

OFFERING PLAN

THIS OFFERING PLAN RELATES SOLELY TO
MEMBERSHIP IN

THE WATER CLUB
HOME OWNERS ASSOCIATION, INC.

AND TO THE DECLARATION OF COVENANTS AND RESTRICTIONS
APPLICABLE TO ALL 56 HOMES SOLD AT



The
Water Club
OF ATLANTIC BEACH

Beech Boulevard
Atlantic Beach, 11509
Nassau County, New York

APPROXIMATE AMOUNT OF OFFERING: \$500,000

(Cost of Common Properties
Included in the Purchase Price of the Homes)

SPONSOR AND SELLING AGENT

WATER CLUB ASSOCIATES

1112 Remsen Avenue
Brooklyn, New York 11236

DATE OF THE OFFERING PLAN: MAY 9, 1986.

THIS PLAN MAY NOT BE USED AFTER MAY 8, 1987 UNLESS EXTENDED BY
AMENDMENT.

SEE PAGE (iii) FOR SPECIAL RISKS TO PURCHASERS.

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

THE WATER CLUB
HOME OWNERS ASSOCIATION, INC.

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SPECIAL RISKS OF THIS OFFERING

I. The Sponsor has retained control of the Board of Directors until the fifth anniversary date of the recording of the Declaration of Covenants, Restrictions, Easements, Charges and Liens or until 90% of the Homes in the Development are closed, whichever shall first occur.

The Sponsor has also retained control over certain expenditures and fiscal actions of the Board of Directors so long as the Sponsor or its designee shall continue to own Membership interests representing 5% or more or five (5) years after the date of the closing of title to the first Home whichever shall first occur. See page 16.

II. As of the date of this Offering the Town of Hempstead has not required the Sponsor to post a completion bond. In the event the Sponsor is required to post a completion bond the Sponsor will disclose said fact by Amendment to the Plan.

III. The Sponsor is in the process of making an application to the Town of Hempstead to construct a pool and pool house and one (1) tennis court on said site. Although Sponsor anticipates securing approval for such facilities, no representation is or can be made that such approval will be given or that if given, the approval may not vary the size, number, or quality of the description of the facilities set forth in the Architects report in Part II of the Plan. If approval to construct the pool, pool house or tennis court is denied, this Plan will be amended to reflect such fact and all reference to the applicable facility set forth in this Plan will be deleted. Sponsor will, in any event, amend this Offering Plan prior to the closing of title to the first home to disclose whether the approval has been granted. In no event will non-approval of any or all of the facilities entitle a purchaser to rescission of his Purchase Agreement. If approval has been granted, the Amendment will contain an addendum to Exhibit H ("Architects Description of Property") which reflects the specifications for the facilities and a revised Exhibit F ("Map of Development") if it differs in any way from what is already disclosed. The approximate cost of the Common Properties and facilities set forth on the front cover includes the cost of the facilities described above.

IV. Sponsor has agreed to record a Declaration of Restrictive Covenants in addition to the Declaration of Covenants and Restrictions contained in Exhibit A of the Offering Plan for the purpose of conserving the value of the Homes in the development and the value of other property in the vicinity. Said Declaration is reproduced in Part II of the Offering Plan as Exhibit A-1. Pursuant to the Declaration of Restrictive Covenants the owners of the one-family dwellings in a development known as Caprimar

Estates shall be entitled to use the beach area of the Water Club. In addition the owners of the one-family dwellings in Caprimar Estates shall have a right of access to the beach area, by means other than motorized vehicles of any kind, over the roadways and access path to the beach. The sole responsibility for maintenance of the beach area shall be the Home Owners of The Water Club Home Owners Association.

The Declaration of Restrictive Covenants also has a provision whereby the owners, lessees and other successors in interest of Homes at The Water Club waive all rights they may have to the use of a cabana, locker or parking facility at the Atlantic Beach Estates Beach Club.

In addition, the Declaration of Restrictive Covenants permits the use of the building located on the property to be used by the Sponsor, his successors or assigns for office purposes in conjunction with the construction and sale of Homes in The Water Club for a period of not more than two (2) years from the date Sponsor obtained title to the premises. Upon cessation of the use of the building, but no later than said two (2) year period the building shall be demolished by Sponsor at its sole cost and expense and the premises shall be cleared and thereafter maintained in a neat and orderly condition. See Part II, Exhibit A-1 for all the terms of said Declaration.

INTRODUCTION

Water Club Associates, a New York partnership (the "Sponsor" or "Developer"), is the owner of approximately 17.6 acres of land ("The Properties") located at Beech Boulevard, Atlantic Beach, Town of Hempstead, Nassau County, New York. Sponsor acquired the Property by deed dated December 31, 1985 which deed was recorded in the Nassau County Clerk's Office in Liber 9702, page 666 on February 4, 1986. Sponsor intends to construct 56 detached Homes each on an individual lot, on approximately 10.92 acres of the aforementioned 17.6 acres, in a development to be known as The Water Club, (the "Development"). Sponsor reserves, at his option, the right to offer for sale a lot in the Development without a home thereon. See page 14. Reference to the Home(s) shall incorporate the word lot(s) unless specifically stated otherwise.

In offering the 56 detached homes in the Development, the Sponsor is simultaneously offering mandatory memberships in The Water Club Home Owners Association, Inc. (the "Association"), a membership corporation which has been organized under the Not-for-Profit Corporation Law of the State of New York, to own and maintain the Common Areas in the Development including but not limited to the roadways, recreational facilities, guard house and beach area. See page 14 for complete details of the services to be provided by the Association. A purchaser of a Home in the Development will automatically assume the rights and obligations

of membership in the Association upon closing title to his Home. Prospective purchasers should be aware that if they resell their Homes, those who purchase from them will also automatically become members of the Association. The mandatory nature of membership in the Association is set forth in the Declaration of Covenants, Restrictions, Easements, Charges and Liens (the "Declaration") annexed as Exhibit A to this Offering Plan and is set forth in the Purchase Agreement and Deed annexed hereto as Exhibits D and E, respectively. A summary of the Declaration is set forth at pages 14 and 15.

The Association will own approximately 6.68 acres of the above mentioned 17.6 acres of land (the "Common Properties" or "Common Areas") including the internal roadways, recreational facilities, guard house and beach area for use by Association members. The Sponsor will deed the Common Properties to the Association free and clear of all mortgages prior to the closing of the first Home in the Development. See page 19. A full description of the Common Properties is set forth at page 12. Upon the recordation of the Declaration in the Nassau County Clerk's Office, the Common Properties will become subservient to and have only minimal value separate and apart from the Homes. The Sponsor estimates that, absent the effect of the recording of the Declaration, the Common Properties would have a market value of approximately \$500,000.

Commencing with the recording of the Declaration, each Home Owner will become responsible for the payment of a pro rata portion of the expenses of the Association arising from the operation and maintenance of the Common Areas, including recreational facilities, guard house and beach area, snow plowing of the roadways (but not walks and driveways located on the individual lots), landscape maintenance of the property to include the maintenance and care described in footnote number 14 to the budget at page 7 of the Offering Plan (should a Home Owner desire additional service, such additional service shall be at the Home Owner's own expense) and other expenses including premiums for liability insurance covering the Common Areas, and the creation of such reserves for contingencies as the Board of Directors of the Association may deem proper. The Sponsor will control the Board of Directors for a period of five years from the recording of the Declaration of Covenants, Restrictions, Easements, Charges and Liens or until 90% of the Homes are sold, whichever occurs first. See page 16. The estimated charges for the first full year of operation of the Association are set forth on page 4. The Association is responsible for procuring liability insurance covering the Common Areas but fire and liability insurance for each Home must be carried by the individual purchasers. Purchasers will be required to pay monthly maintenance charges in advance, the first of which will be due upon the acquisition of title to each Home. See the Section of the Offering Plan entitled, "The Association" at page 14 and the By-Laws of the Association annexed hereto as Exhibit C.

This Offering Plan relates solely to the rights and obligations of purchasers as members of the Association and as contained in the annexed Declaration. This Offering Plan does not relate to the purchase of land or homes other than as set forth above and should not be relied upon except for the specific purposes set forth herein.

The purpose of the Plan is to set forth all the terms of the offer concerning the Association. The Plan may be amended from time to time by an amendment filed with the New York State Department of Law. Amendments will be served upon purchasers and members.

The closings on individual homes will not commence until the Sponsor has received purchase agreements for a minimum of 5 homes in the development. Sponsor retains the option not to close title to any Homes and to abandon the Plan at any time prior to the time the Declaration of Covenants and Restrictions is recorded in the Nassau County Clerk's Office. The Plan as presented to prospective purchasers contains all of the detailed terms of the transaction as it relates to the Association. Parts A, B, C and D of the Exhibits delivered to the Department of Law contain all of the documents referred to in the Plan. Copies of the Plan and Parts A, B, and C of the Exhibits will be available for inspection without charge to prospective purchasers and their attorneys at the office of the Sponsor during normal business hours.

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

PROJECTED BUDGET FOR THE FIRST YEAR OF OPERATION OF
THE WATER CLUB HOME OWNERS ASSOCIATION, INC.
BEGINNING JANUARY 1, 1988*

INCOME

Maintenance Charges (\$1,457.84 per Home per year payable monthly based on 56 homes)	\$81,639.00
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EXPENSES

Electricity (1)	\$ 4,634.00
Water (2)	275.00
Repairs and Maintenance (3)	3,000.00
Snow Removal (4)	5,000.00
Refuse Removal (5)	10,800.00
Insurance (6)	3,400.00
Accounting (7)	1,200.00
Legal (8)	1,000.00
Taxes:	
Real Estate (9)	-0-
Franchise and Corporate (10)	250.00
Reserve (11)	5,000.00
Postage and Stationery (12)	500.00
Managing Agent (13)	10,080.00
Lawn Maintenance (14)	28,000.00
Pool open and closing and chemicals (15)	3,500.00
Lifeguard (16)	<u>5,000.00</u>

TOTAL	\$81,639.00
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ESTIMATED ANNUAL COST PER MEMBER - \$1,457.84

ESTIMATED MONTHLY COST PER MEMBER - \$ 121.49

* In the event the estimated first year is later than the actual commencement of the budget year by six (6) months or more, Sponsor will amend the Plan to include a revised budget. See explanatory footnotes on next page. 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.

FOOTNOTES TO PROPOSED BUDGET

1. Based on a letter dated January 21, 1986 from Konsker Electric Corp., 32-15 36th Avenue, Long Island City, New York 11106 broken down as follows:

1) Street Lighting - 20 poles and fixtures at 500 watts. Total 10,000 watts equal 10 KW 10 hours per day, 365 days per year.

36,500 KWH per year at \$.11 equal \$4,015.00 per year.

2) Guard House - 2 - 100 watt lamps. .2 KW for 10 hours per day equal 2 KW used 365 days per year equal 730 KWH.

730 KWH at \$.11 equal \$80.50 per year:

3) Pool Filter - 1 horsepower motor equal .9 KW. Used 10 hours per day equal 9 KWH for 120 days per year.

Total 1,080 KWH at \$.11 equal \$118.80 per year.

TOTAL:	\$4,015.00
	80.50
	118.80
	<u>\$4,213.30</u>

Sponsor has added a 10% inflationary factor to the above.

2. Based on a letter dated January 27, 1986 from the Sponsor indicating the total gallonage needed for operation of the swimming pool at 23,986 gallons and the Long Island Water Corporation rates presently in effect. Sponsor has added a 10% inflationary factor to the above.

3. This amount is a contingency amount and is to provide miscellaneous repairs and maintenance of the common elements including paper pick-up, gutter cleaning, minor roof repairs, repair of minor potholes, sweeping of the streets, removal of all debris accumulated on the site and maintenance of the tennis court. Based on an estimate from Community Management Services, Inc., 232 Veterans Memorial Highway, Commack, New York dated February 24, 1986.

4. Estimate obtained from Community Management Services, Inc., 232 Veterans Memorial Highway, Commack, New York in a letter dated February 24, 1986 for snow plowing of the common areas and roadways for all snow falls in excess of 2". Includes sanding or salting of roadways.

5. Based on an estimate from 5 Counties Carting to include two (2) pickups per week at curbside as indicated in a letter dated April 28, 1986 from C.M.S., Community Management Services.

6. Based on a letter dated January 10, 1986 from Condominium Cooperative Coverage Consultants, 876 East Jericho Turnpike, Huntington Station, New York 11746 to include the following insurance:

<u>TYPE OF COVERAGE</u>	<u>COVERAGE AMOUNT</u>
Buildings, bath house, swimming pool- Fire, Extended Coverage, Vandalism & Mal. Mischief \$500 deductible	\$50,000
Comprehensive General Liability Insurance	\$500,000 Combined Single Limit Occurrence basis
Directors & Officers Liability Insurance	\$1,000,000 each loss. \$1,000,000 each year \$1,000 deductible per loss.
Fidelity Bond	\$25,000.

The coverage provides for fire, extended coverage and vandalism and malicious mischief for the property and is adequate to eliminate the application of the co-insurance clause in the contract in the opinion of Condominium Cooperative Coverage Consultants.

In recent years, premiums for insurance (especially fire and liability insurance) have increased substantially. It is not possible to predict whether future premiums will continue to increase or will level off. It is believed that the projected figure should be sufficient to cover the cost of insurance; however, no representation or warranty is made regarding the actual cost of insurance. Purchasers are advised to procure their own fire and liability coverage for their home and their personal affects.

7. Represents cost of annual certified financial statement as estimated by Michael Lauri, CPA, 368 Veterans Memorial Highway, Commack, New York in letter dated February 5, 1986.
8. Reserve for minimal legal services associated with collection of delinquent accounts, and negotiation of contracts by an attorney retained by the Board of Directors for the first year of operation based on a letter dated February 24, 1986 from Community Management Services, Inc.
9. There will be no separate assessed valuation on common area properties. The assessed value of common area properties will be reflected in the assessed valuation of the individual homes, based on a letter received from William S. Cohn, Esq., 666 Merrick Road, Baldwin, New York 11510.

10. Provides for minimum payment, assuming no income other than Association fees.
11. Provides for miscellaneous contingency reserve. No guarantee is given that these reserves will be adequate to cover the cost of all capital maintenance that might be required. Based on a letter dated February 24, 1986 from Community Management Services, Inc., 232 Veterans Memorial Highway, Commack, New York.
12. This item provides a fund to be used for various mailings and printing of the annual audit. Based on a letter dated February 24, 1986 from Community Management Services, Inc., 232 Veterans Memorial Highway, Commack, New York.
13. Total management program based on a proposal for such program to be rendered by C.M.S., Community Management Services, Inc., of Commack, New York. Services to be included are: bookkeeping, computer common charges billing, contractor supervision, etc. C.M.S. has been managing similar properties for ten (10) years in Nassau and Suffolk Counties.
14. Based on a proposal dated March 14, 1986 from C.M.S., Communities Management Services, Inc., of Commack, New York. C.M.S. has been maintaining similar properties for ten (10) years in Nassau and Suffolk Counties. The program includes four fertilizations, one crabgrass pre-emergent and weed killer application, liming and dormant oil. The program also includes Spring and Fall cleanup, regular grass cutting, bed weeding and edging of the lots and common areas. Any additional services, including replacement of trees, shrubs, etc., shall be at the sole expense of the Home Owners. Each Home Owner will be responsible for watering grass and shrubs on his lot.
15. Based on a letter dated March 14, 1986 from Community Management Services, Inc. Said company has managed similar communities in Nassau and Suffolk for over ten (10) years.
16. Based on a letter dated March 14, 1986 from Community Management Services, Inc. Said amount provides for manning the pool weekends in June and seven (7) days a week in July and August.

WOFSEY, CERTILMAN, HAFT, LEBOW & BALIN

71 SOUTH CENTRAL AVENUE

VALLEY STREAM, N.Y. 11580

IRA J. ADLER
HERBERT M. BALIN
BARRY J. BENDES
MARTIN F. BRECKER
MORTON L. CERTILMAN
JOHN P. DONOHUE
BARRY I. FREDERICKS
MICHAEL D. GREENBERG
JAY M. HAFT
RICHARD HERZBACH
MELVIN L. LEBOW
NORMAN J. LEVY
BERT J. LEWEN

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GEORGE J. O'DONNELL
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May 1, 1986

MANHATTAN OFFICES:
805 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 418-5200

Water Club Associates
1112 Remsen Avenue
Brooklyn, New York 11236

Re: The Water Club Home Owners Association, Inc.

Gentlemen:

We have examined the Offering Plan and various supporting pages for the above captioned Home Owners Association. It is our opinion that the Declaration of Covenants and Restrictions, annexed as Exhibit A to the Offering Plan will, when recorded in the Nassau County Clerk's Office, be legal and valid and that persons purchasing homes in the Water Club development shall automatically become members of the Water Club Home Owners Association, Inc. (the "Association"), assuming all rights and obligations of membership.

Under present law, it is our opinion that members of the Association will not be entitled to deduct any portion of their annual Association assessment payments, as presently constituted, for Federal or New York State income tax purposes.

In adding a new Section 528 to the Code, the Tax Reform Act of 1976 affords certain Home Owner Associations, substantially all of whose homes are used for residences, the opportunity to elect to be treated as tax exempt organizations. In order to qualify, sixty percent or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Home Owners and 90 percent or more of the expenditures must be for the acquisition, construction, management, maintenance and care of the Home Owner Association property, which property, as defined in Section 528 of the Code, include property held by the Home Owners Association, property commonly held by the members of the Home Owners Association or property within the Home Owners Association held by the members of the Home Owners Association. Based upon our examination of the Offering Plan and subject to the Home Owners Association actually satisfying the minimum percentage income and expenditure criteria set forth above, it is our opinion that the Home Owners Association will be eligible to elect to be treated as a tax exempt organization under Section 528 of the Code.

Such an election will exempt from Federal and New York State Income Taxation all amounts received by the Home Owners Association from the Home Owners as membership dues, fees or assessments. The Home Owners Association will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the Home Owners. In the event the Home Owners Association fails to qualify for and elect Section 528 taxation status in any year, it may, to the extent it has any income from unrelated sources or from accumulated revenues received by virtue of dues, fees and assessments received from Home Owners not expended in any taxable year, be subject to Federal and New York State Income Taxation (see Rev. Ruling 74-99, 1974-1 CB131).

We are also of the opinion that there is a reasonable basis for the Association to conclude that it is not subject to the New York State franchise tax imposed on business corporations. The foregoing opinion is rendered notwithstanding the advisory opinion issued to Cornhill Commons Homeowners Association, Inc. on March 9, 1982 to the contrary. In its opinion to Cornhill, the State Tax Commission stated that the exemption from taxation is not applicable if any part of the net earnings of the homeowners association inures to the benefit of its members. Through an examination of the analagous Federal Statute Section 528(c)(1)(D) of the Internal Revenue Code, the State Tax Commission determined that the provision of management, maintenance and care of common property by the association constituted an inurement of the net earnings to its members. "The implication is clear that for federal income tax purposes the provision of management and maintenance and care of association property constitutes an 'inurement of net earnings' of the homeowners association to the benefit of its members. Such interpretation is applicable herein". However, this conclusion was reached without any reference to or mention of Treasury Regulation 1.528-7, which specifically states that "to the extent that members receive a benefit from the general maintenance, etc., of association property, this benefit generally would not constitute inurement". In view of the Treasury Regulation, the conclusion of the State Tax Commission appears to be misguided.

Since "inurement" apparently does not include the benefit received by members of an association from the general maintenance, etc., of association property for federal income tax purposes, it is our opinion that the same conclusion may reasonably be reached for state income tax purposes. The State Tax Commission may not agree with this conclusion and in light of its opinion

to the Cornhill Commons Homeowners Association, Inc., may determine that the Association is subject to the New York State franchise tax. Although the Association may contest such a determination, no assurances may be given that the Association will be successful in such a contest. Moreover, if the State Tax Commission successfully contends that the Association is subject to the franchise tax in addition to being liable for New York State franchise taxes for each year of its existence, the Association may also be liable for interest and penalties.

We have examined the Declaration of Covenants, Restrictions, Easements, Charges and Liens to be placed on the property. It is our opinion that such Declaration when recorded will be binding on all Home Owners at Water Club.

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

We have been advised that you intend to use this letter as part of the Offering Plan and we consent to its inclusion in the Plan.

Very truly yours,

CERTILMAN HAFT LEBOW BALIN BUCKLEY
& KREMER, Formerly known as Wofsey,
Certilman, Haft, Lebow & Balin.

By: S/ RICHARD HERZBACH
Partner

Cohn and Foley P.C.

Attorneys at Law

666 Marriot Road - Baldwin, New York 11510

William S. Cohn
Robert M. Foley

(516) 223-8140

February 21, 1986

Wofsey, Certilman, Haft,
Lebow & Balin
71 South Central Avenue
Valley Stream, NY 11580

ATTENTION: Richard Herzbach, Esq.

Re: The Water Club, Atlantic Beach

Dear Mr. Herzbach:

I have examined the site plan of the proposed development of "The Water Club" at Atlantic Beach prepared by Robert M. Nerzig & Associates, Architects, annexed hereto. Under its present zoning, this parcel may be developed for residential purposes as a matter of right under the provisions of the Town Of Hempstead Building Zone Ordinance.

Subject to compliance with the New York State Building Code, the rules and regulations of the Nassau County Planning Commission for residential subdivisions, the issuance of approval by the Town of Hempstead Board of Zoning Appeals allowing the maintenance of the interior roadway system as a private right-of-way, the issuance of Building Permits and adherence to all other applicable municipal regulations, it is my opinion that the property may be developed as shown on the plan of Robert M. Nerzig & Associates, Architects, annexed hereto.

Please note also that the common areas which will be owned by the Homeowners Association will not be separately assessed based upon the current assessment procedures employed by the Nassau County Department of Assessors. The value of the common area will be incorporated into the assessment value of each of the individual lots.

Very truly yours,

WILLIAM S. COHN

WSC:mf
Enclosure
cc: Allan Arker

DESCRIPTION OF COMMON AREAS AND FACILITIES
TO BE OWNED BY THE ASSOCIATION

SITE

The site is located on the South side of Beech Boulevard, in Atlantic Beach, Town of Hempstead, Nassau County, New York. The parcel consists of approximately 17.6 acres. The interior roadway exits onto Beech Boulevard, a public road.

There are 56 lots for 56 single family detached homes totaling approximately 10.92 acres. The 56 lots are not part of the common area. The remaining 6.68 acres will be owned by the Association as Common Area.

ROADWAY

The interior roadways will be owned and maintained by the Association. The interior roadways exit onto Beech Boulevard, a public road. The interior roadways will form part of the common area and will not be offered for dedication to the Town of Hempstead. The proposed street will have paving material consisting of 1 1/2" New York State Type 1A and base alternatives: (I) 3" asphaltic concrete, N.C. Item 22CX or (II) 5" dense graded aggregate N.C. Item 39B; Curbing material is to be concrete. Catch basins and drainage is to be done in accordance with requirements of local governing agencies and the approved site plan.

Sponsor has or will record a Right-of-Way Agreement over the roads to provide sole and exclusive access from and to the Homes to Beech Boulevard. A copy of the Right-of-Way Agreement is contained in Part II of the Plan.

PARKING

Each of the 56 homes at The Water Club will have a garage and driveway for the individuals parking. Snow removal and maintenance of the driveway and garage will be the responsibility of each Home Owner. There are no other parking facilities provided.

UTILITIES

Potable water for the project will be provided by the Atlantic Beach Water District. The cost of the water service to each Home will be an individual expense of each Home Owner.

Electric service will be provided by the Long Island Lighting Company. Telephone service will be provided by the New York Telephone Company. Electricity and water for Common Areas will be a common expense of the Association. Electricity, water and telephone charges for each Home will be an individual expense of each Home Owner.

SEWAGE

Sanitary sewers will be provided throughout the project. The

sewers outfall into the West Long Beach Sewer District and sewage conveyed to an existing Sewage Treatment Plant.

REFUSE REMOVAL

Refuse removal will be on a private contract basis. The cost of collection shall be a common expense and shall be included in Association assessments.

LANDSCAPING

The Sponsor will plant trees, shrubs, etc., in all areas as required by the approved landscaping plan. The Association will maintain all landscaped areas in the development as per footnote number 14 to the proposed budget on page 7 of the Offering Plan. Should a Home Owner desire additional service, including replacement of any trees, shrubs etc., such additional service shall be at the Home Owner's own expense.

RECREATIONAL FACILITIES

Recreational facilities of the Home Owners Association will consist of:

Swimming Pool:

Subject to the approval of the Town of Hempstead (see Special Risk Factors at Page (iii)) the Sponsor will construct one (1) swimming pool, approximately 20' x 40' which will be constructed of gunite with a depth of 3' to 5', with a maximum capacity of 32 people. The swimming pool will be approved by the Nassau County Board of Health. In addition, a pool house containing mens and womens dressing area and lavatories shall be adjacent to the pool area. See Exhibit H for a more detailed description of the swimming pool and pool house.

Tennis Court:

Subject to the approval of the Town of Hempstead (see Special Risk Factors at Page (iii)), the Sponsor will also construct one (1) all weather surface tennis court.

Beach Area:

The Association will own the beach area leading to the Atlantic Ocean. No lifeguard is required or being provided by the Association. See page (iii) as to the right of owners in a development known as Caprimar Estates to use the beach area.

Guard House:

A guard house will be installed at the entrance to the Development. During the period of construction, Sponsor intends to staff the guard house with personnel at its own cost and expense. The estimated budget set forth as Schedule A does not provide for staf-

fing of the guard house. In the event the Board of Directors elects to staff the guard house in the future, the Association budget will have to be increased to reflect the cost of such service.

SITE LIGHTING

The street lighting shall consist of approximately 20 poles, each 12 feet high with 100 watt fixtures. Street lights shall be provided and installed by the developer in accordance with Town of Hempstead specifications and in accordance with the requirements of LIILCO. The Association shall own the lighting and be responsible for the operating and maintenance costs.

THE ASSOCIATION

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

Prior to the closing of title to the first Home in the Development, the Sponsor will record the Declaration of Covenants, Restrictions, Easements, Charges and Liens, together with the By-Laws annexed thereto and made a part thereof, with the Office of the Clerk of the County of Nassau. This Declaration and the annexed By-Laws have been included in this Offering Plan as Exhibits A and C.

The Sponsor has organized The Water Club Home Owners Association, Inc. on March 14, 1986, under the provisions of the New York Not-for-Profit Corporation Law, for the purpose of owning, maintaining and operating the beach, recreational facilities, guard house, landscape maintenance as described in footnote number 14 to the proposed budget on page 7 of the Offering Plan (additional service including replacement of any trees, shrubs, etc., shall be at the sole expense of each Home Owner) and internal roadways comprising the Common Properties, and Common Areas in the Development. The Declaration of Covenants, Restrictions, Easements, Charges and Liens provides the framework and procedures by which the Association will maintain and administer said land and improvements. The Common Properties will be conveyed to the Association prior to the closing of title to the first Home free and clear of any mortgage.

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

Sponsor retains the right, at his option, to sell a lot in the development without the concomitant obligation to construct

a home thereon. In such an event the purchaser may engage his own developer to construct his home. However, no Home, building, fence, wall or other structure shall be commenced or erected upon the Lots within the properties until the plans, specifications or other information requested showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to the Sponsor and approved in writing as to harmony of external design and location in relation to any surrounding structures and topography by the Sponsor as long as it retains ownership of one (1) or more Lots and thereafter by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event the Sponsor, said Board, or its designated committee as the case may be fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. This paragraph shall not apply to Sponsor.

Any Purchaser of a lot shall have the same rights and obligations as enumerated in the Offering Plan, Declaration of Covenants and Restrictions, and By-Laws, of a purchaser of a lot with a Home thereon.

The Declaration of Covenants, Restrictions, Easements, Charges and Liens gives each Member of the Association an easement in and to the roadways located on the Common Properties for himself and his guests. Each Member is also granted easements to connect with and make use of certain utility and sewer and drainage lines at their own expense. Any damage to the Common Area resulting from such connection must also be repaired at the members own expense. The instrument also makes provision for various easements in favor of the Association and the Sponsor including, in the case of the Sponsor, the retention of easements necessary for the completion of construction and sale of 56 Homes in the Development.

The use of a Home and the Common Areas are subject to various covenants and restrictions. See Article VIII of the Declaration for a full description of such restrictions.

The Members' right to the use and enjoyment of the Common Properties, which expires on December 31, 2014, will be automatically extended for successive ten year periods, unless 80% of the Owners of Homes constructed on The Properties agree to change the Declaration of Covenants, Restrictions, Easements, Charges and Liens in whole or in part.

B. Management and Operation of
the Association

The affairs of the Association shall be governed by a Board of Directors, consisting of no less than three, nor more than five members, each of whom, subsequent to those designated or elected by the Sponsor, must be either a Member of the Association or an immediate family member residing in the Member's Home. The Sponsor will designate an initial Board of Directors consisting of three Directors to serve until the first annual meeting of the Association. The Sponsor has initially designated Allan Arker, Blanche Arker and Richard Berman as the first Board of Directors. The initial Board members are all affiliated with the Sponsor.

At the first annual meeting and at all subsequent annual meetings the membership will elect five Directors to serve for one year terms. The first annual meeting of the Association shall be held within six (6) months of the closing of the first Home. Cumulative voting will be employed in the elections of Directors. Each voting Member will be entitled to cast as many votes as equal the number of Directors to be elected and a Member may cast all of such votes for a single Director or may distribute them among two or more of them as he sees fit. Directors may be removed by the affirmative vote of a majority of the members.

C. Control by Sponsor

Notwithstanding the provisions of Paragraph "B" above, the Sponsor will have the right to designate three Directors at any annual meeting of the Association members until the fifth anniversary date of the recording of the Declaration of Covenants, Restrictions, Easements, Charges and Liens applicable to the Development or until 90% of the Homes in the Development are sold, whichever occurs first. During this period the Board of Directors will consist of five members. Thereafter, the Sponsor will have the right to designate one Director for so long as it holds at least one membership. The Sponsor may not cast its votes to elect any Directors in addition to the designated Directors set forth above. When the Sponsor no longer owns any membership interests it may no longer designate any Directors. However, so long as the Sponsor or its designee shall continue to own membership interests representing at least 5% of the total membership, but in no event later than 5 years from the closing of title to the first Home, the Board of Directors may not, without the Sponsor's prior written consent, (i) make any addition, alteration or improvement to the common areas, or (ii) assess any Association charge for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, or (iii) enter into any service or maintenance contract for work not covered by

contracts in existence on the date that the said Plan is declared effective or (iv) borrow money on behalf of the Association, or (v) increase or decrease the services or maintenance set forth in the proposed budget for the first year of operation of The Water Club Home Owners Association, Inc. Offering Plan, or (vi) purchase any materials, equipment or other goods costing in excess of \$1,000. Sponsor will not use its control of the Board of Directors or veto powers to reduce the level of services described in the Plan, prevent capital repairs or prevent expenditures required to comply with applicable laws or regulations while Sponsor is in control of the Board of Directors. No mortgage liens will be placed on the Common Area without the consent of at least 51% of the home owners excluding Sponsor or Sponsor's nominees. While Sponsor is in control of the Board of Directors, certified financial statements will be provided each year to members at the Association's expense.

D. Expenses of Operating
the Association

The costs and expenses of operating the Home Owners Association and of making capital improvements to the common areas, if any, will be allocated equally among the 56 Homes in the Development. The Sponsor's obligation for such assessments on unsold Homes (whether built or unbuilt) subject to the Declaration will be limited to the difference between the actual operating costs of the Association, including reserves on the Common Properties and the assessments levied on owners who have closed title on their Homes. In no event, however, will the Developer be required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying assessments on unsold Homes.

By his acceptance of a deed, each Home Owner subject to the Declaration will be deemed to covenant and agree to pay to the Home Owners Association such assessments as are fixed by its Board of Directors. Any sum assessed by the Board but unpaid, together with interest and reasonable collection costs, will constitute a personal obligation of the person who was the owner of the property when the assessment fell due, as well as a charge on the land and a continuing lien on the property against which the assessment is made. In no event may voting rights be suspended for non-payment of assessments.

As the Home Owners Association will be an automatic Home Owners Association, no member may exempt himself from contributing toward the expenses of the Home Owners Association by waiver of the use of the improvements maintained by the Association.

Set forth at page 4 is an estimate of the receipts and operating expenses of the Association for its first full year of operation.

At the closing of title to a Home a purchaser will contribute \$250.00 to the Association as initial working capital. Prior to creation of the Association, said funds will be held in an escrow account. During the period that Sponsor is in control of the Board of Directors, the working capital fund will not be used to reduce Association assessments. If any portion of the working capital fund is used during this period to pay for items in the budget set forth at page 4, such amounts will be repaid to such fund out of the Association assessments collected. Although Sponsor is of the opinion that the working capital fund and the reserve fund set forth in the budget should be sufficient to cover foreseeable capital expenditures, no representation is or can be made that unforeseeable expenditures or additional capital expenditures desired by the Board of Directors in the future may not require the imposition of an additional assessment.

E. Membership and Voting Rights
in the Association

The Association shall have one class of membership interest. The Owner(s) of each dwelling unit in the Development shall be a Member whether such ownership is joint, in common or tenancy by the entirety. A vote of sixty-six and two-thirds (66-2/3%) percent of the members is required to amend the Declaration or By-Laws.

Each Member is entitled to one vote. See page 16 for Sponsor's right to designate three Directors until the fifth anniversary of the recording of the Declaration or until 90% of the Homes have been sold, whichever shall first occur. Other than as set forth above, no member shall split or divide its vote on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

LOCAL GOVERNMENT APPROVAL

Under its present zoning, this parcel may be developed for residential purposes as a matter of right under the provisions of the Town of Hempstead Building Zone Ordinance. As of the date of the Offering Plan the subdivision map has not been filed. At such time as the subdivision map is filed, the Sponsor will disclose such fact by means of a duly filed amendment to this Plan. No closing will be held until the above has taken place.

OBLIGATIONS OF SPONSOR

Prior to the conveyance of title to any home, the Sponsor will arrange for the Home to be released from the provisions of any land or construction loan mortgage encumbering the Development. The Common Areas will be released from the lien of all mortgages prior to their conveyance by the Sponsor to the Association. The Sponsor will complete the construction of all roadways directly serving a Home before conveying title to the home. The Sponsor will convey title to the Common Areas to the Association prior to the closing of title to the first Home. Landscaping will be completed prior to the closing of title to the last home or the following planting season. If the construction of the road, or water lines has not been completed prior to conveyance to the Association, Sponsor will post a bond or escrow funds or provide other adequate security in an amount to be determined by a licensed engineer which amount shall not be less than the amount required to complete such construction to the required specifications. The Sponsor's obligations to complete the construction of the Common Properties will survive their conveyance to the Association. Sponsor anticipates completion of the recreation facilities by approximately January 1, 1988, and all Common Areas by approximately the same date. THE SPONSOR MAY BE REQUIRED TO POST A COMPLETION BOND WITH THE TOWN OF HEMPSTEAD TO INSURE COMPLETION OF THE COMMON PROPERTIES. AS OF THE INITIAL DATE OF PRESENTATION OF THIS PLAN, THE NECESSITY FOR A BOND AND THE AMOUNT THAT MAY BE REQUIRED HAS NOT BEEN DETERMINED. THIS PLAN WILL BE AMENDED TO REFLECT THE AMOUNT AND TERMS OF ANY BOND THAT MAY BE REQUIRED BY THE TOWN OF HEMPSTEAD.

Sponsor will complete the Common Area improvements in accordance with the plans and specifications filed with the Town of Hempstead. Sponsor reserves the right to substitute equipment or material and make modifications of design, provided, however, that Sponsor may not substitute equipment or materials of lesser quality or design.

At the time of the transfer of title of the Common Properties by the Sponsor to the Association, the Sponsor will furnish the Association with a fee title policy covering the lands comprising the Common Properties. This fee policy of title insurance will be issued by a reputable title insurance company licensed to do business in the State of New York, and shall be in the amount of \$500,000. Any proceeds of such title policy arising out of a claim or claims of defective title, pertaining to land being conveyed to the Association, will be held for the benefit of and delivered to the Association.

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

Sponsor has an obligation to defend any suits or proceedings arising out of Sponsor's acts or omissions and to indemnify the Board of Directors against any costs related to such acts or omissions.

The Sponsor agrees to deliver a set of "as-built" plans of Common Property improvements to the Board of Directors, including specifications of roads, and/or water lines and a representation that the plans or specifications are in substantial compliance with the terms of the Offering Plan. Sponsor will amend the Plan to reflect such fact. If Sponsor has reserved an easement to complete construction of the Property and use the Common Area facilities in connection with the sale of Homes, Sponsor will be obligated to repair any damage to the Common Area caused by its construction.

Sponsor is obligated to pay Association assessments on unsold Homes in the manner set forth at page 17.

The Sponsor may be liquidated at any time after completion of the Common Area improvements.

PROCEDURE TO PURCHASE

A person desiring to purchase a Home in the Development will be required to execute a purchase agreement in the form set forth as Exhibit D of this Plan and to return it to the Sponsor together with a check in the amount of 10% of the total purchase price. The terms of the Purchase Agreement also require additional payments as follows:

10% of the purchase price at the time the House is framed;
10% of the purchase price at the completion of sheetrock;
Balance by certified funds or New York State Bank cashier's check at closing.

No Purchase Agreement may be entered into unless purchaser has received a copy of the Offering Plan at least 3 full business days prior to the execution of the Purchase Agreement. The Purchase Agreement provides that the closing of title will not be scheduled on less than 10 days written notice to the purchaser and that purchaser will have 15 days written notice to cure any default under the Purchase Agreement.

TRUST FUNDS

Sponsor has elected to post a bond with purchasers guaranteeing the return of any funds advanced by purchasers. The bond is issued by the Universal Bonding Insurance Company of Nutley, New Jersey, authorized to do business in the State of New York and having a place of business at 492 Franklin Avenue, Nutley, New Jersey, and applies only to a loss by the purchaser of funds advanced in the event the Sponsor fails to complete and deliver a

deed or title to the Home pursuant to the Contract of Sale or fails to make other disposition or return of funds deposited in accordance with the Contract of Sale. In order to recover from the bonding company, a purchaser must make a formal claim against the Sponsor for a refund of funds advanced by the purchaser. If the Sponsor is unwilling or unable to return the funds or if the purchaser has not received positive indication that the claim will be resolved within fifteen (15) days of the filing of the claim, the purchaser may file a claim with the bonding company which will have thirty (30) days to attempt to resolve the claim. If the claim is not resolved by the above described process, then the purchaser must either present a certified copy of a judgment or a decision rendered by the American Arbitration Association against Sponsor requiring the return of the funds advanced by purchaser. The form of bond shall be as set forth in Exhibit A to the Purchase Agreement contained in Part II of the Plan. If no bond or letter of credit is posted, such funds will be held as trust funds pursuant to Section 352-h and Section 352e(2)(b) of the General Business Law, in a special account entitled "The Water Club Special Account" or similar in Extebank, 1001 Avenue of the Americas, New York, New York. The signature of Jeffrey Rosenberg, Esq., 230 Park Avenue, New York, New York, as attorney for the Sponsor, shall be required to withdraw any of such funds. In the event of default by the purchaser under such Purchase Agreement, which default continues for 15 days after notice of such default from the Sponsor to the purchaser, all monies paid on account of the purchase agreement plus the cost of any optional items ordered will be released to the Sponsor from such account 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 including the right of specific performance.

MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

The Association will enter into a Management Agreement with Community Management Services, Inc., Commack, New York, for a term of one (1) year to manage the Association for \$10,080. per annum payable monthly. Thereafter it shall continue in full force and effect unless either party shall serve written notice of cancellation and the Agreement shall terminate ninety (90) days after service of such notice.

Managing Agent's duties and services will include among others: billing and collecting Association Assessments; book-keeping and record keeping; preparing contract specifications; negotiating service contracts; scheduling and supervising of maintenance and repairs; filing withholding tax statements for employees, if any; furnishing monthly reports of receipts and disbursements to the Board of Directors.

IDENTITY OF PARTIES

The Sponsor is Water Club Associates, a New York partnership whose partners are Warren Cranford Corp. and Columbus Atlantic Corp.

Warren Cranford Corp. is a New York corporation with a business address at 1112 Remsen Avenue, Brooklyn, New York 11236. The principals of Warren Cranford Corp. are Allan Arker, Blanche Arker and Sol Arker all with the same business address as Warren Cranford Corp.

Allan Arker has been involved in real estate for over five (5) years. He was a principal of the following prior public offerings: cooperative conversions of 481 3rd Street, Brooklyn, New York, which was first offered for sale on September 1, 1982; 799 President Street, Brooklyn, New York, which was first offered for sale on February 3, 1983; 174 Pacific Street, Brooklyn, New York, which was first offered for sale on April 9, 1984; and Parkview Pavillion, 2275 Coleman Street, Brooklyn, New York, which was accepted for filing by the New York State Department of Law in 1985 and which was later abandoned.

Blanche Arker has been involved in the real estate business for over five (5) years. She was a principal of the following prior public offerings: cooperative conversion of 174 Pacific Street, Brooklyn, New York and Parkview Pavillion, 2275 Coleman Street, Brooklyn, New York, which was accepted for filing by the New York State Department of Law in 1985 and which was later abandoned.

Sol Arker has been involved in the real estate business for over five (5) years. He is also an attorney admitted to practice in the State of New York. He was a principal of the following prior public offerings: cooperative conversion of 481 3rd Street, Brooklyn, New York; 174 Pacific Street, Brooklyn, New York; Parkview Pavillion, 2275 Coleman Street, Brooklyn, New York, which was accepted for filing by the New York State Department of Law in 1985 and which was later abandoned and Sterling Place Atrium, 113 and 117 Sterling Place, Brooklyn, New York, which was first offered for sale in 1984.

Columbus Atlantic Corp. is a New York corporation with a business address at 41 South High Street, Columbus, Ohio. The principals of Columbus Atlantic Corp. are Harold L. Levin, Stephen P. Campbell and Leslie H. Wexner all with the same business address as Columbus Atlantic Corp.

Harold L. Levin has been involved in investing and developing real estate for over five (5) years. He was a principal in the conversion to cooperative ownership of 144 East 84th Street, New York, New York.

Leslie H. Wexner has been involved in investing and developing real estate for over five (5) years. He has had no prior public offerings of real estate in the State of New York.

Stephen P. Campbell is a certified public accountant in the State of Ohio and has been involved in investing and developing real estate for over five (5) years. He has had no prior public offerings of real estate in the State of New York.

All legal matters in connection with the establishment of the Association, the opinions of counsel contained herein, and the preparation of the Offering Plan have been passed upon for the Sponsor by Certilman Haft Lebow Balin Buckley & Kremer, Esqs., 71 South Central Avenue, Valley Stream, New York. Jeffrey Rosenberg, Esq., 230 Park Avenue, New York, New York, or such other attorney as the Sponsor may elect, will represent Sponsor in connection with individual Home closings.

The Architect who prepared the specifications set forth in Part II is Robert M. Nerzig and Associates, 111 Great Neck Road, Great Neck, New York.

REPORTS TO MEMBERS

All members of the Association will receive annually (within four months of the end of each fiscal year) at the expense of the Association, copies of a Balance Sheet and a Profit and Loss Statement of the Association prepared and certified by an independent public accountant, a statement regarding taxable income attributable to the members, if any, and a notice of the holding of the annual meeting of the Association.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Offering Plan and Parts A, B, and C of the Exhibits and documents referred to herein will be available for inspection by prospective purchasers and by any person who has purchased a security offered by this Plan or who has otherwise participated in this Offering at the offices of the Sponsor at the address indicated on the front cover of this Offering Plan, and will remain available for such inspection for a period of six years.

GENERAL

This Offering Plan contains a fair summary of the material facts of this Offering and does not knowingly omit any material

fact or contain any untrue statement of any material fact.

There are no lawsuits or other proceedings now pending or any judgments outstanding, either against the Sponsor or the Association or any person or persons, which might become a lien against the Development, or which materially affect this Offering or Sponsor's capacity to perform all of its obligations under the Plan or operation of the Association.

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his race, sex, creed, color, national origin or ancestry in the sale of Homes at The Water Club and in the simultaneous offering of memberships in the Association under this Offering-Plan.

This property was not the subject of any prior offering. As of the date of first presentation of this Plan, neither the Sponsor nor any of its agents has raised funds or made any preliminary offering or binding agreement to or with prospective Home Owners. The Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Plan which adversely affects Purchasers, then anyone who has theretofore executed a Purchase Agreement shall be given not less than 30 days after a copy of the duly filed amendment is mailed or otherwise delivered to them to cancel the Purchase Agreement by written notice to the Sponsor, and to obtain a refund, in full, of the down payment made herewith.

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

Dated: MAY 9, 1986

WATER CLUB ASSOCIATES
Sponsor

OFFERING PLAN

THE WATER CLUB
Beech Boulevard
Atlantic Beach, Nassau County, New York

PART II

DECLARATION OF COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS

DECLARANT: WATER CLUB ASSOCIATES

DATE OF DECLARATION:

CERTILMAN HAFT LEBOW BALIN BUCKLEY & KREMER
Attorneys for the Declarant
71 South Central Avenue
Valley Stream, NY 11580

EXHIBIT A

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DECLARATION OF COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS

Declaration made as of this day of , 198 ,
by Water Club Associates, a New York partnership with offices at
1112 Remsen Avenue, Brooklyn, New York, hereinafter referred to as
"Developer."

W I T N E S S E T H:

WHEREAS, Developer is the owner of the real property described
in Article II of this Declaration and shown on the filed subdivi-
sion map which Declarant desires to develop as a residential com-
munity with various permanent open spaces, internal roadways and
other common facilities for the benefit of said Community; and

WHEREAS, Developer desires to provide for the preservation
of the values and amenities in said Community and for the main-
tenance and use of the permanent open spaces, internal roadways
and other common facilities; and, to this end, desires to subject
the real property described in Article II to the covenants, re-
strictions, easements, charges and liens, hereinafter set forth,
each and all of which is and are for the benefit of said property
and each Owner thereof; and

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

WHEREAS, Developer has incorporated Water Club Home Owners
Association, Inc. under the not-for-profit corporation laws of
the State of New York for the purpose of exercising the aforesaid
functions;

NOW THEREFORE, the Developer, for itself, its successors and
assigns, declares that the real property described in Article II
is and shall be held, transferred, sold, conveyed and occupied
subject to the covenants, restrictions, easements, charges and
liens (sometimes referred to as "covenants and restrictions")
hereinafter set forth.

ARTICLE I. DEFINITIONS

The following words when used in this Declaration or any Sup-
plemental Declaration shall, unless the context otherwise prohi-
bits, have the meanings set forth below:

(a) "Association" shall mean and refer to The Water Club Home Owners Association, Inc., a New York Not-for-Profit corporation.

(b) "The Properties" shall mean and refer to all such existing properties as are subject to this Declaration.

(c) "Home" shall mean and refer to all units of residential housing situated upon The Properties.

(d) "Owner" shall mean and refer to the record owner of fee simple title to any Home or Lot, including the Developer with respect to any unsold Home or Lot. Every Home Owner shall be treated for all purposes as a single owner for each Home or Lot held, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, the vote(s) attributable to such Home or Lot shall be exercised as such persons mutually determine.

(e) "Member" shall mean and refer to each holder of a membership interest in the Association, as such interest is set forth in Article III.

(f) "Development" shall mean The Water Club, a 56 Home Development being constructed on The Properties.

(g) "Developer" shall mean and refer to Water Club Associates, a New York partnership and its successors and assigns, if such successors and assigns should acquire an undeveloped or a developed but unsold portion of the Properties from the Developer for the purpose of development.

(h) "Common Properties" or "Common Areas" shall mean and refer to certain areas of land other than individual lots as shown on the filed subdivision map and intended to be devoted to the common use and enjoyment of the owners of the Properties.

(i) "Lot" shall mean and refer to any plot of land intended and subdivided for residential uses shown on the subdivision map of the Properties but shall not include the Common Areas as herein defined.

ARTICLE II. PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Properties. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is all that certain plot, piece or parcel of land situate, lying and being in Atlantic Beach, Town of Hempstead, County of Nassau and State of New York, being more particularly bounded and described in Schedule A annexed hereto.

ARTICLE III. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

The Association shall have one class of membership interest. The owner of each dwelling unit on The Properties subject to this Declaration shall be a member.

Each member is entitled to one vote. When more than one person or entity holds such interest in any Home, the one vote attributable to such Home shall be exercised as such persons mutually determine but with the exception of cumulative voting employed in the election of Directors, not more than one vote may be cast with respect to any such Home. For purposes of this section the word "home" shall have the same meaning as "lot" and therefore if there is no home constructed on a particular lot in the Development, the owner of such lot will still be considered a Member entitled to cast the one vote as set forth above. No member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

ARTICLE IV. PROPERTY RIGHTS IN THE PROPERTIES

Section 1. Members' Easement of Enjoyment. Subject to the provisions of Section 3, every Member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Home.

Section 2. Title to Common Properties. Prior to the conveyance of title to the first Home on the Properties, the Developer shall convey to the Association legal title to the Common Properties subject, however, to the following covenant which shall be deemed to run with the land and shall be binding upon the Association, its successors and assigns:

In order to preserve and enhance the property values and amenities of the Development, the Common Properties shall at all times be maintained in good condition and shall be operated in accordance with high standards. The maintenance and repair of the Common Properties shall include but not be limited to maintenance and repair of the internal roadways, maintenance and repair of the outdoor lighting, maintenance and repair of recreational facilities, landscape maintenance of the development as described in the Offering Plan, maintenance of the beach, maintenance and repair of the guardhouse and snow removal of the roadways in the Development.

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

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

(a) The right of the Association, as provided in its By-Laws to suspend the enjoyment rights of any Member for a period during which any assessment remains unpaid and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations;

(b) The right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes, and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, determination as to the purposes, or as to the conditions thereof, shall be effective unless an instrument signed by Members and their mortgagees, entitled to cast eighty (80%) percent of the eligible votes, has been recorded, agreeing to such dedication, transfer, purpose or condition and unless written notice of the action is sent to every Member at least ninety (90) days in advance of any action taken.

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

ARTICLE V. DEVELOPMENT OF WATER CLUB

Section 1. Water Club. Developer intends to construct 56 Homes on approximately 10.92 acres of land comprising the Properties. An additional approximate 6.68 acres will be owned by the Association.

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

(i) Right-of-way for ingress and egress by vehicles, or on foot, in, through, over, under and across the streets, roads and walks in the Properties (as shown on the filed map as they may be built or relocated in the future) for all purposes;

(ii) Rights to connect with, maintain, and make use of uti-

lity lines, wires, pipes, conduits, cable television lines, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the Properties. Connection to such utility lines shall be at the sole expense of the individual Home Owner who shall also be obligated to restore the Common Area after the connection has been made.

Section 3. Reservation of Easements. Developer reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Properties, for the purpose of completing its work under Section 1 above and towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the Properties, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, electric, gas and other utilities and for any other materials or services necessary for the completion of the work. Developer also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads of other areas of the Properties. Finally, Developer reserves the right to continue to use the Properties and any sales offices, model homes and signs located on the Properties in its efforts to market homes constructed on the Properties. This paragraph may not be amended without the consent of Developer.

Section 4. Encroachment on Lots. In the event that any portion of any roadway, walkway, driveway, water lines, sewer lines, utility lines, building or any other structure as originally constructed by Developer encroaches on any lot or the Common Areas, it shall be deemed that the Owner of such lot or the Association has granted a perpetual easement to the Owner of the adjoining lot or the Association as the case may be for continuing maintenance and use of such encroaching roadway, walkway, driveway, water line, sewer line, utility line, building or structure. The foregoing shall also apply to any replacements of any such roadway, walkway, driveway, water lines, sewer lines, utility lines, building or structure if same are constructed in substantial conformance to the original. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

ARTICLE VI. COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation. The Developer, for each Home owned by it within the Properties, hereby covenants, and each Owner of any Home by acceptance of a deed, whether or not it shall be expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association such assessments as are fixed by the Association's Board of Directors and assessed to the Members as hereinafter provided. All sums assessed to the Association but unpaid,

together with such interest thereon as is hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property owned by such Member against which each such assessment is made. Each such assessment, together with interest thereon, and cost of collection thereof, as hereinafter provided, shall be a personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of the Assessment. The assessments levied by the Association shall be used exclusively for the purpose of maintenance of the Common Properties, and related to the use and enjoyment of the Common Properties including without limiting the foregoing, payment of taxes (if any), insurance thereon and maintenance, replacement and additions thereto, and the cost of labor, equipment, materials, services, management and supervision thereof and maintenance and repair of the internal roadways, maintenance and repair of the outdoor lighting, maintenance and repair of recreational facilities, landscape maintenance of the development as described in the Offering Plan, maintenance of the beach, maintenance and repair of the guardhouse and snow removal of the roadways in the Development.

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

Each Member shall pay a portion of said requirements the numerator of which shall be one (1) and the denominator of which shall be equal to the number of Lots on the Properties subject to this Declaration; Fifty-six (56). The Developer's obligation for such assessments on unsold Homes (whether built or unbuilt) subject to this Declaration will be limited to the difference between the actual operating costs of the Association, including reserves on the Common Properties and the assessments levied on owners who have closed title on their homes. In no event, however, will the Developer be required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying assessments on unsold Homes. The sum due the Association from each individual Home Owner shall constitute an assessment of the Board of Directors and unpaid assessments shall constitute liens on the individual Homes, subject to foreclosure as hereinafter provided.

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

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

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the maximum permissible rate in the State of New York and the Association may bring an action at law against the Member or former Member personally obligated to pay the same and may foreclose the lien against the property. There shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorney's fees to be fixed by the court together with the cost of the action.

ARTICLE VII. ARCHITECTURAL CONTROL

No Home, building, fence, wall or other structure shall be commenced or erected upon the Lots within the properties until the plans, specifications or other information requested showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to the Developer and approved in writing as to harmony of external design and location in relation to any surrounding structures and topography by the Developer as long as it retains ownership of one (1) or more Lots

and thereafter by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event the Developer, said Board or its designated committee as the case may be fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The provisions of this paragraph shall not apply to Developer.

ARTICLE VIII. INSURANCE

The Board of Directors shall maintain public liability insurance, to the extent obtainable, covering the Association, each Association Member, lessee and occupant against liability for any negligent act of commission or omission attributable to them which occurs on or in the Common Properties. All insurance premiums for such coverage shall be paid for by the Association. To the extent obtainable, the Board of Directors shall also be required to obtain the following insurance: (a) fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the facilities on the Common Properties, if applicable, in an amount equal to their full replacement values and (b) worker's compensation insurance. All insurance premiums for such coverage shall be paid for by the Association.

ARTICLE IX. USE OF PROPERTY

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

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

(b) Any Member who mortgages or sells his Home shall notify the Board of Directors providing the name and address of his mortgagee or new owner.

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

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

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

(f) No resident of the Community shall post any advertisement or posters of any kind including "For Sale" and "For Rent" signs in the Home, on a lot or on the Common Properties except as authorized by the Board of Directors. This Paragraph shall not apply to Developer.

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

(h) All dogs, cats, and other pets must be leashed and shall not be permitted to run loose. Home Owners shall be responsible for picking up and disposing of their pet's waste and for any damage caused by their pets to the Common Areas.

(i) No fence or gate shall be erected on the Properties without the prior written consent of the Board of Directors. This paragraph shall not apply to Developer.

(j) No television or radio antenna or any other type of receiving or transmitting antenna or structure shall be erected on the exterior of Homes or on any lot without the prior written consent of the Board of Directors.

(k) No person shall park a vehicle or otherwise obstruct any resident's use of ingress or egress to any garage or parking space nor may any vehicle be parked on the roadways when parking would obstruct access by emergency or service vehicles.

(l) No repair of motor vehicles shall be made in any of the roadways, driveways or parking areas to the Development nor shall such areas be used for storage parking of any boat, trailer, camper, bus, truck or commercial vehicle without the written permission of the Board of Directors.

(m) Occupancy of the Homes shall be restricted to Residential Occupancy in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community.

(n) The Common Area shall not be obstructed, littered, defaced or misused in any manner.

(o) Every member shall be liable for any and all damage to the Common Area and the property of the Association, which shall be caused by said Owner or such other person for whose conduct he is legally responsible.

(p) It is prohibited to hang garments, rugs, etc., or to string clothes lines on any portion of the Home, lot, or Common Area which may be seen from any portion of the Common Area.

ARTICLE X. GENERAL PROVISIONS

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

Section 2. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable to the Association, any Member, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until December 31, 2014, unless otherwise expressly limited herein, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by sixty-six and two-thirds percent (66-2/3%) of the Home Owners has been recorded, agreeing to change said covenants and restrictions in whole or in part. Notwithstanding the foregoing the easements, licenses, rights and privileges established and created with respect to the Properties by Section 2 of Article V shall be perpetual, run with the land and shall survive any destruction, reconstruction and relocation of the physical structures unless said provision is abrogated by the unanimous written consent of all the Home Owners. Unless specifically prohibited herein, this Declaration may be amended by an instrument signed by Members holding not less than sixty-six and two-thirds percent (66-2/3%) of the votes of the membership. Any amendment must be properly recorded to be effective.

Section 3. Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Association, its real and personal assets, including the Common Properties, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable as to those which they were required to be devoted to by the Association. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable

as to those to which they were required to be devoted to by the Association. No such disposition of the Association properties shall be effective to divest or diminish any right or title to any Member vested in him under the licenses, covenants and easements of this Declaration, or under any subsequently recorded covenants, deeds or other documents applicable to the Properties, except as may be otherwise provided in this Declaration or said covenants, deeds or other documents, as the case may be, nor shall any other party under any such deeds, covenants or other documents be deprived of any rights thereunder on account of such disposition.

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

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

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

WATER CLUB ASSOCIATES

By: Warren Cranford Corp.

By: _____, President

ATTEST:

Secretary

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

On the day of , 198 , before me personally
came , to me known, who, being by me duly sworn,
did depose and say that he resides at No.

 , New York, that he is the President
of Warren Cranford Corp., the corporation described in and
which executed the foregoing instrument; that he knows the seal
of said corporation; that the seal affixed to said instrument is
such corporate seal; that it was so affixed by order of the Board
of Directors of said corporation, and that he signed his name
thereto by like order; that Warren Cranford Corp. is a partner of
Water Club Associates, a partnership; the partnership described
in and which executed the foregoing instrument; and Warren Cranford
Corp. executed said instrument on behalf of said partnership.

Notary Public

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION made the _____ day of _____, 1986
by WATER CLUB ASSOCIATES, with offices at 1112 Remsen Avenue,
Brooklyn, New York 11236, hereinafter referred to as the "Declar-
ants",

W I T N E S S E T H:

WHEREAS, the Declarants are the Owners of the following-des-
cribed parcel of real property:

ALL that certain plot, piece or parcel of land, with the
buildings and improvements thereon erected, situate, lying and
being at Atlantic Beach, in the Town of Hempstead, County of Nassau
and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Beech Boule-
vard 80 feet wide, distant 60.00 feet westerly from the corner
formed by the intersection of the said southerly side of Beech
Boulevard with the westerly side of Clayton Avenue; running
thence due South, at right angles to the southerly side of Beech
Boulevard, 670.00 feet; thence West and parallel with the southerly
side of Beech Boulevard, 10.00 feet; thence due South at right
angles to the southerly side of Beech Boulevard, 484.00 feet to
the high water line of the Atlantic Ocean, as the same now exists
thence westerly along said high water line to the easterly line
of Tax Lot 68, in Block 144-1, Section 58, as shown on the Nassau
County Land and Tax Map. Said point also being on the easterly
line of lands conveyed to the Town of Hempstead by deed Liber
6146 cp 195; thence North 0 degrees 35 minutes 00 seconds East,
along the easterly line of said Tax Lot 68 and the easterly line
of lands conveyed in said deed Liber 6146 cp 195 to the northerly
line of said Tax Lot 68 and the northerly line of lands conveyed
in said deed Liber 6146, cp 195; thence due West along said
northerly line, 45 feet to the westerly line of said Tax Lot 68
and the westerly line of lands conveyed in said deed Liber 6146,
cp 195; thence South 0 degrees 35 minutes 00 seconds West, along
said westerly line to the high water line of the Atlantic Ocean,
as the same now exists; thence westerly along said high water
line to the easterly line of Tax Lot 66, in Block 144-1, Section
58, as shown on the Nassau County Land and Tax Map. Said point
also being on the easterly line of the lands conveyed to the Town
of Hempstead by deed Liber 5865, cp 197; thence North 0 degrees
35 minutes 00 seconds East, along the easterly line of said tax
lot 66 and the easterly line of Lands conveyed in said deed Liber
5865 cp. 197 to the northerly line of said Tax Lot 66 and the
northerly line of lands conveyed in said Deed Liber 5865, cp. 197;
thence due West along said northerly line, 45 feet to the west-
erly line of said Tax Lot 66 and the westerly line of lands con-
veyed in said deed Liber 5865 cp. 197; thence South 0 degrees 35
minutes 00 seconds West, along said westerly line to the high
water line of the Atlantic Ocean, as the same now exists; thence
westerly along said high water line to a point from which point a
line drawn at right angles to the southerly side of Beech Boule-
vard, and being distant 710 feet due West from the point of begin-
ning would intersect same; thence due North at right angles to
the southerly side of Beech Boulevard, 1,111 feet to the southerly
side of Beech Boulevard, thence due East along the southerly side
of Beech Boulevard; 710 feet to the point or place of BEGINNING.

Said premises are also known as Section 58, Block 144-1, Lots 6, 38, 39, 40, 41, 44 to 50 inclusive, 52, 54, 56, 67, 69, 103 and 104 on the Nassau County Land and Tax Map.

WHEREAS, the Declarants deem it advisable for the best interest of themselves that certain covenants and restrictions be placed upon the aforescribed real property, with a view to conserving the value thereof and the value of other property in the vicinity thereof, in the event of the approval of the construction of 56 detached, single family dwelling units on the aforescribed property in accordance with the site plan annexed hereto.

NOW, THEREFORE, in consideration of the foregoing, the Declarants declare as follows:

1. Upon the approval of the construction of 56 detached, single family dwelling units in accordance with the site plan annexed hereto, not more than 56 single family, detached, homes will be constructed on the subject parcel which are intended to be owned as a Homeowners' Association pursuant to an offering plan to be filed and accepted by the Office of the Attorney General of the State of New York, substantially in accordance with the site plan annexed hereto and made a part hereof.

2. A stockade fence will be erected along the easterly property line as shown on the annexed site plan in accordance with Code specifications of the Town of Hempstead and thereafter maintained in good condition.

3. Any lighting provided on the exterior of the building shall be shielded so that the light is directed to shine onto the subject premises only. No loud noises shall be permitted to emanate from the common areas to neighboring properties.

4. Landscaping will be provided and thereafter maintained as shown in the Offering Plan.

5. No walkway, common recreational area, swimming pools or decks will be erected or maintained in the easterly yard of the premises. Nothing herein provided shall prevent a patio area or

deck no higher than the ground floor elevation to be established appurtenant to the dwelling units as shown on the site plan.

6. The height of the buildings, except for chimneys, shall be no more than thirty (30) feet in accordance with the regulations of the Town of Hempstead.

7. The units to be erected shall be for the sole purpose of sale to independent owners, it being the intention of the Declarants that the buildings be occupied by independent owners rather than as a rental apartment dwelling; provided, however, that nothing is intended nor shall it restrict any independent bona fide owner-purchaser from renting or leasing their individual unit(s).

8. The beach area shall be maintained and shall be used exclusively for the benefit of and by the unit owners, their guests and invitees and the owners of the one family dwellings in the development on the Map of Caprimar Estates, and shall not be permitted to be used by the general public; subject, however, to such rights as may be provided by law to the public to access over the beach area or such other rights as may be granted to the public by other provisions of law. In addition, only the owners of the one family dwellings on the Map of Caprimar Estates shall have the right of access to the beach area by means other than motorized vehicles of any kind over the roadways shown on the annexed site plan.

9. Notwithstanding the provisions of Chapter 78 of the Code of the Town of Hempstead and that the property described herein is located within an entitled to the benefit of a park district within the Town of Hempstead, Declarants and all subsequent owners, lessees or other successors in interest hereby waives any rights they may have to the use of a cabana, locker, locker facilities or parking facilities at the Atlantic Beach Estates Beach Club. Bus service provided by said park district shall be

limited to scheduled daily stops at the front property line on dates that bus service is provided.

10. For a period of not more than two (2) years after the date of closing of title, the building now located on the premises may be used for office purposes in conjunction with the erection and sale of the new homes to be constructed on the following conditions:

A. The building and the area surrounding same shall be cleared of refuse or other debris and thereafter maintained in a clean, neat and orderly condition;

B. Prior to the commencement of said use, the exterior thereof shall be white-washed;

C. A masonry wall shall be erected on Beech Boulevard to prevent access to the roadway at the easterly side of the building, it being the intention of Declarants that access to the easterly side of the building be completely barred;

D. The entrance to the building shall be located at the westerly side thereof and accessory parking appurtenant thereto shall likewise be restricted solely to the westerly side thereof;

E. The building shall be used exclusively for office purposes pertaining to the erection and sale of the new homes and incidental storage of finished products such as windows, kitchen cabinetry and other similar material which will not cause the emission of noise, odors or other deleterious substances.

11. Upon the cessation of the use of the building as aforesaid, but no later than two (2) years from the date of closing of title, said building shall be demolished in its entirety and the premises occupied by same cleared and thereafter maintained in a neat and orderly condition.

12. The above covenants and restrictions constitute covenants running with the land and shall be binding upon the Declarants and all subsequent owners, lessees or other successors in interest, as well as binding upon the signatories hereto.

13. The within covenants and restrictions may be amended, annulled, altered or repealed at any time upon the consent of the then owner. Said covenants and restrictions shall be enforceable by the Declarants, their successors in interest, and by an aggrieved property owner by any appropriate remedy.

IN WITNESS WHEREOF, the Declarants have caused their hands and seals to be affixed hereon the day and year first above written.

WATER CLUB ASSOCIATES
By: Warren Cranford Corp.,
Managing Venturer

By. _____
Allan Arker, President

RIGHT-OF-WAY AGREEMENT

THIS DECLARATION made the _____ day of April, 1986, by THE WATER CLUB ASSOCIATES, a New York partnership with offices at 1112 Remsen Avenue, Brooklyn, New York ("Declarant"),

W I T N E S S T H :

WHEREAS, the Declarant is the owner of the parcel of property known as Section 58, Block 144-1, Lots 6, 38-42, 67, 69, 44-50, 52, 54, 56, 103 and 104 on the Nassau County Tax Map ("Overall Parcel"); and

WHEREAS, the Declarant intends to construct fifty-six (56) new one-family dwellings ("The Dwellings") on the Overall Parcel as shown on the annexed map ("Development Map"); and

WHEREAS, the Declarant has filed an application pursuant to Section 280A of the Town Law to the Board of Appeals of the Town of Hempstead for permission to construct The Dwellings on the Overall Parcel on a private Right-of-Way ("Right-of-Way"), which Right-of-Way is intended to provide sole and exclusive access from and to The Dwellings to Beech Boulevard as shown on the Development Map; and

WHEREAS, the Board of Appeals of the Town of Hempstead by Decision dated _____, Case No. _____, approved the application on the condition that a Right-of-Way providing for mutual ingress and egress be executed by Declarant herein and recorded in the Nassau County Clerk's Office; and

WHEREAS, the Declarant now desires to create mutual easements of ingress and egress in accordance with the aforesaid Decision of the Board of Appeals of the Town of Hempstead.

NOW, THEREFORE, the Declarant does hereby establish and declare the following:

1. Annexed hereto and made a part hereof is the Development Map (Schedule "A" annexed hereto) prepared by Teas, Barrett, Lanzisera & Frink, indicating fifty-six (56) dwelling plots to be erected on the Overall Parcel which is described on "Schedule B" annexed.

2. An easement for right-of-way purposes for ingress and egress from and to The Dwellings to Beech Boulevard is hereby granted for the benefit of The Dwellings over the Right-of-Way. A metes and bounds description of the Right-of-Way is annexed as "Schedule C".

3. The above-mentioned Right-of-Way shall be a burden on and for the benefit of The Dwellings and shall run with the land.

4. Said Right-of-Way shall be improved in accordance with the requirements of the Town of Hempstead and thereafter maintained in good condition at all times.

5. Maintenance of the Right-of-Way shall be the obligation of the Homeowners' Association which shall require mandatory membership of each of the owners of The Dwellings pursuant to an offering plan filed and accepted by the Attorney General of the State of New York and the said owners of The Dwellings shall not, in any way, restrict or impede ingress and egress over the Right-

of-Way to the other owners. There shall be no standing or parking of vehicles on any portion of the Right-of-Way, which shall be kept open and unencumbered at all times.

6. The cost of maintenance of the Right-of-Way shall be borne by the owners of The Dwellings and shall be the responsibility of the Homeowners Association and shall be deemed a lien and charge against all of the lots on which The Dwellings are erected, and may be enforced by the owner of any other affected lot.

7. The Declarant and its successors hereby release and forever discharge the TOWN OF HEMPSTEAD, its successors and assigns of and from any and all claims, actions, costs of actions, controversies, damages, claims and demands whatsoever, in law or in equity, which the TOWN OF HEMPSTEAD had ever had, now has or which it or its successors hereafter can, shall or may have or, upon or arising out of any claim or liability by reason of the improvement of the aforescribed premises and the installation of private access road to The Dwellings as proposed for the said premises herein described. It is further covenanted that Declarant and its successors will not institute, bring or commence any action at law or equity in any court of the United States or any State thereof for any damages or injunction against the TOWN OF HEMPSTEAD arising out of the private road improvement and any change of grade in connection therewith.

Should, however, the TOWN OF HEMPSTEAD require at any time in the future, Declarant, its successors, agree to execute any and all instruments as may be required by the TOWN OF HEMPSTEAD

in connection with any change of grade, road improvement or dedication for highway purposes to the TOWN OF HEMPSTEAD of the said Right-of-Way or to otherwise effectuate the covenants herein contained.

8. Declarant shall erect a sign at the beginning of the Right-of-Way indicating said Right-of-Way is a private road. The sign shall not be larger than two (2) by two (2) feet in dimensions.

9. This agreement shall be enforceable by the Declarant, any or all of the owners of The Dwellings, their heirs, executors or assigns, and by any institutional mortgagee holding a mortgage affecting the aforesaid Dwellings by injunction proceedings or by any other appropriate remedy; and, in addition thereto, by the Board of Appeals of the Town of Hempstead, or by any other appropriate agency of said Town.

10. The within agreement shall be binding upon the heirs, successors, grantees and/or assigns of Declarant now and forever more.

11. The within agreement may be amended, annulled, altered or repealed at any time upon the prior written consent of the Board of Appeals of the Town of Hempstead or any successive body thereto.

IN WITNESS WHEREOF, the Declarant has hereunto executed this Right-of-Way Agreement the day and year first above written.

WATER CLUB ASSOCIATES
By: Warren Cranford Corp.,
Managing Venturer

By: _____
Allan Arker, President

CERTIFICATE OF INCORPORATION

OF

THE WATER CLUB
HOME OWNERS ASSOCIATION, INC.

(Under Section 402 of the Not-for-Profit Corporation Law)

RICHARD HERZBACH, being of the age of nineteen years or over, for the purpose of forming a corporation pursuant to Section 402 of the Not-for-Profit Corporation Law of New York, does hereby certify:

FIRST: The name of the corporation is THE WATER CLUB HOME OWNERS ASSOCIATION, INC. (the "Corporation").

SECOND: That the Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law.

THIRD: The purpose or purposes for which the Corporation is formed are as follows:

A. To promote the health, safety and welfare of the residents of a residential community proposed to be developed by Water Club Associates, a New York partnership on lands situated in Atlantic Beach, Town of Hempstead, County of Nassau, State of New York; and for this purpose:

(1) To own, acquire, operate and maintain land and facilities for passive recreational and community use, including personal property incidental thereto, hereinafter referred to as the "Common Properties"; and

(2) To enforce any and all covenants, restrictions and agreements applicable to the residential parcels within the above described residential community and the Common Properties, hereinafter collectively referred to as "the Properties", (the enforcement of which is not specifically and exclusively reserved to others), and particularly the Declaration of Covenants, Restrictions, Easements, Charges and Liens (hereinafter referred to as the "Declaration") which may hereafter be made by Water Club Associates and recorded among the land records of Nassau County, New York.

EXHIBIT B

B. To make and perform any contracts and do any acts and things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any objectives enumerated herein and in the Declaration and By-Laws of the Corporation, but not for the pecuniary profit or financial gain of its members, directors or officers except as permitted under Article 5 of the Not-for-Profit Corporation Law.

C. The Corporation, in furtherance of its corporate purposes above set forth, shall have the powers enumerated in Section 202 of the Not-for-Profit Corporation Law, subject to any limitations provided in the Not-for-Profit Corporation law or any other statute of the State of New York.

FOURTH: The Corporation shall be a Type A Corporation pursuant to Section 201 of the Not-for-Profit Corporation Law.

FIFTH: The Corporation shall have the power to dispose of its real properties only as authorized under the Declaration applicable to said properties.

SIXTH: This Certificate may be amended pursuant to the provisions of the Not-for-Profit Corporation Law.

SEVENTH: The office of the Corporation will be located at Atlantic Beach, Town of Hempstead, County of Nassau, State of New York.

EIGHTH: The territory in which the operations of the Corporation will be principally conducted is Atlantic Beach, Town of Hempstead, in the County of Nassau, State of New York.

NINTH: The Secretary of State is hereby designated as the agent of this corporation upon whom process against this corporation may be served. The post office address to which the Secretary of State shall mail a copy of any process against this corporation served upon him as agent of this corporation is: 1112 Remsen Avenue, Brooklyn, New York 11236.

TENTH: The name and address of the registered agent who is to be the agent of the Corporation upon whom process against it may be served is Allan Arker, 1112 Remsen Avenue, Brooklyn, New York 11236.

ELEVENTH: The initial Board of Directors shall consist of Allan Arker, 1112 Remsen Avenue, Brooklyn, New York 11236; Blanche Arker, 1112 Remsen Avenue, Brooklyn, New York 11236; and Richard Berman, 1112 Remsen Avenue, Brooklyn, New York 11236.

IN WITNESS WHEREOF, I have made and signed this Certificate this day of , 198 and I affirm the statements contained herein as true under penalties of perjury..

RICHARD HERZBACH
71 South Central Avenue
Valley Stream, New York 11580

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

On this day of , 198 , before me personally came RICHARD HERZBACH, to me known and known to me to be the individual described in and who executed the foregoing instrument, and she duly acknowledged that she had executed the same.

Notary Public

BY-LAWS
OF
THE WATER CLUB
HOME OWNERS ASSOCIATION, INC.

CERTILMAN HAFT LEBOW BALIN BUCKLEY & KREMER
Attorneys for the Developer
71 South Central Avenue
Valley Stream, New York 11580

BY-LAWS
OF
THE WATER CLUB
HOME OWNERS ASSOCIATION.

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BY-LAWS

OF

THE WATER CLUB
HOME OWNERS ASSOCIATION, INC.

A New York Not-for-Profit Corporation

ARTICLE I. NAME, LOCATION AND PRINCIPAL OFFICE

These are the By-Laws of The Water Club Home Owners Association, Inc. hereinafter referred to as the "Association". The principal office of the Association shall be located at Beech Boulevard, Atlantic Beach, County of Nassau and State of New York.

ARTICLE II. DEFINITIONS

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

(a) "Association" shall mean and refer to The Water Club Home Owners Association, Inc., a New York Not-for-Profit Corporation.

(b) "Developer" shall mean and refer to The Water Club Associates, a New York partnership and its successors and assigns if such successors and assigns should acquire an undeveloped or developed but unsold portion of The Properties from the Developer for the purpose of development.

(c) "Declaration" shall mean and refer to the Declaration of Covenants, Restrictions, Easements, Charges and Liens applicable to The Properties recorded among the land records in the Clerk of the County of Nassau, New York.

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

(e) "Lot" shall mean and refer to any plot of land intended and subdivided for residential uses shown on the subdivision map of the Properties but shall not include the Common Areas as herein defined.

(f) "Member" shall mean and refer to each holder of a membership interest in the Association, as such interest is set forth in Article VI.

(g) "Home" shall mean and refer to all units of residential housing situated upon lots located on The Properties.

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

(i) "Common Properties" or "Common Areas" shall mean and refer to certain areas of land other than individual Lots as shown on the filed subdivision map and intended to be devoted to the common use and enjoyment of the owners of the Properties.

(j) "Development" shall mean The Water Club, a 56 home development being constructed on the Properties.

ARTICLE III. PURPOSE

This Association is formed to own, operate and maintain the Common Properties for the benefit of the members of the Association.

ARTICLE IV. APPLICABILITY

All present and future Members shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the conduct of its Members.

ARTICLE V. USE OF FACILITIES

The Common Properties shall be limited to the use of the Members and their guests. In the event that a Member shall lease or permit another to occupy his Home, however, the lessee or occupant shall at the option of the Member, be permitted to enjoy the use of the Common Properties in lieu of and subject to the same restrictions and limitations as said Member. However, both the Member and the Lessee may not use the facilities at the same time. Any Member, lessee or occupant entitled to the use of the Association facilities may extend such privileges to members of his family residing in his household by notifying the Secretary in writing of the names of any such persons and of the relationship of such Member, lessee or occupant to such persons.

ARTICLE VI. MEMBERSHIP AND VOTING RIGHTS

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

The Owner of each Home (or "lot" in the event no home is constructed on such lot) on the Properties shall be a member whether such ownership is joint, in common or tenancy by the entirety. When more than one person or entity holds such interest in any Home, vote(s) attributable to such Member shall be exercised only as such persons mutually determine. With the exception of cumulative voting employed in the election of Directors, not more than one vote may be cast with respect to any such Home. No member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors.

ARTICLE VII. QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. So many Members as shall represent at least 51% of the total authorized votes of all Members present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Association for the transaction of business, except as otherwise provided by Statute, by the Declaration, the Certificate of Incorporation of the Association or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Association, the Members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least 5 days written notice of such adjourned meeting shall be given to all Members. At such adjourned meeting any business may be transacted which might have been transacted at the meeting originally called. At such adjourned meeting, so many members as shall represent at least 33-1/3% of the total authorized votes of all members shall constitute a quorum.

Section 2. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Members present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Members, unless the question is one upon which by express provision of the Statute, Declaration, Certificate of Incorporation or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 3. Right to Vote. Members shall be entitled to vote either in person or by proxy at any meeting of the Association. Any such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 4. Proxies. All proxies shall be in writing signed by the member, and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 5. Waiver and Consent. Wherever the vote of the membership at a meeting is required or permitted by Statute or by any provision of the Declaration, Certificate of Incorporation or of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of the membership may be dispensed with if all Members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 6. Place of Meeting. Meetings shall be held at any suitable place convenient to the Members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 7. Annual Meetings. The first annual meeting of the membership of the Association shall be held within six (6) months of the closing of the first Home. Thereafter the annual meeting of the membership of the Association shall be held on such date as is fixed by the Board of Directors. At such meetings there shall be elected by ballot of the membership a Board of Directors in accordance with the requirements of Article VII of these By-Laws. The Members may also transact such other business as may properly come before the meeting.

Section 8. Special Meetings. It shall be the duty of the President to call a special meeting of the Association, if so directed by the Board of Directors, or upon the presentation to the Secretary of a petition signed by a majority of the Members.

Section 9. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member at least ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 10. Order of Business. The order of business at all meetings shall be as follows:

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

ARTICLE VIII. BOARD OF DIRECTORS

Section 1. Number and term. The number of Directors which shall constitute the whole Board shall not be less than three nor more than five. An initial Board consisting of three Directors shall be designated by the Developer to serve until the first annual meeting of the Association. At the first annual meeting and at all subsequent annual meetings the Members shall vote for and elect five Directors to serve for one year terms and until their successors have been duly elected and qualified. All directors, other than those the Developer shall have the right to designate, must be either Members of the Association or immediate family members residing in the Member's home. As required by law, each Director shall be at least nineteen years of age.

Section 2. Cumulative Voting and Right of Developer to Designate Certain Board Members. In an election of Directors, each Member shall be entitled to as many votes as shall equal the number of Directors to be elected and a Member may cast all of such votes for a single Director or may distribute them among two or more Directors as he sees fit.

Notwithstanding the foregoing, the Developer shall have the right to designate three Directors until the fifth anniversary date of the recording of the Declaration or until 90% of the Homes in the Development are sold, whichever is sooner. Thereafter, the Developer shall have the right to designate one Director for so long as it holds at least one membership. When the Developer no longer holds any membership interests it may not designate any Directors. Developer may not cast its votes to elect any Directors in addition to the designated Directors set forth above.

Section 3. Vacancy and Replacement. If the office of any Director becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurred and until his successor is duly elected and qualified. In the event a Director appointed by Developer resigns, the Developer shall have the right to appoint another Director in his place.

Section 4. Removal. Directors may be removed for cause by an affirmative vote of a majority of the Members. No Director, other than a designee of the Sponsor, shall continue to serve on the Board if, during his term of office, he shall cease to be a Member.

Section 5. Powers.

(a) The property and business of the Association shall be managed by its Board of Directors, which may exercise all such

powers of the Association and do all such lawful acts and things as are not by Statute, Declaration, Certificate of Incorporation or by these By-Laws, directed or required to be exercised or done by the Members or Owners personally. These powers shall specifically include, but not be limited to the following items:

1. To determine and levy annual assessments ("Association assessments") to cover the cost of operating and maintaining the Common Properties payable in advance. The Board of Directors may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses.

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

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

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

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

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

7. To employ workmen, contractors and supervisory personnel, and to purchase supplies and equipment, to enter into contracts to provide maintenance and other services and generally to have the power of Directors in connection with the matters hereinabove set forth.

8. To bring and defend actions by or against one or more Members and pertinent to the operation of the Association and to assess special assessments to pay the cost of such litigation.

9. To hire a Managing Agent to perform and exercise the powers of the Board of Directors in the management of the Development.

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

(c) Notwithstanding anything to the contrary contained in these By-Laws, so long as the Developer or its designee shall continue to own membership interests representing at least 5% of the total membership or more, but in no event later than 5 years from the closing of title to the first home, the Board of Directors may not, without the Developer's prior written consent, (i) make any addition, alteration or improvement to the Common Area, or (ii) assess any Association charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund or, (iii) enter into any service or maintenance contract for work not covered by contracts in existence on the date the Declaration of Covenants, Restrictions, Easements, Charges and Liens is recorded or, (iv) borrow money on behalf of the Association or, (v) increase or decrease the services or maintenance set forth in the budget submitted to the New York State Department of Law or, (vi) purchase any individual materials, equipment or other goods costing in excess of \$1,000.00. Developer shall not use its veto power or control of the Board of Directors to reduce the level of services described in the Declaration of Covenants, Restrictions, Easements, Charges and Liens or prevent capital repairs or prevent expenditures required to comply with applicable laws or regulations. While Developer is in control of the Board of Directors, no mortgage liens will be placed on the Common Properties without the consent of at least 51% of the Home Owners other than Directors or Developers nominee.

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

Section 7. Meetings.

(a) The first meeting of each Board newly elected by the Members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Directors shall be held at the same place

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

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

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

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

(e) Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Annual Statement. The Board of Directors shall furnish to all Members and shall present annually (at the annual meeting) and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business conditions and affairs of the Association, including a balance sheet and profit and loss statement certified by an independent public accountant and a statement regarding any taxable income attributable to the Members and a notice of the holding of the annual meeting of Association members.

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

ARTICLE IX. OFFICERS

Section 1. Elective Officers. The officers of the Association shall be chosen by the Board of Directors and shall consist

of a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Assistant Secretaries and Assistant Treasurers and such other officers as in their judgment may be necessary. All officers must be either members of the Board of Directors, Members of the Association, or lessees or occupants entitled to the use of the Properties in lieu of the Member renting or permitting them to occupy the Home in which they reside. Two or more offices may not be held by the same person.

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

Section 3. 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 for a period of one year or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed with or without cause, at any time, by the affirmative vote of a majority of the Board of Directors present at such meeting, provided prior notice was given to all Board members that this item was on the agenda for such meeting. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Association Members and the Board of Directors, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Association, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a corporation organized under the Not-for-Profit Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a corporation organized under the Not-for-Profit Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all meetings of Association Members and record all votes and the minutes of

all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of Association Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Association including the vouchers for such disbursements, and shall deposit all monies, and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. These duties may also be exercised by the Managing Agent, if any. However, such Managing Agent shall not replace the Treasurer.

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

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

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

ARTICLE X. NOTICES.

Section 1. Definitions. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Directors or to any Director or Association Member, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Directors, such Director, or Member, at such address as appears on the books of the Association.

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

ARTICLE XI. ASSESSMENTS AND FINANCES

Section 1. Creation of the Lien and Personal Obligation of Assessments. The creation of the lien and personal obligation of assessments is governed by Section 1 of Article VI of the Declaration.

Section 2. Purpose of Assessments. The purpose of assessments is as specified in Section 2 of Article VI of the Declaration.

Section 3. Basis of Assessments. The basis of the assessments is as specified in Section 3 of Article VI of the Declaration.

Section 4. Date of Commencement of Assessments: Due Dates. The date of commencement and the due dates of assessments are as specified in Section 4 of Article VI of the Declaration.

Section 5. Effect of Non-Payment of Assessment: Remedies of the Association. The effect of non-payment of assessments and the remedies of the Association shall be as specified in Section 5 of Article VI of the Declaration.

Section 6. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinated pursuant to the provisions of Section 5 of Article VI of the Declaration.

Section 7. Checks. All checks or demands for money and notes of the Association shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 8. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all members. Disbursements from said account shall be for the general needs of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the community.

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

ARTICLE XII. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called meeting of Association Members provided: (1) that the notice of the meeting shall contain a full statement of the pro-

posed amendment and (2) that the amendment shall be approved by vote of at least sixty six and two thirds percent (66 2/3%) of the Members. No amendment, however, shall affect or impair the validity or priority of the Members' interests and the interests of holders of a mortgage encumbering a Member's Home. Nor shall any amendment have the effect of infringing upon the Developer's right to build and make membership in or use of the Association available to purchasers or lessees of no more than 56 Homes on the Properties.

ARTICLE XIII. SELLING, LEASING AND GIFTS OF HOMES

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

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

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

Section 2. Gifts, etc. Any Member may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy without restriction.

ARTICLE XIV. GENERAL PROVISIONS

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

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

Section 3. Examination of Books and Records. Each Member, or their respective representatives and first mortgagees, shall be entitled to a reasonable examination of the books and records of the Association at any time upon reasonable notice to its Board of Directors. The Declaration, Certification of Incorporation and the By-Laws of the Association shall be available for inspection by any Member or first mortgagee at the principal office of the Association.

Section 4. Construction. Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so required.

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

Section 5. Severability. Should any of the covenants, terms or provisions herein imposed 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.

PURCHASE AGREEMENT

Agreement made and dated _____, 198____, between Water Club Associates, 1112 Remsen Avenue, Brooklyn, New York 11236, hereinafter called the "Seller" and residing at No. _____ hereinafter called the "Purchaser".

WHEREAS, the Seller desires to offer for sale Homes and for Lots* to be situated on land owned by it located at Atlantic Beach, Nassau County, New York, together with mandatory memberships in The Water Club Home Owners Association, Inc., hereinafter called the "Association", and the Purchaser is desirous of purchasing a Home and/or lot therein and obtaining membership in the Association.

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

1. Sale of Home. Seller agrees to sell and convey, and Purchaser agrees to purchase: All that certain plot, piece or parcel of land, with the buildings and improvements thereon erected or to be erected, situate, lying and being in Atlantic Beach, Nassau County, New York, known as part of Lot No. _____ on a Map entitled, "Water Club" filed or to be filed in the Office of the Clerk of Nassau County. The one family dwelling referred to shall conform substantially in appearance to Model Type _____ as per Plans and/or on exhibit by Seller.

2. Home Owners Association. The Seller has exhibited and delivered to the Purchaser and Purchaser has read and agrees to be bound by the proposed Declaration of Covenants, Restrictions, Easements, Charges and Liens, By-Laws and Offering Plan of the Association (and the Exhibits attached thereto), as the same may from time to time be amended, 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. With the purchase of his Home, the Purchaser acknowledges that he will automatically thereby become a member of the Association, subject to its rules and regulations and liable for its assessments. Pursuant to Regulation, this Agreement is being executed more than 72 hours after the receipt by the Purchaser of a copy of the Offering Plan.

3-A. Purchase Price. The price to be paid by Purchaser for the Premises is \$ _____ as follows:

- (a) 10% at the time Purchaser signs this contract (inclusive of payments previously made by Purchaser, if any, as a non-binding reservation deposit) \$ _____

* Should a Purchaser only be purchasing a lot herein all reference to construction of a Home by the Seller in the Purchase Agreement should be deleted and paragraph 33 herein shall apply to said Purchaser only.

- (b) 10% within ten (10) days of written notification that the House is framed. \$ _____
- (c) 10% within ten (10) days of written notification that the sheetrock has been installed in the House. \$ _____
- (d) Balance at the time of closing by certified or New York State bank cashier's check made payable to Seller. \$ _____

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

Title to all items of personal property shall be delivered free and clear of all liens and encumbrances, except the lien of the mortgage applied for by Purchasers herein, if any.

Excluded Items

Decorative fixtures, furniture, furnishings, wall paper, carpeting and floor coverings, ceramic floors, mirrors, shelves, wall and window treatments, built-ins, burglar alarm systems, electric fixtures, site lighting, intercom systems, special landscaping installed at the model homes, central vacuum systems, patios, Belgium block curbing along driveways, decks, high hat lighting, additional fixtures and switches added for decorative purposes, more than one (1) fire place, humidifiers, decorative painting and stains, appliances, fencing, landscaping, decorative plumbing fixtures and other optional fixtures exhibited in the Model Homes, excepting those specifically set forth in the addendum to this Purchase Agreement, are for display purposes only and are not included in this sale.

In addition, notwithstanding the fact that the Model Home may include a crawl space, the home as actually built, may or may not include a crawl space, at Sellers option. In the event the Home does not include a crawl space Purchaser shall not be entitled to any offer of rescission.

All sums paid on account of this contract are hereby made liens upon said premises, but such liens shall not continue after default by the Purchaser under this contract.

3-B. Closing Costs and Adjustments. The Purchaser further agrees to pay or reimburse to the Seller, if Seller has paid the same, at the closing of title all costs relating to the closing so that this transaction shall be entirely net to the Seller, including but not limited to the following costs: the applicable New York State transfer tax, survey fees and the actual fee for recording the deed to the Home. In the event the Purchaser shall obtain a purchase money mortgage, he shall also pay or reimburse to the Seller all applicable fees connected therewith such as origination fees, fees for credit reports, the actual cost of appraisal and inspection fees, mortgage recording tax (any credit received

as a result of mortgage tax previously paid in connection with the building loan mortgage will inure to Seller), title insurance, preparation of survey, bank attorneys fees for preparation of the documents necessary for the mortgage loan, all recording and filing charges assessed on the loan and all other charges assessed on the loan. All applicable real estate taxes and other usual and normal closing charges and any Association Assessments assessed during the month that title closes or established as a reserve, shall be adjusted as of the closing date based upon the last bill rendered for such taxes or charges. The purchaser shall pay the fee of his own attorney and the premium for a fee title insurance policy, if he desires such coverage. The purchaser shall also pay a travel fee to Seller's attorneys in the amount of \$250.00 if the closing of title is held at an office other than the office designated by the Seller. In addition thereto, the Purchaser agrees to pay at the closing to the Association the monthly Association charges in advance and \$250.00 to be used as initial working capital. Purchaser shall make the required deposits with the lending institution for future payments of taxes and insurance premiums, and, if collected by the lending institution, for Association Assessments.

4. Deed and Subject To. The closing deed shall be a Bargain and Sale Deed with Covenants Against Grantor's Acts, shall be duly executed and acknowledged by the Seller, so as to convey to the Purchaser fee simple title to the said premises, free and clear of all liens and encumbrances, except as herein stated, and shall also contain the covenant required by subdivision 5 of Section 13 of the Lien Law. The Purchaser shall accept a marketable title such as Seller's title company or any other reputable title company will insure and the Purchaser shall pay the applicable New York State transfer tax. Unpaid franchise taxes or other taxes shall not be an objection to closing. Title to the premises is sold and shall be conveyed subject to: (a) Ordinances and regulations of competent municipal or other governmental authorities; (b) Easements for screening and planting and for sewer, water, gas, fuel line, drainage, scenic purposes, electricity, cable television, telephone and other similar utilities, if any, granted or to be granted; (c) The Declaration of Covenants, Restrictions, Easements, Charges and Liens referred to in Paragraph 2 of this Agreement which the Seller will or has recorded in the Clerk's Office of Nassau County; (d) Unpaid taxes and liens, provided the title company shall insure against collection of same from the premises; (e) The filed Subdivision Map of the Development; (f) Any state of facts an accurate survey or personal inspection of the premises would show provided title is not rendered unmarketable; (g) The Offering Plan and exhibits thereto; (h) Covenants and Restrictions recorded in Liber 4155 cp. 329 (affects easterly 10 feet of tax lots 46 and 103, which is most of the easterly 10 feet of the entire parcel); (i) Gas and Electric Easement in Liber 1177 cp. 133 and assigned as to Gas Easement by Liber 1387 cp. 383 (affects streets); (j) Telephone Easement in Liber 1265 cp. 164 (affects streets and rear line of lots on subdivision map); (k) Water Easement in Liber 1659 cp. 120 (affects streets); (l) Sewer Easement in Liber 1559 cp. 240 (affects

streets); (m) Sewer Agreement in Liber 1571 cp. 492 (streets); (n) Gas and Electric Agreements in Liber 2480 cp. 79 and Liber 2499 cp. 156; (o) Electric Agreement in Liber 7528 cp. 142; (p) Non-exclusive Right of Way granted to the Town of Hempstead recorded in Liber 5865 cp. 193 and in Liber 6146 cp. 191 (affects Ocean frontage to a width of 30 feet) (q) Non-Exclusive Right of Way granted in conjunction with conveyance of lot 66 to the Town of Hempstead, recorded in Liber 5865 cp. 197; (r) Non-exclusive Right of Way granted in conjunction with conveyance of lot 68 to the Town of Hempstead recorded in Liber 6146 cp. 195; (s) No portion of the within described premises lying below the high water mark of the Atlantic Ocean will be insured; (t) Subject to the rights of the public to navigate the waters of the Atlantic Ocean. Riparian rights of owners of the subject premises are not insured; (u) rights of the United States of America to improve navigation and change bulkhead lines without compensation to upland owners; (v) Rights of the public to pass and repass over the beach area. This exception is limited to that area lying south of the southerly line of development permitted by governmental authority; (w) eminent domain proceedings (x) Declaration of Restrictive Covenants recorded or to be recorded in the Nassau County Clerk's Office and (y) Right-of-Way Agreement recorded or to be recorded in the Nassau County Clerk's Office.

5. Delivery of Deed, Incomplete Home at Time of Closing.

The closing of title shall take place at the 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 ten (10) days written notice mailed to the Purchasers at their address hereinabove set forth. The Seller shall be entitled to a reasonable adjournment in the closing of title as set forth in paragraph 20 of this Agreement 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 fourteen (14) days granted at the request of the Purchaser shall be upon the condition that all adjustments, including interest on the cash balance of the purchase price (including any portion financed by a lending institution) be paid at the rate of interest charged to Seller on the building loan mortgage, if any, or at 16% per annum, whichever is greater provided it shall not exceed the maximum interest rate permitted by law, and 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 the event the dwelling or its environs are not completed, but are substantially completed and habitable, on the date set by Seller for closing of title, same shall not constitute an objection to closing title, provided Seller shall, by letter agreement to survive title closing, agree to complete any open items within sixty (60) days after closing, weather and circumstances permitting.

6. Income: The Purchaser represents that: the gross income of all parties to this contract exceeds \$ _____ per year, that they have never filed bankruptcy, and that there are no

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liens, loans, judgments or claims against them which would impair their ability to obtain the mortgage loan referred to herein. The Purchaser does hereby agree to pay off any outstanding personal loans prior to closing if so requested by the lending institution.

7. Purchasers Obligations Respecting Mortgage Loan. The mortgage loan designated and approved by Seller applied for by the Purchaser herein, if any, shall be secured by a first mortgage on the Home in the amount of \$ _____ to run for a period of 15/25/30 years, to bear interest at the rate of _____ % per annum and to be payable in monthly installments which may include amortization of principal, interest, taxes, water rates, private mortgage insurance fees, fire and other hazard insurance premiums, and such other provisions as may be required by the lending institution. The mortgage shall contain the banks usual prepayment privileges. The term "Conventional Mortgage" as used herein, shall include any mortgage whatsoever, including a privately insured mortgage, (PMI) regardless of the method of repayment. For example, it shall include, but not be limited to: "RRM", "ARM", "AML", "GPM", "SAM", "VRM", and "FLIP" Mortgages. The Purchaser does hereby agree 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 and 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 \$15,000. In the event the mortgage shall be approved for a different term than that requested, Purchaser agrees to accept said mortgage on condition that the term be reduced or lengthened by not more than five (5) years. In the event any personal property is included in this sale, such personal property shall be included in and be deemed part of the security for the aforesaid mortgage loan. If the application for the mortgage loan hereinabove set forth is approved and the commitment issued, then the Purchaser does hereby agree to execute, acknowledge and deliver such bond, mortgage, assumption, extension and/or modification agreements, affidavits, statements, or any other instruments, which may be necessary or required by the lending institution, and/or the Title Company insuring the mortgage in order to properly effectuate the placing of the mortgage loan above described. If, after compliance with the foregoing by the Purchaser, he is not approved by the lending institution approved by Seller within 30 days from date of application 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 on the same terms and conditions. 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 part of this Agreement. The obligation to obtain the mortgage and pay for all associated charges shall be the Purchasers' except in the event the Seller obtains a mortgage or commitment on behalf of the purchaser, the purchaser shall reimburse the Seller for all expenses, including brokerage fees, within ten (10) days of written notification by Seller.

8. Breach of Purchase Agreement by Purchaser. Should Purchaser violate, repudiate, or fail to perform any of the terms of this agreement, or fail to make any payment in a timely fashion, which default remains uncured for 15 days after written notice of such default from Seller, Seller will retain all of the monies paid on account hereunder plus the price of any custom work ordered, 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 including the right of specific performance. This provisions shall apply whether or not construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

9. 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 heretofore or hereafter made and any advances heretofore or hereafter made thereon, and any payments or expenses already made or incurred or which may hereafter be made or incurred, 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 or payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. The Seller shall satisfy all such mortgages or obtain a release of the Home from the lien of such mortgage at or prior to the closing date, except for the individual mortgage covering the mortgage loan taken out by the Purchaser, if any, whether same be by extension, assumption, consolidation or otherwise.

10. Risk of Loss. The provisions of Section 5-1311 of the General Obligations Law will apply in the event of fire or casualty loss before the delivery of title.

11. 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, together with a notice in writing, addressed to the Purchaser at their address hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or sub-division thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials from its regular suppliers or from using same in the construction and/or completion of the Home; or (2) that the Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements or national emergencies, or the installation of public utilities is restricted or curtailed.

12. Possession by Purchaser Prior to Closing. It is expressly understood and agreed that the Purchaser shall in no event take possession of the premises prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this Agreement, nor shall purchaser enter the home or have his contractors or agents enter the home to perform work prior to closing without the written authorization of Seller, and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove him 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, plus the cost of any custom work or options ordered, shall belong to the Seller as liquidated damages and the contract shall be deemed cancelled. It is further understood and agreed that the Seller will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the property on or after the closing of title herein.

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

14. 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.

15. Municipal Certificates. At the closing of title the Seller will deliver a temporary or permanent certificate of occupancy and title will not close until a temporary or permanent certificate of occupancy has been issued covering the home.

16. Construction of Home by Seller. The Seller agrees, at its own cost and expense to erect and complete the aforementioned Home in accordance with the requirements as to materials and workmanship of the Building Department of the Town of Hempstead and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department.

17. 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 substantially equal value and quality; (b) determine the exterior color and design, location of buildings, landscaping grading and design of all plots and dwellings to fit into the general pattern of the Community; (c) determine elevation and location of foundations (including reversal of the building and/or home layout), walks, driveways, and streets; (d) determine whether trees or shrubs currently on the premises are to be removed; (e) alter the elevation and roof details where elevation of adjacent lot warrants such change; (f) alter the exterior materials or placement thereof where alignment of adjacent homes so warrant; (g) determine the type of home to be constructed on a particular lot; (h) to fix the location of a house (including setbacks) within the lot lines; (i) determine the ultimate number of Homes and house type mix to be constructed in the Development; (j) add or remove retaining walls on the lots or Common Areas where required by grade conditions; (k) determine the location of electric meters and heat pump units; (l) determine the size of decks to be constructed on a particular Home.

The Seller agrees to notify Purchaser of any major changes, specifications, deviations, additions or deletions which may be beyond the scope of the limitations thereon set forth hereinabove. If said major change affects the Common Areas it will be disclosed by a duly filed amendment to the Plan. Such changes shall include but not be limited to the substitution of lots in the event topographical conditions on the lot selected are not conducive to construction of a particular model type on that lot. In the event that Seller notified Purchaser in writing of such changes and modifications, Purchaser shall be deemed to have approved of same, unless Seller receives Purchaser's written disapproval of such modifications and amendments within ten (10) days from date of the aforesaid notice by Seller. In such event, Seller may, at

its option elect to withdraw its proposed changes and modifications and shall have thirty (30) days from receipt of Purchaser's notice to do so. Thereupon, the home shall be constructed as provided herein. Or, Seller may elect to effectuate the aforementioned changes and modifications irrespective of Purchaser's notice of disapproval. In such event, Purchaser may declare this Agreement to be null and void and shall be entitled to the return, within thirty (30) days from receipt of Purchaser's notice of disapproval, of all monies deposited hereunder by Purchaser, with interest, if any, at which time the parties hereto shall be relieved of all further obligations hereunder.

18. Selection of Colors, Options, etc., by Purchaser. It is further agreed that wherever the Purchaser has the right to make a selection of construction changes, optional extras, colors, fixtures and/or materials, he shall do so within ten (10) days after written demand therefor. The selections are to be made at Seller's sales and display offices Monday through Friday, excluding holidays, from the hours of 10:00 a.m. to 4:00 p.m., or at the display showrooms arranged for by the Seller for this purpose. In the event the Purchaser fails to make such selection within such period, the Seller shall have the right to use its own judgment in the selection of colors, fixtures and materials and the Purchaser shall accept the same. Such written demand shall be by ordinary mail addressed to the Purchaser at the address herein set forth.

18 A. Extras. Any extras or changes ordered by purchaser shall be signed by the purchaser and must be paid for in full at the time of the order. If for any reason the Seller fails to install said extras or changes in accordance with the work order, the limit of the Sponsor liability is a refund of the amount of the charge and same shall not be deemed an objection to title. All extras must be ordered prior to commencement of construction and must not delay construction.

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

20. Delay in Closing, Purchaser's Option to Cancel. In the event the Seller shall be unable to convey title to the Home on or before nine (9) months after the date of delivery of title set forth herein in Paragraph 5 and except for delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing Seller from obtaining necessary supplies and/or materials, in which event the period shall be extended to twelve (12) months, and except for the Purchaser's default, the Purchaser shall have the option to cancel this agreement and to

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have the down payment advanced by him returned to the Purchaser with interest, if any.

21. 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 Purchaser agrees that he will not record or assign this agreement or any of his rights hereunder without the written consent of the Seller. In the event Seller in its discretion permits an assignment of this Purchase Agreement, it may elect to impose an assignment fee equal to twenty-five (25%) percent of the purchase price. In no way should this be construed as a requirement that Seller must consent to any assignment and Seller reserves the right to refuse to permit an assignment of this Purchase Agreement. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address above given or at such address as either party may hereafter designate to the other in writing or to their respective attorneys.

22. LIMITED WARRANTY. At the closing of title the Seller will deliver the certificates and warranties delivered to them and transferable to Purchaser. Seller's liability pursuant to the manufacturers' and subcontractors' warranties covering heating, air conditioning systems, appliances, electricity, plumbing, roofing or any other item covered by manufacturers' or subcontractors' warranties are limited solely to the extent that such warranties are delivered to Seller, transferable to the Purchaser and then only as against such manufacturer or subcontractor. Said warranties shall be for a minimum of one (1) year from the date of closing of title to the home in which the alleged defect exists.

Purchasers should note that:

1. No steps taken by Seller to correct a defect shall act to extend any warranty period.

2. Seller accepts no responsibility for any warranty obligation for incidental or consequential damage caused by any defect.

3. These warranties gives you specific legal rights. You may have other rights under State Law.

4. These warranties are extended to you as purchaser and are not extended to any subsequent purchaser and mortgage lender who takes possession of the home.

5. These warranties shall be void if Purchaser misuses, abuses or otherwise interferes with or changes Sellers original construction or installations.

6. Seller is not responsible for any work or material ordered directly by purchasers from Seller's contractors or suppliers or other outside suppliers or contractors and for incidental or consequential damages resulting from such work or material.

7. In no event shall the Seller be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements; damage to walkways or other concrete areas caused by the application of salt or deicers; nail pops; raised butt joints; ridging; normal lumber shrinkage; normal settlement or any consequential damage resulting therefrom; normal plumbing and heating noises or carpet stretching; normal settlement cracks on concrete foundations, patios, sidewalks and other flat work; basement leaks resulting from acts of God or alteration of landscaping or grading; 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 floors, tops, tubs and showers, edges and surfaces; shading variations of the exterior siding staining (on the face surface or grooves); shading variations on fascias from staining; doors and windows sticking because of weather; door warpage less than 1/2 inch; adjustment of bi-fold doors; bath tile grouting; slight separation in joints of flooring; slight separation between base and floor in all rooms (including bathrooms); repair of chips, scratches, mars, breaks, or other blemishes in windows, sliding doors, screens, electric fixtures and globes, painted surfaces, sinks, tubs, basins, kitchen cabinets and counter tops, vanity tops and cabinets, medicine cabinets, ceramic tile, saddles, resilient flooring, appliances, woodwork and doors. Subsequent to the conveyance of title to a Home, the Seller shall not be responsible for paint touch-ups, repair of dented appliances, porcelain or formica chips and scratches in tubs, vanities or countertops, broken windows or screens which windows or screens break subsequent to closing.

8. These warranties are specifically in lieu of any other guarantee or warranty, express or implied including any warranty of merchantability.

The provisions of this paragraph shall survive the delivery of the deed.

23. Trust Funds. The Seller has obtained a bond from the Universal Bonding Insurance Company of Nutley, New Jersey, authorized to do business in the State of New York and having a place of business at 492 Franklin Avenue, Nutley, New Jersey, guaranteeing the return of any funds advanced by the Purchaser. Attached hereto as Exhibit "A" to the Purchase Agreement is a copy of said bond. If no bond or letter of credit is posted, such funds will be held as trust funds pursuant to Section 352-h and Section 352-

e(2)(b) of the General Business Law in a special account in Extebank, 1001 Avenue of the America, New York, New York. The signature of Jeffrey Rosenberg, 230 Park Avenue, New York, New York, as attorney for the Sponsor, shall be required to withdraw any of such funds. Such funds will be payable to the Seller upon the closing of title to the Home conveyed by the Purchase Agreement. In the event of default by the purchaser under such Purchase Agreement, which default continues for 10 days after notice of such default from the Seller to the purchaser, the funds paid on account hereunder will be released to the Seller from such account plus the cost of any custom work ordered, 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 including the right of specific performance. This provision shall apply whether or not construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

24. Completion of Construction - Purchaser's Inspection.

Purchaser shall accept title (without abatement in or credit against the purchase price or provision for escrow) notwithstanding that construction of (a) minor details of the Home or (b) other Homes or (c) the Recreational Facilities (if any) or (d) the landscaped areas or (e) the open parking spaces or (f) other portions of the common elements have not been completed. Purchaser will inspect his Home with a representative of the Seller during normal business hours 48 hours prior to the closing date and will sign and deliver to Seller on or before the closing date an inspection statement acknowledging the condition in which he has received his Home. Purchaser agrees to accept a letter agreement from the Seller wherein the Seller shall agree to complete all unfinished items on the inspection statement within sixty (60) days from the date of the closing of title, weather permitting (without abatement in or credit against the purchase price or provision for escrow).

25. Personal Occupancy. Purchaser represents that the purchase of the Home herein is for his own personal occupancy.

26. Prohibition Against Advertising of Home for Sale. The placing of an advertisement or sign for the sale of this Home on the property or in any newspaper prior to closing will constitute a default under the terms of this Purchase Agreement and should such default continue for 15 days after notice of such default from the Seller to the purchaser it will entitle the Seller to the funds paid on account hereunder plus the cost of any custom work ordered, 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 including the right of specific performance.

27. Entrance on Premises. Purchaser agrees that Seller or its agents, employees, etc., may enter upon the premises after the closing of title in order to complete any outside work on this or adjoining premises which may be required to be done. The Purchaser herein irrevocably appoints the Seller as his attorney-in-fact to execute, at any time prior or subsequent to the delivery of the deed and such deed shall be deemed subject thereto, any and all applications, documents, and/or instruments as may be required or necessary to obtain the aforesaid Certificate of Occupancy. This paragraph shall survive delivery of the deed.

28. Liability of Property Belonging to Purchaser. It is understood and agreed that the Seller will accept no liability whatsoever for any property belonging to the Purchaser, their agents, employees, family, or belonging to any party other than Seller which is placed on the premises prior to the closing of title. No act of the Seller, whatever its nature, shall constitute a waiver of this paragraph.

29. Zoning. It is understood and agreed that should zoning and/or building restrictions and regulations, imposed by any Governmental body having jurisdiction over the construction of residential housing and appurtenances, either presently in effect or as enacted or promulgated in the future, create or impose requirements upon the Seller which are not presently contemplated, then in that event the Seller may cancel this contract with a notice in writing addressed to the Purchaser at their address hereinabove set forth and return all funds deposited hereunder within twenty (20) days of such notice.

30. Prohibition Against Signs. The Purchaser, for themselves, their successors, distributors and/or assigns, do hereby covenant and agree that for a period of three (3) years after the date of the closing of title hereunder, that they will not place any sign or signs, except a house number sign, upon the premises herein described or any part thereof, without the written consent of the Seller. This paragraph shall survive the closing of title and the delivery of the deed and may be included therein.

31. Letters from Holder of Mortgage. Unacknowledged receipts or letters signed by the holder of the first mortgage, its agents or attorneys, shall be sufficient evidence of the status of the mortgage as to principal, interest and prepaid reserves.

32. No Broker. The parties agree that no broker brought about this sale and Purchaser agrees to indemnify Seller against any claim brought by anyone for fees based upon Purchaser's act.

33. Purchase of a Lot. Should Purchaser only be purchasing a lot herein, no Home, building, fence, wall or other structure shall be commenced or erected upon the Lots within the properties until the plans, specifications or other information requested

showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to the Seller and approved in writing as to harmony of external design and location in relation to any surrounding structures and topography by the Seller as long as it retains ownership of one (1) or more Lots and thereafter by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event the Seller, said Board or its designated committee as the case may be fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

34. 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. However, at the option of the Seller all parties named as Purchaser herein must execute the Purchase Agreement.

35. Entire Agreement. This agreement states the entire understanding of the parties and the Seller shall not be bound by any oral representations or agreements.

WATER CLUB ASSOCIATES

BY _____

Purchaser

Purchaser

THE NORTH RIVER INSURANCE COMPANY

492 Franklin Avenue
Nutley, New Jersey 07110

Bond Number _____

KNOW ALL MEN BY THESE PRESENTS, that we _____

as Principal and _____

as Co-Principals and THE NORTH RIVER INSURANCE COMPANY, a New Jersey corporation authorized to do business in the State of New York having an office and place of business at 492 Franklin Avenue, Nutley, N.J. 07110 as Surety, as held and firmly bound unto _____

as Obligee, in the sum of (\$ _____) _____

_____ DOLLARS, lawful money of the United States for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the above bound Principal and Obligee have entered into a contract for the construction of a private residence in the _____

PREMISES KNOW AS: _____

HOME NUMBER: _____

WHEREAS, the Co-Principals have a beneficial interest in said project;

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above named Principal shall well and truly perform or cause to be performed its obligation as set forth in said contract and in each and every respect comply with the conditions therein contained, then this obligation to be void; otherwise to remain in full force and effect.

NO judgement shall be rendered against the Surety in excess of the penalty of this instrument. This obligation shall be in full force and effect until passage of title or return of escrow, whichever is sooner.

SIGNED, SEALED AND DATED THIS: _____

PROVIDED, that in no event shall the liability of the Surety hereunder exceed the penal sum of this bond.

NO party other than the Obligee shall have any rights hereunder as against the Surety.

CO-PRINCIPAL

By: _____
PRINCIPAL

CO-PRINCIPAL

THE NORTH RIVER INSURANCE COMPANY

Attest as to Surety

ROBERT A. NICOSIA, Attorney-in-Fact

DEED

THIS INDENTURE made the _____ day of _____, 198____, between Water Club Associates, a New York partnership, having a place of business at 1112 Remsen Avenue, Brooklyn, 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 considerations, 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 building and improvements therein contained, situate, lying and being in Atlantic Beach, Town of Hempstead, Nassau County, State of York and more particularly described on Exhibit A annexed hereto and made a part hereof.

Subject to covenants, restrictions, reservations and easements of record.

AND TOGETHER with the benefits and subject to the burdens, covenants, restrictions, by-laws, rules, regulations and easements all as set forth in the Declaration of Covenants, Restrictions, Easements, Charges and Liens made by the party of the first part dated _____, 198____ and recorded in the Office of the Clerk of Nassau County on the _____ day of _____, 198____, in Liber _____ of Conveyances at page _____.

SUBJECT to and together with mutual easements with adjacent homes for support and maintenance of common party walls, and appurtenant support joists and beams.

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

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

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part

will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement before using any part of the total of the same for any other purpose.

This conveyance has been made in the regular course of business actually conducted by the party of the first part.

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

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

WATER CLUB ASSOCIATES

WARREN CRANFORD CORP., a Partner

By: _____

COLUMBUS ATLANTIC CORP., a Partner

SEAL

By _____

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

On the _____ day of _____, 198____, before me personally came _____, to me known who, being by me duly sworn, did depose and say that he resides at No. _____

_____, New York, that he is the _____ of WARREN CRANFORD CORP., a corporation duly organized under the laws of the State of New York, having its principal place of business at 1112 Remsen Avenue, Brooklyn, New York; that said corporation is a partner of Water Club Associates, the firm described in and which executed the foregoing instrument as and for the act and deed of Water Club Associates, a partnership of which Warren Cranford Corp. is a partner and that he signed his name by order of the Board of Directors of said corporation.

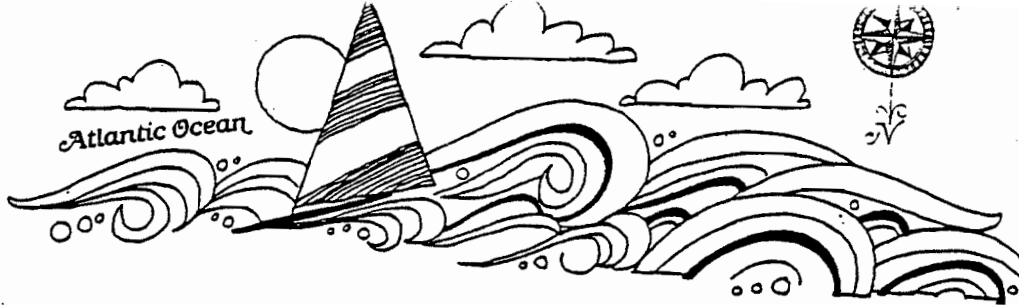
Notary Public

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

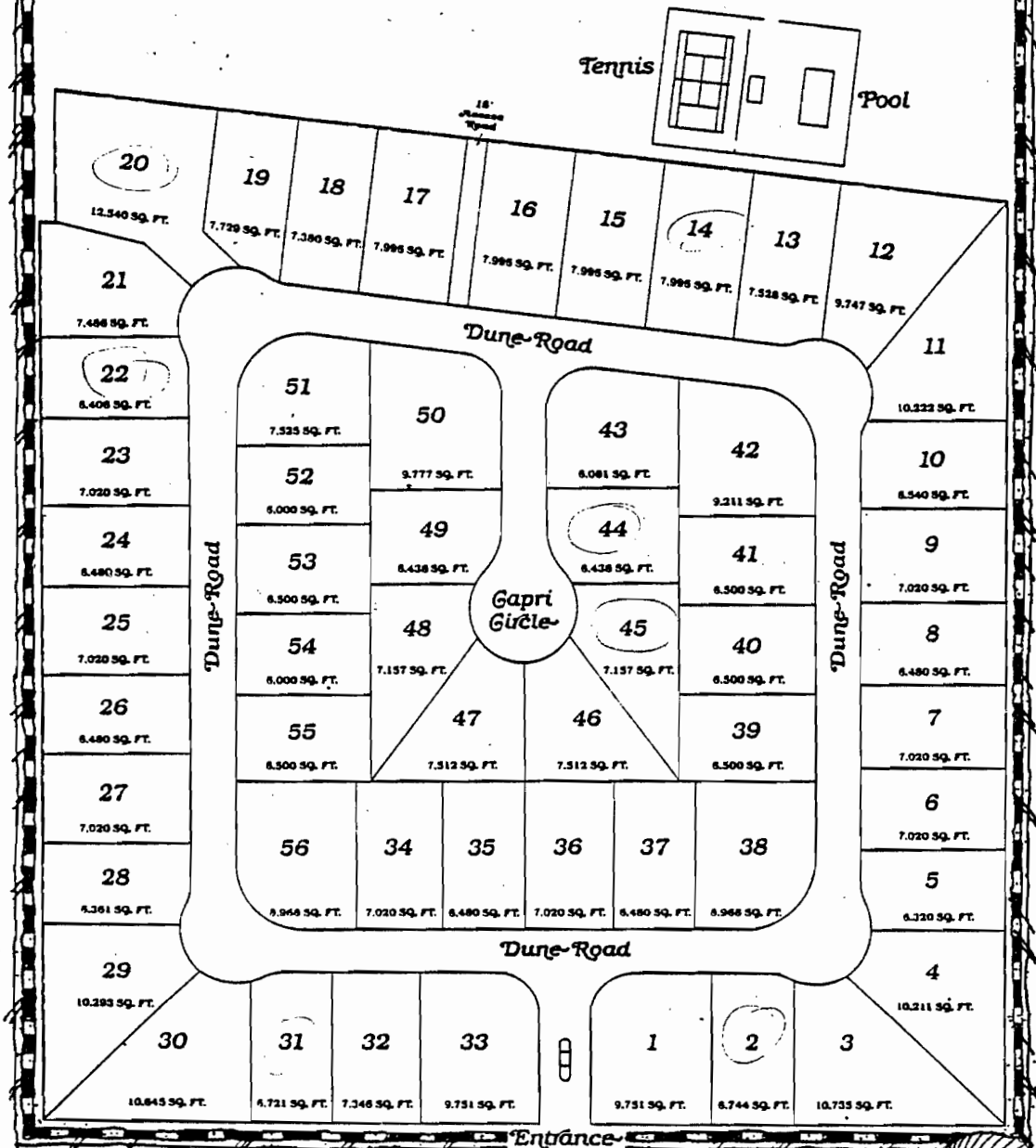
On the _____ day of _____, 198____, before me personally came _____, to me known who, being by me duly sworn, did depose and say that he resides at No. _____

_____, New York, that he is the _____ of COLUMBUS ATLANTIC CORP., a corporation duly organized under the laws of the State of New York, having its principal place of business at 41 South High Street, Columbus, Ohio; that said corporation is a partner of Water Club Associates, the firm described in and which executed the foregoing instrument as and for the act and deed of Water Club Associates, a partnership of which Columbus Atlantic Corp. is a partner and that he signed his name by order of the Board of Directors of said corporation.

Notary Public



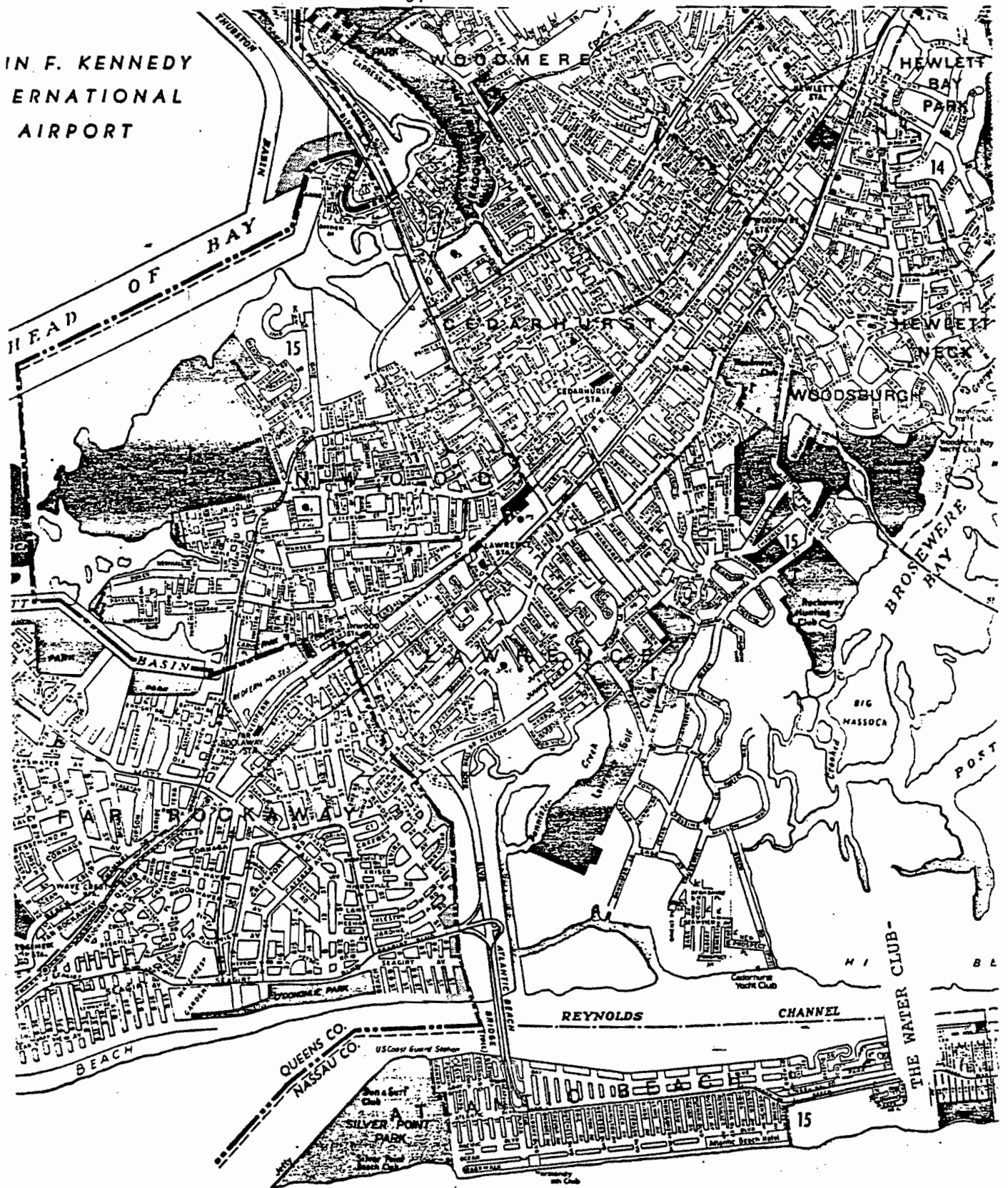
All Annual dues



Beech Boulevard



IN F. KENNEDY
INTERNATIONAL
AIRPORT



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January 30, 1986

DESCRIPTION OF HOA PROPERTYLOCATION OF PROPERTY:

THE WATER CLUB IS LOCATED AT THE SOUTH SIDE OF BEECH BLVD., ATLANTIC BEACH, TOWN OF HEMPSTEAD, NASSAU COUNTY, NEW YORK.

SITE:

THE TOTAL ACREAGE, OF THE SITE, IS 17.6 ACRES. BUILDINGS TO BE OWNED AND MAINTAINED BY THE HOA ARE AS FOLLOWS: (A) ONE SECURITY GUARD SHELTER (B) ONE BATHHOUSE LOCATED AT THE SWIMMING POOL IF SAME IS APPROVED. THE AREAS NORTH OF THE COASTAL ZONE SETBACK LINE WILL BE IMPROVED BY ONE FAMILY DETACHED BUILDINGS ON AN AREA OF APPROXIMATELY 475,550 SQ. FEET. THE AREAS SOUTH OF SUCH LINE WILL REMAIN VACANT, EXCEPT FOR BATHHOUSE AND POOL, IF APPROVED, AND WILL COMPRISE APPROXIMATELY 291,106 SQ. FEET. SUCH AREA WILL BE OWNED BY THE HOA.

STREETS OWNED AND MAINTAINED BY HOA:

THE INTERIOR ROADWAYS WILL BE OWNED AND MAINTAINED BY THE HOA. THE INTERIOR ROADWAYS EXIT ONTO BEECH BLVD.: A PUBLIC ROAD. THE INTERIOR ROADWAYS WILL FORM PART OF THE COMMON AREA AND WILL NOT BE OFFERED FOR DEDICATION TO THE TOWN OF HEMPSTEAD.

- A) STREET PROPOSED: PAVING MATERIAL CONSISTS OF 1 1/2" NEW YORK STATE TYPE 1A AND BASE ALTERNATIVES: (I) 3" ASPHALTIC CONCRETE N.C. ITEM 22CX OR (II) 5" DENSE GRADED AGGREGATE N.C. ITEM 39B
- B) CURBING MATERIAL TO BE CONCRETE.
- C) CATCH BASINS, DRAINAGE TO BE DONE IN ACCORDANCE WITH REQUIREMENTS OF LOCAL GOVERNING AGENCIES AND APPROVED SITE PLAN.
- D) STREET LIGHTING WILL CONFORM TO REQUIREMENTS ON SITE PLAN AND A SHOW IN LETTER FROM TEAS, BARRETT, LANZISERA & FRINK, DATED 21 JANUARY 1986.

DRIVEWAYS:

THERE ARE NO DRIVEWAYS OWNED BY THE HOA. THERE WILL BE A 4'0" WIDE CONCRETE SIDEWALK FROM ROADWAY TO PROPOSED POOL HOUSE.

PAGE TWO - CONTINUEDSUB SOIL CONDITIONS:

THE SUB SOIL, AS DETERMINED BY TEST BORINGS, IS OF LOAD BEARING CAPACITY SUFFICIENT TO SUPPORT THE BUILDINGS TO BE CONSTRUCTED BY THE HOA. THE BUILDINGS WILL BE CONSTRUCTED IN THE NATIONAL FLOOD HAZARD ZONE AT ELEVATION 10 OR HIGHER.

LANDSCAPING ENCLOSURES:

THE SPONSOR WILL PLANT TREES, SHRUBS, ETC., IN ALL AREAS AS REQUIRED BY THE APPROVED LANDSCAPING PLAN.

SEWERS:

- A) SANITARY SEWERS WILL BE PROVIDED IN ACCORDANCE WITH THE APPROVED SITE DRAINAGE PLAN. THE SEWERS OUTFALL INTO THE WEST LONG BEACH SEWER DISTRICT AND CONVEYED TO AN EXISTING SEWAGE TREATMENT PLANT.
- B) THE STORM WATER RUN OFF COLLECTION SYSTEM SHALL BE DESIGNED IN ACCORDANCE WITH NASSAU COUNTY DEPARTMENT OF PUBLIC WORKS' REQUIREMENTS.

REFUSE DISPOSAL:

THE HOA WILL CONTRACT, WITH A PRIVATE CONTRACTOR, FOR PICK UP OF REFUSE. SCHEDULE TO BE DETERMINED BY HOA.

BUILDINGS TO BE OWNED BY HOA:

- A) GUARD HOUSE: TO BE OF ADEQUATE SIZE TO ACCOMMODATE ONE SECURITY GUARD, A TELEPHONE, DESK AND STORAGE. ONE STORY WOOD FRAME BUILDING. FOUNDATION AND SLAB ON CONCRETE. EXTERIOR WALLS OF 2" X 4" STUDS WITH FIBERGLAS INSULATION RATED R-11 COVERED WITH 1/2" PLYWOOD SHEATHING. INTERIOR WALLS OF 1/2" SHEETROCK APPLIED TO 2 X 4 STUDS. WINDOWS AND DOORS TO BE ACORN OR EQUAL WITH BRONZE FINISHED THERMAL BREAK ALUMINUM FRAME AND INSULATED GLASS. ROOFS SHINGLED WITH CLASS 'C' SELF SEALING ASPHALT SHINGLES INSTALLED ON #15 ASPHALT SATURATED FELT. ELECTRICAL SYSTEM TO BE WIRED FROM 200 AMP CIRCUIT BREAKER PANEL. WIRING TO BE INSTALLED IN CONFORMANCE WITH NEW YORK BOARD OF FIRE UNDERWRITER'S CODE.

PAGE THREE - CONTINUED

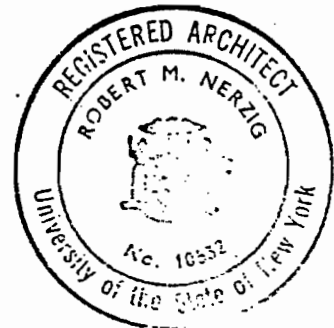
RECREATIONAL FACILITIES:


IF APPROVED, A SWIMMING POOL MINIMUM 20' X 40', 3' TO 5' DEPTH GUNITE STRUCTURE IN ACCORDANCE WITH THE REQUIREMENTS OF THE NASSAU COUNTY DEPARTMENT OF HEALTH, WHICH WILL ACCOMMODATE 32 PEOPLE. THERE WILL BE A 4' HIGH CHAIN LINK FENCE, WITH ENTRY GATE, TO ENCLOSE POOL.

IF APPROVED, ONE ALL WEATHER SURFACE TENNIS COURT.
IF APPROVED, ONE POOL HOUSE IN CONFORMANCE WITH LOCAL BUILDING CODES AND THE NASSAU CO-NTY DEPARTMENT OF HEALTH REQUIREMENTS.

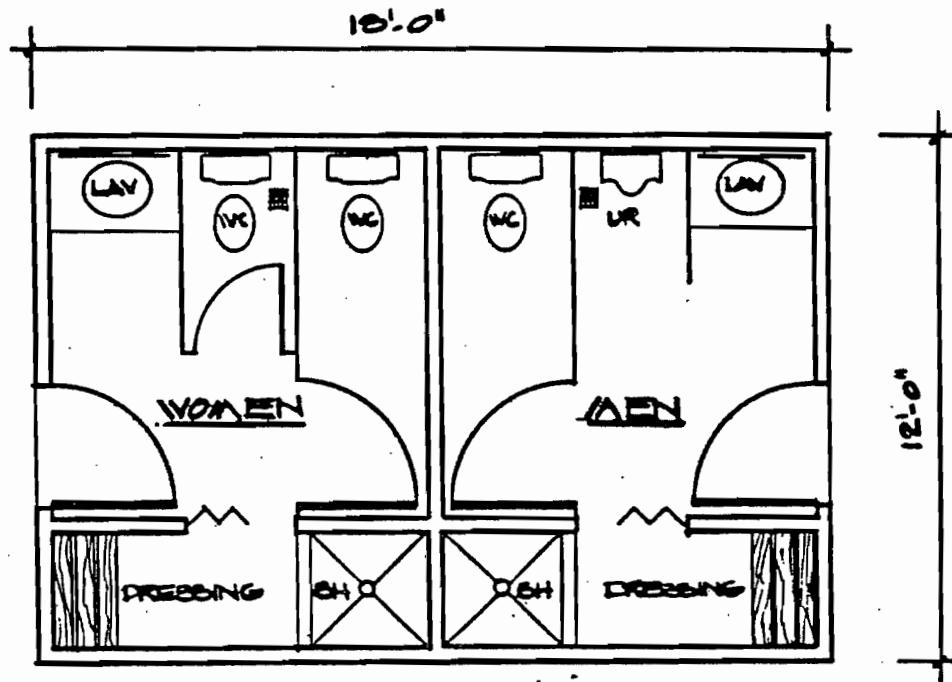
PARKING

THERE WILL BE NO ON SITE PARKING ON PROPERTY OWNED BY THE HOA. INDIVIDUAL HOMES WILL HAVE PARKING ON THEIR PROPERTY, AND WILL CONFORM TO THE APPROVED PLAN OF THE TOWN OF HEMPSTEAD BUILDING DEPARTMENT.





ROBERT M. NERZIG, A.I.A.



drinking fountain

POOLHOUSE

1/4" = 1'-0"

THE WATER CLUB
ATLANTIC BEACH, N.Y.

THE WATER CLUB AT ATLANTIC BEACH, N.Y.

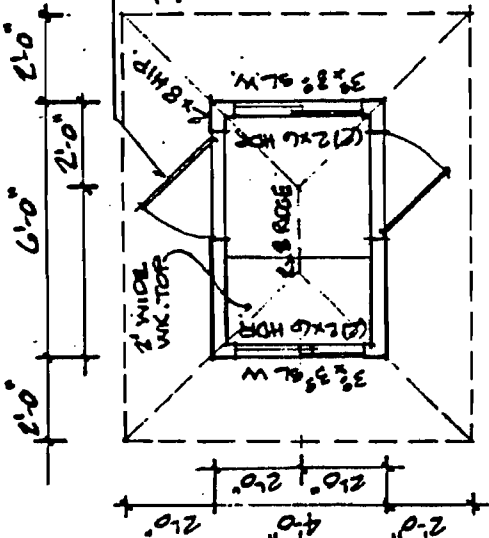
GUARD HOUSE
JOB # B5-04

SCALE: 1/4" = 1'-0"

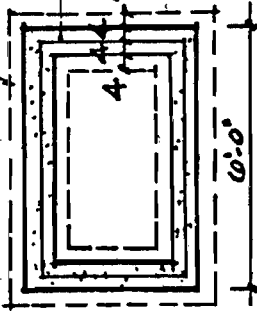
DATE: 2-17-86

10" W. x 8" D. FOOTINGS

DOORS: (2)
2 1/2" x 6 1/2" DUTCH
DOORS W/ GLASS
TOP PANEL.



FLOOR PLAN



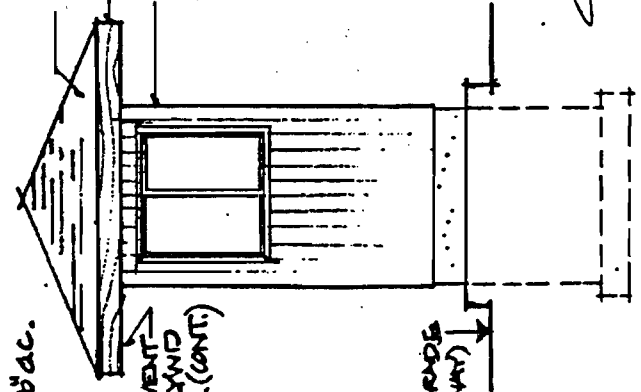
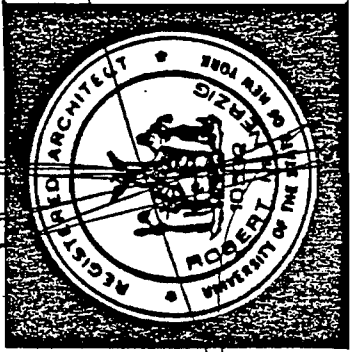
FOUNDATION PLAN

8" THICK FOUND. WALL
W/ 4" WIDE x 6" DEEP
LEDGE ON INSIDE FOR
SLAB SUPPORT
4" CONC SLAB FLOOR

FIBERGLAS SHINGLES
ON 15# FELT
ON 1/2" PLYND SHEATH.

1" x 8" WP BRCA
4" T&G CEDAR
SIDING.

ARCHITECTS
ROBERT M. NERZIG & ASSOC.,
111 GREAT NECK RD.,
GREAT NECK, NY 11021



SIDE ELEVATION

2 1/2" x 6 1/2" DUTCH DOORS

GRILL VENT
IN 1/2" PLYND
SUPPT. (CONT.)

FIN. GRADE
(FOOTWAY)



END ELEVATION

WALL COVERING:
2" x 4" WD STUDS
2" 10" O.C.
1/2" GYP BO NEIDE
1/2" PLYND SH.
15# PLYND PAPER
4" T&G CEDAR
SIDING
3/2" FIBERGLAS
INSUL.

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

Date

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

RE: WATERCLUB HOME OWNERS
ASSOCIATION, INC.

Gentlemen:

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

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 22 and such other laws and regulations as may be applicable.

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

- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

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

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,

Water Club Associates

AP
BY: [Signature]
title

Warren Cranford Corp., as partner
by:

AP
[Signature] Principal
Allan Arker

Sworn to before me this
25 Day of March 1986

[Signature]

CAROL GIULIANI
NOTARY PUBLIC State of New York
No. 24-4803300 - Qual. in Kings Co.
Commission Expires March 30, 1986

[Signature] Principal
Blanche Arker

[Signature] Principal
Sol Arker

Columbus Atlantic Corp., as partner
by:

[Signature] Principal
Harold L. Levin

Sworn to before me this
21 Day of March 1986

[Signature]

[Signature] Principal
Leslie H. Wexner

[Signature] Principal
Stephen P. Campbell

SPONSOR'S ARCHITECT CERTIFICATION

DATE: 30 JANUARY 1986

DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, NEW YORK 10047

RE: WATER CLUB HOME OWNERS ASSOCIATION

GENTLEMEN:

THE SPONSOR OF THE CAPTIONED OFFERING PLAN, FOR A HOME OWNERS ASSOCIATION, RETAINED OUR FIRM TO PREPARE A REPORT DESCRIBING THE PROPERTY WHEN CONSTRUCTED (THE "REPORT"). WE EXAMINED THE BUILDING PLANS AND SPECIFICATIONS THAT WERE PREPARED BY TEAS, BARRETT, LANZISERA & FRINK DATED 13 DECEMBER 1985 AND PREPARED THE REPORT DATED 30 JANUARY 1986, A COPY OF WHICH IS INTENDED TO BE INCORPORATED INTO THE OFFERING PLAN SO THAT PROSPECTIVE PURCHASERS MAY RELY ON THE REPORT.

WE UNDERSTAND THAT WE ARE RESPONSIBLE FOR COMPLYING WITH ARTICLE 23-A OF THE GENERAL BUSINESS LAW AND THE REGULATIONS PROMULGATED BY THE ATTORNEY GENERAL IN PART 22 INSOFAR AS THEY ARE APPLICABLE TO THIS REPORT.

WE HAVE READ THE ENTIRE REPORT AND INVESTIGATED THE FACTS SET FORTH IN THE REPORT, AND THE FACTS UNDERLYING IT, WITH DUE DILIGENCE IN ORDER TO FORM A BASIS FOR THIS CERTIFICATION. WE CERTIFY THE REPORT DOES:

- (I) SET FORTH IN NARRATIVE FORM THE SIGNIFICANT ELEMENTS OF THE ENTIRE PROPERTY AS IT WILL EXIST UPON COMPLETION OF CONSTRUCTION, PROVIDED THAT CONSTRUCTION IS IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS THAT WE EXAMINED;
- (II) IN OUR OPINION 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 WE EXAMINED;

- (III) NOT OMIT ANY MATERIAL FACT;
- (IV) NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT;
- (V) NOT CONTAIN ANY FRAUD, DECEPTION, CONCEALMENT, OR SUPPRESSION;
- (VI) NOT CONTAIN ANY PROMISE OR REPRESENTATION AS TO THE FUTURE WHICH IS BEYOND REASONABLE EXPECTATION OR UNWARRANTED BY EXISTING CIRCUMSTANCES;
- (VII) NOT CONTAIN ANY REPRESENTATION OR STATEMENT WHICH IS FALSE, WHERE WE: (A) KNEW THE TRUTH; (B) WITH REASONABLE EFFORT COULD HAVE KNOWN THE TRUTH; (C) MADE NO REASONABLE EFFORT TO ASCERTAIN THE TRUTH, OR (D) DID NOT HAVE KNOWLEDGE CONCERNING THE REPRESENTATIONS OR STATEMENT MADE.

WE FURTHER CERTIFY THAT WE ARE NOT OWNED OR CONTROLLED BY AND HAVE NO BENEFICIAL INTEREST IN THE SPONSOR AND OUR COMPENSATION FOR PREPARING THIS REPORT IS NOT CONTINGENT ON THE PROFITABILITY OR PRICE OF THE OFFERING. THIS STATEMENT IS NOT INTENDED AS A GUARANTEE OR WARRANTY OF THE PHYSICAL CONDITION OF THE PROPERTY.

VERY TRULY YOURS

SIGNATURE OF INDIVIDUAL OR
NAME OF FIRM

BY:

SIGNATURE OF INDIVIDUAL IF
PREPARED BY FIRM

ARCHITECT / OWNER

TITLE OR POSITION IF PREPARED
BY FIRM

SWORN TO BEFORE ME THIS

29 DAY OF JAN , 1986.

Carol Giuliant

NOTARY PUBLIC

CAROL GIULIANT
NOTARY PUBLIC State of New York
No. 24-4803300 - Qual. in Kings Co.
Commission Expires March 30, 1986



COMMUNITY MANAGEMENT SERVICES, INC.

CERTIFICATION ADEQUACY OF SCHEDULE A
PURSUANT TO 13 NYCRR 22.4 (d)

232 Veterans Memorial Highway / P.O. Box 315
Commack, New York 11725
516-543-3232 • 800-228-3548

Date - February 24, 1986

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

RE: The Water Club Homeowners Association, Inc.

Gentlemen:

The Sponsor of the Home Owners Association offering plan for the captioned property retained our firm with an address at 232 Veterans Memorial Highway, Commack, New York, to review Schedule A containing projections of income and expenses for the first year of operation as a Home Owners Association. Our experience in the field includes the following: Management and operation of 40 Condominiums and Cooperatives for the past 10 years.

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

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

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

We certify that the Schedule:

- (i) Sets forth in detail the terms of the transaction as it relates to the Schedule and is complete, current and accurate.
- (ii) Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of operation as a Home Owners Association;

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


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

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,

C.M.S. Community Management Services, Inc.

Signature of Individual or
Name of Firm

By: 
Signature of Individual if
prepared by Firm

President
Title or Position if prepared
by Firm

Sworn to before me this
24 day of Feb, 1986.

Catherine Ferrara
Notary Public