

(b) So much of the award as is applicable to irrevocably restricted common elements' to the Unit Owner having general use of such common element.

In such eminent domain or condemnation preceding the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Unit Owner permit or suffer anything to be done or left in his Unit which will increase the insurance rates on his Unit or any other Unit or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Unit Owner who mortgages his Unit, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers in the event there is no management agent, of the name and address of his mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Units".

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Unit, report any unpaid assessments due from the Unit Owners of such Unit.

Section 5. Examination of Books and Records. Every Unit Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board but not more often than once a month.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

David A. Scro

ATTORNEY AT LAW

MEMBER OF N.Y. AND N.J. BARS

1-8 ATLANTIC AVENUE FARMINGDALE, NEW YORK 11735 (516) 752-2961

November 14, 1987

Waverly Acres, Inc. 28
Rolling Drive Glen
Head, N.Y. 11545

RE: Waverly Estates Condominium
Counsel's Tax Opinion-
SCHEDULE I

Gentlemen:

You have requested my opinion with respect to various tax consequences of the above-named Condominium, In particular, you have asked me to comment on the availability of certain deductions to Unit Owners and whether the Condominium will be treated as a tax-exempt entity.

You have also asked me to comment on whether any exceptions to title are contrary to the Purchase Agreement, or whether they conflict with the quiet use or enjoyment of the property.

Deductibility of Certain Monthly Expenses

The Offering Plan indicates that the portion of monthly interest payment attributable to any mortgage on a Condominium Unit will be a proper deduction for a Unit Owner. Also, the Offering Plan states that the payment of real estate taxes assessed against a Unit is a proper item of deduction.

Sections 163 and 167 of the Internal Revenue Code of 1954 (the "Code") provides that interest payments and payments of real property taxes are proper items of deduction. Revenue Ruling 63- 31, C.B. 1964-300 indicates that these deductions are available to owners of a Condominium Unit. Under the Tax Reform Act of 1986, for a home mortgage taken out after August 16, 1986, interest is generally deductible as home mortgage interest to the extent that the amount borrowed on the mortgage does not exceed the cost of the home (qualified principal or second residence) plus the cost- of improvements. If the amount borrowed exceeds the cost of the home and improvements, interest on the excess amount is generally deductible as home mortgage interest only to the extent the excess amount is used for medical or educational reasons. Interest on the excess amount that is used for personal reasons is personal interest under the Code and may not be totally deductible. THESE CHANGES WILL GENERALLY AFFECT ONLY TAXPAYERS WHO HAVE REFINANCED THEIR MORTGAGES, OBTAINED A SECOND MORTGAGE, HOME EQUITY LOAN, OR A LINE OF CREDIT. Section 615 of

the Tax Law of New York State does not disallow these deductions for state income tax purposes. Therefore, it is my opinion that such interest payments and the aforesaid real estate payments are proper deductions by the owner of a Condominium Unit in connection with his Federal and New York State income taxes.

The Condominium as a Tax-Exempt Entity

Section 528 of the Code affords certain Condominiums, substantially all of whose Units are used for residences, the opportunity to elect to be treated as a tax exempt organization. In order to qualify, sixty percent or more of the gross income of the Condominium must consist of amounts received as membership dues, fees, or assessments from the Unit Owners and 90 percent or more of the expenditures of the Condominium must be for the acquisition, construction, management, maintenance and care of the Condominium properties. Based on my examination of the Offering Plan and subject to the Condominium actually satisfying the minimum percentage income and expenditure criteria set forth above, it is my opinion that the Condominium will be eligible to be treated as a tax exempt organization under Section 528 of the Code.

Such an election will exempt from the Federal and New York State Income taxation all amounts received by the Condominium from the Unit Owners as membership dues, fees or assessments. The Condominium will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources of income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the Unit Owners.

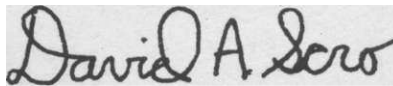
Exceptions to Title

I have examined the exceptions of title set forth in the Offering Plan and I am of the opinion that none of such exceptions of title are contrary to the terms of the Purchase Agreement nor do they interfere with the quiet use or enjoyment of the Purchaser's Unit as set forth in the Offering Plan.

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

It is my understanding that this letter will be made a part of the Offering Plan of Waverly Estates Condominium.

Very truly yours

A handwritten signature in dark ink, appearing to read "David A. Scro", is written over a light gray rectangular background.

DAVID A. SCRO
Attorney at Law

**CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPALS
PURSUANT TO 13 NYCRR 20.(b)
Department of Penal Law**

180 Broadway
New York, N.Y. 10E71

RE: WAVERLY ESTATES CONDOMINIUM Holtsville, New York

Gentlemen:

We are the sponsor and the principals of the sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article E3-A of the General Business Law, the regulations promulgated by the Attorney General in Part SO and such other laws and regulations as may be applicable.

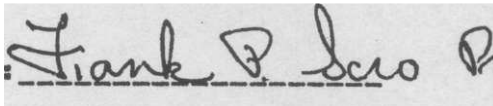
We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by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

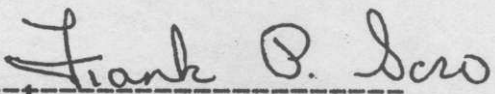
- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not to omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have the knowledge concerning the 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.

Very truly yours, WAVERLY ACRES, INC.

By :



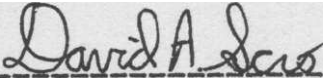


FRANK P. SCRO


HECTOR CUALES

SPONSOR'S PRINCIPALS:

Sworn before me this day of



Notary Public

DAVID A. SCRO, ESQ.
NOTARY PUBLIC, State of New York
No. 4877179
Qualified in Nassau County
Commission Expires Oct. 27, 1928

SPONSOR'S ENGINEER OR ARCHITECT CERTIFICATION PURSUANT TO 13 NYCRR
20.4 (c) (1)

Dated:

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

RE: WAVERLY ESTATES AT HOLTSVILLE

Gentlemen:

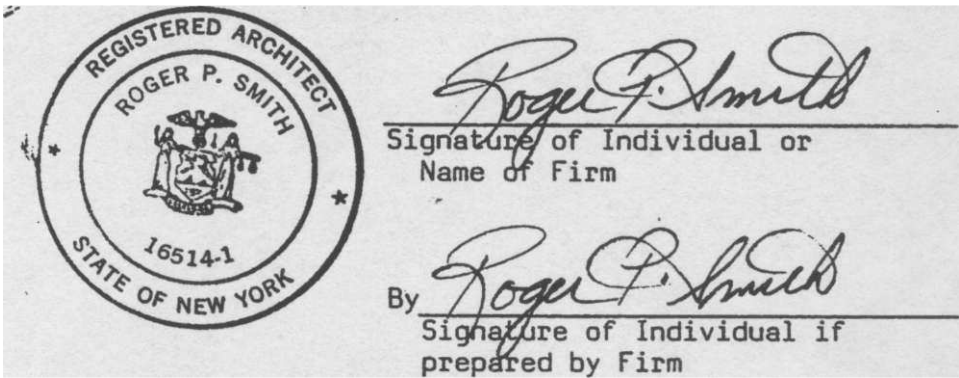
The sponsor of the offering plan for condominium ownership of the captioned property retained me/our firm to prepare a report describing the property when constructed (the "Report"). I/We have examined the building plans and specifications that were prepared by Roger P. Smith, A.I.A., and I/we prepared the Report dated September 14, 1987, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I/We understand that I/we am/are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to this Report.

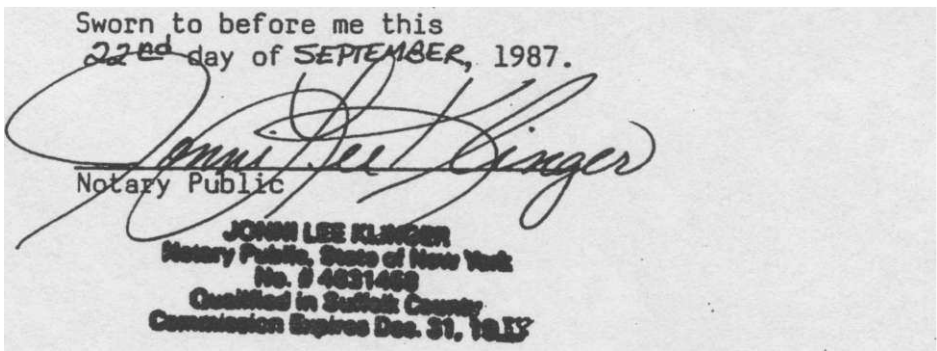
I/We read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this Certification. I/We certify the Report does:

- (i) set forth in detail the condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I/we examined;
- (ii) afford potential investors, purchasers, and participants an adequate basis upon which to found their judgment concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I/we examined;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;

- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I/we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.



PARTNER
Title or Position if prepared
by Firm



SPONSOR'S ENGINEER OR ARCHITECT CERTIFICATION PURSUANT TO 13 NYCRR 20.4
(c) (1)

Dated:

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

RE: WAVERLY ESTATES AT HOLTSVILLE

Gentlemen:

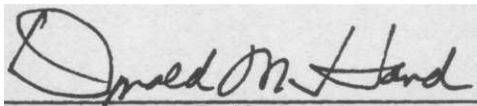
The sponsor of the offering plan for condominium ownership of the captioned property retained me/our firm to prepare a report describing the property when constructed (the "Report"). I/We have examined the building plans and specifications that were prepared by Donald M. Hand, P.E., and I/we prepared the Report dated September 21, 1987, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I/We understand that I/we am/are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to this report.

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

- (i) set forth in detail the condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I/we examined;
- (ii) afford potential investors, purchasers, and participants an adequate basis upon which to found their judgment concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I/we examined;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;

- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I/we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

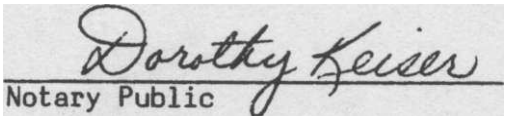


Signature or individual or Name of Firm

Signature of Individual if prepared by Firm

PARTNER
Title or Position if prepared by Firm

Sworn to before me this
22nd day of Sept. , 1987.


Notary Public

DOROTHY KHSK NOTARY PUBLIC, 44*544, Suffolk County



Eastern Property/Management

A Subsidiary of Eastern Service Systems

14 RESEARCH WAY-SUITE 4 EASTSETAUKET, NEW YORK 11733 516/689-8200

November 9, 1987

139

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

Re: Waverly Estates Condominium — Holtsville, New York

Gentlemen:

The Sponsor for the Condominium Offering Plan for the above captioned property has retained our firm to review the operating budget for the first year of operation.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulation promulgated by the Attorney General in Part 20 insofar as they are applicable to this Schedule.

We have reviewed this Schedule and investigated the facts set forth therein and the facts underlying them with due diligence in order to form a basis for the Certification.

we Certify that projections in this Schedule, along with Schedules B and B-I, appear reasonable and adequate based on present prices which have been adjusted to reflect continued inflation and present levels of consumption for comparable associations similarly situated..

We Certify that this Certification and all documents prepared by us hereafter that concern the Schedule do;

- i) set forth in detail the terms of the transaction as it relates to the Schedule and are complete, current and accurate;
- ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- iii) not omit any material fact;
- iv) not contain any untrue statement of a material fact;
- v) not contain any fraud, concealment or suppression;
- vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

EASTERN MAINTENANCE ■ EASTERN LANDSCAPE AND DESIGN ■ SPARTAN SERVICE SYSTEMS ■ EASTERN SERV

- vii) not contain any representation or statement which is false where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; (d) did not have the knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor and that compensation for preparing this Certification is not contingent on the conversion of the property to a Homeowners Association or on the profitability or price of the offering. "We understand that a copy of this Certification is intended to be incorporated into the amendments to the Offering Plan so that prospective purchasers may rely on it.

Our firm has been doing business in property maintenance for the past ten years and has recently branched out into property management. At present we are managing three other Long island communities with negotiations for three additional communities.

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.

BY: Deloras T. Wisloh
Deloras T. Wisloh
V. President

Sworn To Before Me This
9th day of November, 1987
David A. Scro

DAVID A. SCRO, ESQ.
NOTARY PUBLIC, State of New York
No. 4877179
Qualified in Nassau County
Commission Expires Oct. 27, 1988

The Declaration may be amended upon a vote of 80% of the Unit Owners in number held at a duly called meeting of the Unit Owners provided however that: