

BY-LAWS
OF
TOBEY MEADOWS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Tobey Meadows Homeowners Association, Inc. (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 26 State Street, Pittford, Monroe County, New York 14534, but meetings of Members and Directors may be held at such other places within the State of New York as may be designated by the Board.

ARTICLE II
DEFINITIONS

Section 1. "Association" means Tobey Meadows Homeowners Association, Inc. and its successors and assigns.

Section 2. "Board" means the Board of Directors of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the Common use and enjoyment of the Owners.

Section 4. "Declarant" means RYAN homes, inc., a New York corporation, and its successors and assigns if it acquires more than one undeveloped Lot for the purposes of development.

Section 5. "Declaration" means the Declaration of Covenants, Conditions, Easements and Restrictions applicable to the Property as recorded in the office of the Clerk of the County of Monroe.

Section 6. "Director" means a member of the Board of Directors of the Association.

Section 7. "Lot" means any plot of land shown upon any filed subdivision map or resubdivision map of the Property (as outlined below).

Section 8. "Member" means those persons who become members of the Association as Provided in the Declaration.

Section 9. "Owner" means the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property including contract sellers, excluding those having such interest merely as security for the performance of an obligation.

Section 10. "Property" means that certain interest in real property as described in the Declaration and such additions thereto as may thereafter be brought within the jurisdiction of the Association.

ARTICLE III

MEMBERSHIP AND VOTING

Members of the Association shall be divided into two classes for purposes of voting. Class A Members shall be all Owners, with the exception of the Declarant. Class A Members shall be entitled to one vote for each membership. When more than one person holds an interest in any Lot, all such persons shall be Class A Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one membership. The

Class B Member shall be the Declarant, which shall be entitled to one vote. Class B membership shall cease on January 1, 2003 or when ninety percent (90) of the Lots have been transferred, whichever is earlier. Until then, Class A Members shall not be entitled to vote for the election of members to the Board. The first meeting of Class A Members for the purpose of electing Directors shall be held within thirty (30) days from the transfer by the Declarant of the lot which, when added to the lots which have closed, constitute ninety percent (90%) of the Lots as originally shown on the subdivision map or within thirty (30) days from January 1, 2003, whichever is earlier.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meeting. After the first meeting of Class A Members, an annual meeting of all the Members shall be held each year on the second Tuesday of March at the office of the Association or at such other place as specified in the notice of meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President of the Association or by the Board, or upon written request of the Members who are entitled to vote fifty percent (50%) of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Waiver of Notice. Notice of meeting need not be given to any member who submits a signed waiver of notice thereof whether before, during or after a meeting, nor to any Member who attends the meeting without protesting prior to the conclusion thereof the lack of notice to him.

Section 5. Quorum. The presence at the meeting, in person or by proxy, of Members entitled to cast at least fifty percent (50%) of the total number of votes entitled to be cast thereof by each class of membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 7. Required Vote. Directors shall be elected by a plurality of the votes cast at a meeting of Members by the Members entitled to vote in the election. Any other corporate action to be taken by vote of the Members shall, except as otherwise required by law or the Certificate or Incorporation of the Association, be authorized by a majority of the votes cast at a meeting of Members by the Members entitled to vote thereon.

Section 8. Action Without Meeting. Whenever Members are required or permitted to take any action by vote, such action may be taken without a meeting by written consent setting forth the action so taken and signed by all of the Members entitled to vote thereon.

ARTICLE V

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than five (5) Directors, all of whom shall be Members of the Association. The initial Directors of the Association named in the Certificate of Incorporation shall serve until their successors are elected at the first meeting of the Class A Members and shall have qualified.

Section 2. Term. Directors shall be divided into two classes as nearly equal in number as possible, for purposes of staggering their terms of office. At the first meeting of Members, which shall be held not later than six (6) months from the transfer of the first Lot, the Members shall elect either two (2) or three (3) Directors for a term of one (1) year and either one (1) or two (2) Directors for a term of two (2) years. Thereafter, the Members shall elect either two (2) or three (3) Directors in even numbered years for two (2) year terms and either one (1) or two (2) Directors in odd numbered years for two (2) year terms.

Section 3. Meetings. Regular meetings of the Board shall be held at such times as the Directors may from time to time determine. Special meetings of the Board shall be held at any time, upon call from the President of the Association or of any two of the Directors.

Section 4. Place of Meetings. Regular and special meetings of the Board shall be held at the principal office of the Association, or at such other place, within or without the State of New York, as may from time to time be determined by the Board or the person or persons authorized to call the meeting.

Section 5. Notice of Meetings. No notice need be given of a regular meeting of the Board. Notice of the place, day and hour of every special meeting shall be given to each Director by delivering the same to him personally or sending the same to him by telegraph or leaving the same at his residence or usual place of business,

at least one (1) day before the meeting, or shall be mailed to each Director, postage prepaid and addressed to him at his last known address according to the records of the Association, at least three (3) days before the meeting. No notice of any adjourned meeting of the Board need be given other than by announcement at such meeting.

Section 6. Waiver of Notice. Notice of a meeting need not be given to any Director who submits a signed written waiver thereof whether before, during or after the meeting nor to any Director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

Section 7. Quorum. Two-thirds (2/3) of the entire Board shall be necessary to constitute a quorum for the transaction of business at each meeting of the Board. However, if at any meeting there be less than a quorum present, a majority of those present may adjourn the meeting from time to time without notice other than by announcement at the meeting, until a quorum shall attend.

Section 8. Action Without a Meeting. Any action required or permitted to be taken by the Board or any committee thereof at a duly held meeting may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. Such resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or the committee.

Section 9. Personal Attendance by Conference Communication Equipment. Any one or more members of the Board or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 10. Compensation. Directors as such shall not receive any compensation for their services.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board, on behalf of the Association, shall have the power to:

(a) adopt and publish rules and regulations governing the use and maintenance of the Common Area, the personal conduct of the Members and their tenants, and invitees thereon, and to establish penalties for the infraction thereof;

(b) suspend the right to the use of the Common Area except for ingress and egress over the Member's Lot, during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after a notice and hearing for a period not to exceed sixty (60) days for an infraction of published rules and regulations;

(c) exercise all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Certificate of Incorporation of the Association or the Declaration;

(d) declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board,

(e) procure and maintain adequate liability and hazard insurance on the Property. The Board shall, on an annual basis, review the amount of insurance coverage in order to assure that the Association and the Owners are fully protected;

(f) acquire, encumber and dispose of property as provided for in the Declaration:

(g) employ a manager, an independent contractor and such other employees as it deems necessary and to prescribe their duties:

(h) establish a capital reserve fund for repair and replacement of those deteriorating assets for which the Association is responsible: and

(i) approve the annual budget as prepared by the Treasurer.

Section 2. Duties. It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote:

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(i) establish the amount and starting day of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period

(ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property where the Association has a legal interest:

(f) cause all officers, agents or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained; and

(h) cause a financial statement for the Association to be prepared and certified by the Association's independent public accountant following the end of each fiscal year.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board, and subsequently at each annual meeting of the Board which shall be immediately following the adjournment of each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until such officer's successor has been elected or appointed and qualifies unless he or she shall sooner resign, be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect by majority vote such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, and shall sign all leases, mortgages, deeds and other written contractual instruments.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; shall keep proper books of accounting; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and have delivered a copy of each to the Members.

ARTICLE VIII

COMMITTEES

The Board may appoint a Nominating Committee. The Board may also appoint an Architectural and Property Review Committee of no less than three (3) nor more than five (5) Directors and may grant authority to them to approve, approve with conditions, or disapprove any application received, or to make recommendations to the Board, as provided in the Declaration. In addition, the Board shall appoint such other committees as deemed appropriate in carrying out its purposes.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Certificate of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs .

ARTICLE X

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from such date at the legal rate of interest, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and the interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. In addition, the Association has the right to levy a late charge on delinquent accounts five (5) days after the assessment is due.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Unionville Station Homeowners Association, Inc.

ARTICLE XII

TENANTS

Any lease of a Lot within the subdivision shall provide for full compliance by the tenant with the Declaration, these By-Laws, and the rules and regulations of the Association. Should a tenant be in violation thereof at any time, the Association may send the Owner of the Lot which said tenant occupies written notice of such violation by certified or registered mail, return receipt requested, at his or her address as set forth in the books and records of the Association. If the violation is not cured or eviction proceedings commenced against the tenant by the Owner at the Owner's expense within ten (10) days after the Owner has received notice of such violation, the Association may pursue any remedies which it may have.

ARTICLE XIII

INDEMNIFICATION

Section 1. Each person who was or is made a Party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or his testator or intestate (a) is or was a Director or officer of the Association or (b) is or was a Director or officer of the Association who serves or served, in any capacity, any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise at the request of the Association (hereinafter an "indemnatee"), shall be indemnified and held harmless by the Association against all expense, liability and loss, including ERISA excise taxes or penalties, judgments, fines, penalties, amounts paid in settlement (provided the Board of Directors shall have given its prior consent to such settlement, which consent shall not be unreasonably withheld by it) and reasonable expenses, including attorneys' fees, suffered or incurred by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a Director of officer and shall inure to the benefit of the indemnitee's heirs and fiduciaries;

provided, however, that no indemnification may be made to or on behalf of any Director or officer if his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or otherwise disposed of, or he personally gained in fact a financial profit or other advantage to which he was not legally entitled. Notwithstanding the foregoing, except as contemplated by Section 3 of this Article, the Association shall indemnify any such indemnitee in connection with a proceeding (or part hereof) initiated by such indemnitee only if such proceeding (or party thereof) was authorized by the Board of Directors of the Association.

Section 2. All expenses reasonably incurred by an indemnitee in connection with a threatened or actual proceeding with respect to which such indemnitee is or may be entitled to indemnification under this Article shall be advanced to him or promptly reimbursed by the Association in advance of the final disposition of such proceeding, upon receipt of an undertaking by him or on his behalf to repay the amount of such advances, if any, as to which he is ultimately found not to be entitled to indemnification or, where indemnification is granted, to the extent such advances exceed the indemnification to which he is entitled. Such person shall cooperate in good faith with any request by the Association that common counsel be used by the parties to an action or proceeding who are similarly situated unless to do so would be inappropriate due to an actual or potential conflict of interest.

Section 3.

(a) Not later than thirty (30) days following final disposition of a proceeding with respect to which the Association has received written request by an indemnitee for indemnification pursuant to this Article or with respect to which there has been an advancement of expenses pursuant to Section 12 of this Article, if such indemnification has not been ordered by a court, the Board of Directors shall meet and find whether an indemnitee met the standard of conduct set forth in Section 1 of this Article, and, if it finds that he did, or to the extent it so finds, shall authorize such indemnification.

(b) Such standard shall be found to have been met unless (i) a judgment or other final adjudication adverse to the indemnitee established that the standard of conduct set forth in Section 1 of this Article was not met, or (ii) if the proceeding was disposed of other than by judgment or other final adjudication, the Board of Directors finds in good faith that, if it had been disposed of by judgment or other final adjudication, such judgment or other final adjudication would have been adverse to the indemnitee and would have established that the standard of conduct set forth in Section 1 of this Article was not met.

(c) If the Board of Directors fails or is unable to make the determination called for by paragraph (a) of this Section 3, or if indemnification is denied, in whole or part, because of an adverse finding by the Board of Directors, or because the Board of Directors believes the expenses for which indemnification is requested is unreasonable, such action, inaction or inability of the Board of Directors shall in no way affect the right of the indemnitee to make application therefor in any court having jurisdiction thereof. In such action or proceeding, or in a suit brought by the Association to recover an advancement of expenses pursuant to the terms of an undertaking, the issue shall be whether the indemnitee met the standard of conduct set forth in Section 1 of this Article, or whether the expenses were reasonable, as the case may be (not whether the finding of the Board of Directors with respect thereto was correct). If the judgment or other final adjudication in such action or proceeding establishes that the indemnitee met the standard set forth in Section 1 of this Article, or that the disallowed expenses were reasonable, or to the extent that it does, the Board of Directors shall then find such standard to have been met or the expenses to be reasonable, and shall grant such indemnification, and shall also grant to the indemnitee indemnification of the expenses incurred by him in connection with the action or proceeding resulting in the judgment or other final adjudication that such standard of conduct was met, or if pursuant to such court determination such person is entitled to less than the full amount of indemnification denied by the Association, the portion of such expenses proportionate to the amount of such indemnification so awarded. Neither the failure of the Board of Directors to have made timely a determination prior to the commencement of such suit that indemnification of the

indemnatee is proper in the circumstances because the indemnatee has met the applicable standard of conduct set forth in Section 1 of this Article, nor an actual determination by the Board of Directors that the indemnatee has not met such applicable standard of conduct, shall create a presumption that the indemnatee has not met the applicable standard of conduct. In any suit brought by the indemnatee to enforce a right to indemnification, or by the Association to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnatee is not entitled to indemnification, under this Article or otherwise, shall be on the Association.

(d) A finding by the Board of Directors pursuant to this Section 3 that the standard of conduct set forth in Section 1 of this Article has been met shall mean a finding (i) by the Board of Directors acting by a quorum consisting of Directors who are not parties to such proceeding or (ii) if such a quorum is not obtainable, or if obtainable, such a quorum so directs, by the Board of Directors upon the written opinion of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct has been met, or by the members (if the Association has members) upon a finding that such standard of conduct has been met.

Section 4. Contractual Article. The rights conferred by this Article are contract rights which shall not be abrogated by any amendment or repeal of this Article with respect to events occurring prior to such amendment or repeal and shall, to the fullest extent permitted by law, be retroactive to events occurring prior to the adoption of this Article. No amendment of the Not-for-Profit Association Law, insofar as it reduces the permissible extent of the right of indemnification of an indemnatee under this Article, shall be effective as to such person with respect to any event, act or omission occurring or allegedly occurring prior to the effective date of such amendment irrespective of the date of any claim or legal action in respect thereto. This Article shall be binding on any successor to the Association, including any corporation or other entity which acquires all or substantially all of the Association's assets.

Section 5. Non-exclusivity. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which any person covered hereby may be entitled other than pursuant to this Article. The Association is authorized to enter into agreements with any such person provided rights to indemnification or advancement of expenses in addition to the provisions therefor in this Article, and the Association's members (if the Association has members) and its Board of Directors are authorized to adopt, in their discretion, resolutions providing any such person with any such rights.

Section 6. Insurance. The Association may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under this Article or applicable law.

Section 7. Indemnification of Employees and Agents of The Association. The Association may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and the advancement of expenses to any employee or agent of the Association with the same scope and effect as provided in this Article to Directors and Officers of the Association.

ARTICLE XIV

AMENDMENTS

The Board shall have the power to adopt, amend or repeal the By-Laws of the Association by a two-thirds (2/3) vote of the entire Board at any meeting of the Board.

ARTICLE XV

CONSTRUCTION AND INTERPRETATION

Section 1. The Association shall have the right to construe and interpret the provisions of these By-Laws and in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation shall be final and binding as to all persons or property benefited or bound by the provisions hereof.

Section 2. Any conflict in construction or interpretation between the Association and any other person or entity entitled to enforce the provisions hereof shall be resolved in favor of the construction or interpretation of the Association. The Association may adopt and promulgate reasonable Rules and Regulations regarding the administration, interpretation, and enforcement of the provisions of the Declaration and these By-Laws. In so adopting and promulgating such Rules and Regulations, and in making any finding, determination, ruling, or order, or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules, or regulations, the Association shall take into consideration the best interests of the Owners and residents of the Property to the end that the Property shall be preserved and maintained as a high quality community.

Section 3. In the case of any conflict between the Certificate of Incorporation of the Association and these By-Laws, the Certificate of Incorporation shall control and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

CERTIFICATION

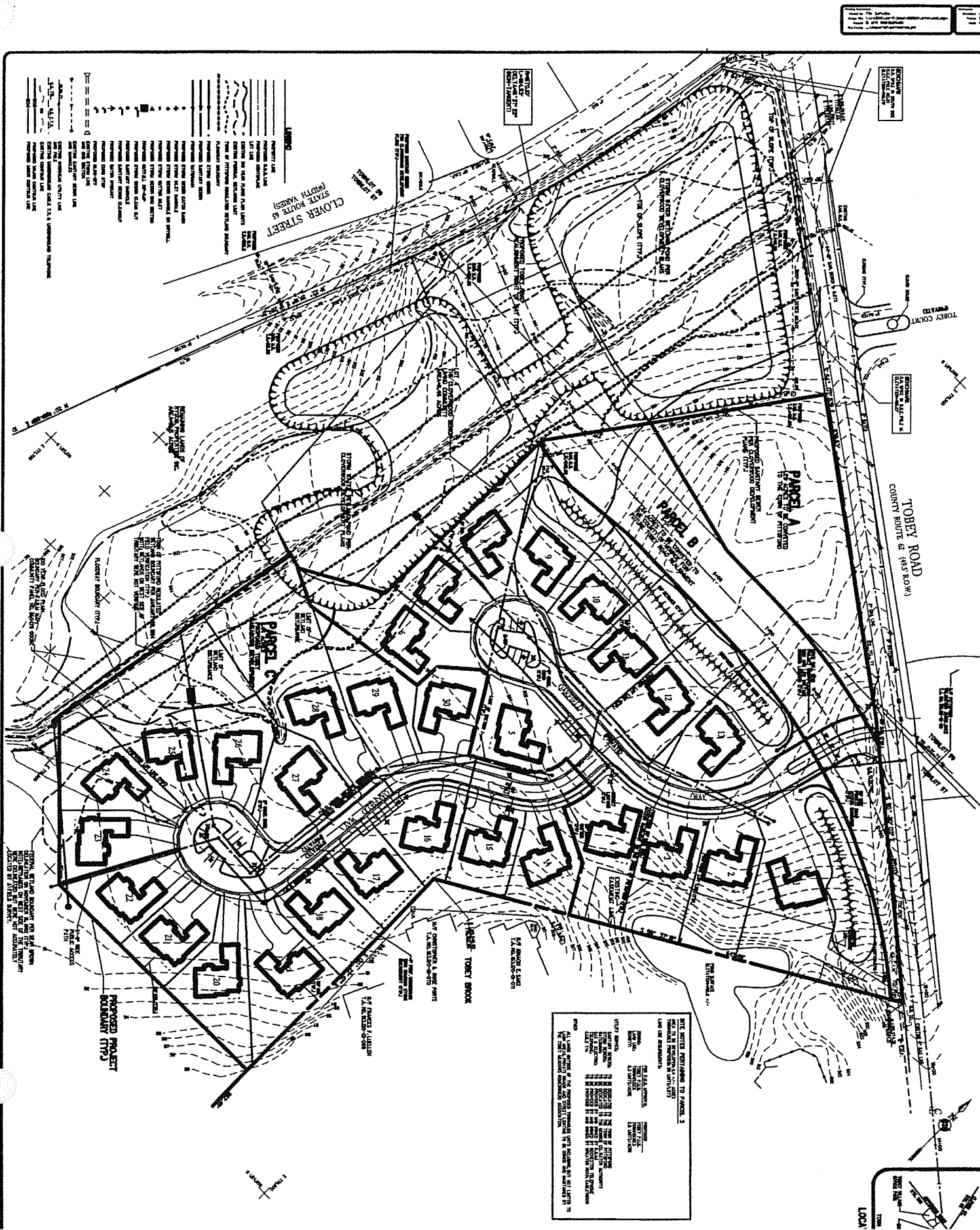
I, the undersigned, do hereby certify:

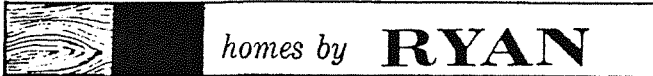
THAT I am the duly elected and acting Secretary of Tobey Meadows Homeowners Association, Inc., a New York not-for-profit corporation, and

THAT the foregoing By-Laws of said Association were duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 1998.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 1998.

Charles F. Ryan, II
Secretary





26 STATE STREET • PITTSFORD, N.Y. 14534 • (716) 586-0300
FAX: (716) 383-8893

February 27, 1998

State of New York
Department of Law
120 Broadway
New York, NY 10271

Re: Tobey Meadows Homeowners Association, Inc.
Tobey Road, Town of Pittsford, Monroe County, New York

To Whom It May Concern:

We are the Sponsor and the principals of the Sponsor of the Homeowners Association for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 22, and such other laws and regulations as may be applicable, including the application pursuant to CPS-7.

We have read the entire CPS-7 application, including Sponsor's affidavit. We have investigated the facts set forth in the application and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the application gives full disclosure as to the amenities included in the HOA and complies with the Attorney General's requirements for granting a CPS-7 application.

We certify that we shall correct any deficiencies in the original submission brought to our attention by the Department, serve such revisions on all purchasers, and offer rescission to such purchasers if required by the Department of Law.

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.

Sworn to before me this 27 day of February, 1998

Kathleen M. Meyer

RYAN homes, inc.

By: Charles F. Ryan, II, President
Charles F. Ryan, II, President

Sworn to before me this 27 day of February, 1998

Kathleen M. Meyer

Charles F. Ryan, II
CHARLES F. RYAN, II

KATHLEEN M. MEYER
Notary Public, State of New York
No. 01ME5075664
Qualified in Monroe County
Commission Expires 2/27/99

SPONSOR'S AFFIDAVIT

STATE OF NEW YORK)
COUNTY OF MONROE) ss:

Re: TOBEY MEADOWS HOMEOWNERS ASSOCIATION, INC.
Name of Development

TOBEY ROAD, TOWN OF PITTSFORD
Full Address of Development

MONROE COUNTY, NEW YORK

CHARLES F. RYAN, II, being duly sworn deposes and says:

1. I am the President of
(Office of Deponent)

RYAN homes, inc., a New York corporation with an office at
(Name of Corporation) (Jurisdiction)

26 State Street, Pittsford, NY 14534 (the "Sponsor").
(Address)

2. The names of the other officers/directors or principals of the sponsoring corporation (if other entity, so state) who join in this application are:

3. The Sponsor is the owner of the above captioned property. Attached hereto is a current copy of the title report indicating Sponsor as the present owner of the property.

4. The property which is to be cooperatively owned or maintained by the homeowners association ("HOA") to be established consists of:

The HOA will own the roads which service the project (private roads)
and will maintain the roads and yards of the lots.

5. This development and the amenities contained in the property to be cooperatively owned or maintained by the HOA complies with the Attorney General's requirements for CPS-7 treatment.

6. The number of homes or lots being offered in conjunction with membership in the HOA is thirty (30), and the assessment per lot will be approximately \$ 450.00 per quarter, or \$ 150.00 per month.

7. The Sponsor will comply with the escrow and trust fund provisions of GBL Section 352-e(2-b) and Section 352-h and of the regulations adopted by the Attorney General in Part 22, and will hold down payments for the purchase of the property in trust for the benefit of the purchasers. Such funds will not be commingled with the moneys of the offeror(s) until actually employed in connection with the consummation of the transaction.

8. The Sponsor will provide to each offeree the following information:

- (a) a statement that the purchase price of the home(s) or lot(s) includes the cost of membership, if any, in the HOA;
- (b) if applicable, a copy of any mortgage or ground lease that will remain on HOA property after transfer to the Association;
- (c) if applicable, a copy of any contract between the Sponsor and the HOA;
- (d) if applicable, a copy of the proposed deed of HOA property from the Sponsor to the HOA;
- (e) if applicable, a copy of the recorded deed to the HOA property by which the Sponsor derived title or a copy of the contract of sale between the owner and the Sponsor if the Sponsor is the contract vendee;
- (f) if applicable, the estimated monthly or annual assessment and the proposed budget prepared in compliance with the requirements set forth in 13 NYCRR Section 22.3(g) including back-up documentation for all budget items associated with maintenance of the common amenities. If the project is built in phases, both a budget for the initial phase and a budget for all phases should be submitted. As an alternative to including back-up documentation, a certification of the adequacy of the budget in conformity with the requirements set forth in 13 NYCRR Section 22.4(d), may be provided.
- (g) disclosure of the escrow account as required by Section 22.3(k)(2) including the form for dispute resolution provided by the Attorney General; and
- (h) such other information as the Department of Law may require to be presented to each offeree.

9. The Sponsor agrees to furnish to each offeree a complete copy of the application for CPS-7 treatment and a copy of the letter granting such treatment prior to accepting any down payment. If the letter granting such treatment has not yet issued, the Sponsor agrees to furnish a copy of such letter to all purchasers within ten (10) days of its issuance.

10. The use for which the unit(s) and property are being offered will comply with the property's certificate of occupancy, zoning, building and housing laws, rules and regulations.

11. (a) The roads are not subject to an offer of dedication, as the HOA will own the roads. The HOA will service and maintain the roads and the Sponsor will construct the roads in compliance with all Town requirements for private roads.

11. (b) The roads do not qualify for dedication, but the roads will be built to Town standards for private roads.

Attached hereto are:

- (a) A copy of an updated title report or contract of sale or option contract;
- (b) Certification by Sponsor and Sponsor's principal's;
- (c) A copy of the Declaration of covenants, restrictions, easements and liens, a road maintenance agreement, or restrictions contained in deeds or other documents which establish the obligations of the home or lot owners with respect to commonly owned or maintained property, if applicable.
- (d) A check in the amount required by GBL Section 352-e(7)(a) made payable to the New York State Department of Law.
- (e) A Broker-Dealer Statement (Form M-10) for the offerors accompanied by a check in the amount required by GBL Section 359-e(5).
- (f) A statistical information card available from the Department of Law.
- (g) Copy of the title report or the issued title policy for any lands to be conveyed to the HOA or the title policy for lands previously conveyed to the HOA.

RYAN HOMES, INC.

Sworn to before me this
23RD day of April, 1998.

Kathleen M. Ryan
Notary Public

By: Charles F. Ryan, II, President
CHARLES F. RYAN, II, PRESIDENT

Sworn to before me this
23RD day of April, 1998.

Kathleen M. Ryan
Notary Public

Charles F. Ryan, II
CHARLES F. RYAN, II, INDIVIDUALLY



homes by **RYAN**

26 STATE STREET • PITTSFORD, N.Y. 14534 • (716) 586-0300
FAX: (716) 383-8893

May 1998

Re: Tobey Meadows Homeowners Association, Inc.

Dear Prospective Purchaser:

We are pleased that you are interested in purchasing a home in the Tobey Meadows Homeowners Association project. The purpose of this letter is to advise you that the purchase price of the home in Tobey Meadows includes the cost of membership in the Homeowner Association. As set forth in the Purchase Agreement, at closing a purchaser of a home will contribute \$200.00 to the Association as initial working capital.

Thank you for your interest in Tobey Meadows Homeowners Association.

Very truly yours,

RYAN homes, inc.

Charles F. Ryan, II
President

Record and Return to:
Box 80 - WNL

WARRANTY DEED

THIS INDENTURE is made this ____ day of _____, 19__ between **RYAN homes, inc.**, a New York corporation with an address of 26 State Street, Pittsford, New York 14534 ("Grantor") and **TOBEY MEADOWS HOMEOWNERS ASSOCIATION, INC.**, a New York corporation with an address of 26 State Street, Pittsford, New York 14534 ("Grantee").

WITNESSETH, that the Grantor, in consideration of One and 00/100 Dollar (\$1.00) paid by the Grantee, hereby grants and releases unto the Grantee, the distributees, successors and assigns of the Grantee forever,

ALL THAT TRACT OR PARCEL OF LAND, as described in Schedule "A" attached hereto and made a part hereof.

THIS CONVEYANCE is made and accepted subject to covenants, easements and restrictions of record, if any, affecting the above described premises.

Consideration is less than \$100.00.

TAX ACCOUNT NO.: Part of # _____
PROPERTY ADDRESS: Tobey Road, Pittsford, New York
TAX MAILING ADDRESS: 26 State Street, Pittsford, New York 14534

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to said premises.

TO HAVE AND TO HOLD the premises herein granted unto the Grantee, the heirs or successors and assigns of the Grantee forever. **AND** the Grantor covenants as follows:

1. The Grantee shall quietly enjoy the said premises;
2. The Grantor will forever warrant the title to said premises;

This deed is subject to the trust provisions of Section 13 of the Lien Law. The words "Grantor" and "Grantee" shall be construed to read in the plural whenever the sense of this deed so requires.

IN WITNESS WHEREOF, the Grantor has executed this Deed the day and year first above written.

RYAN homes, inc.

By: _____
CHARLES F. RYAN, II, PRESIDENT

STATE OF NEW YORK)
COUNTY OF MONROE) SS:

On this ____ day of _____, 19__, before me personally came **CHARLES F. RYAN, II**, to me known, who, being by me duly sworn did depose and say that the above-named person resides in Monroe County, New York; that said person is President of **RYAN homes, inc.**, the corporation described in and which executed the foregoing instrument; and that the above-named person signed thereto by order of the Board of Directors of said corporation.

Notary Public

SCHEDULE "A"

Property Description

All that tract or parcel of land containing 0.792 acre, more or less, situate in Townlot 57, Township 12, Range 5, in the Town of Pittsford, County of Monroe, State of New York, as shown on a map entitled, "Tobey Meadows (Section 1) Subdivision Plan," prepared by The Sear-Brown Group of Rochester, New York, and having Drawing No. 1165801 SU 1, and being more particularly bounded and described as follows:

Beginning at a point on the southerly line of Parcel B at the most northerly corner of Lot No. 1; thence

1. S $15^{\circ}02'00''$ W, a distance of 76.18 feet to a point of curvature; thence
2. Southerly and southwesterly, along a curve to the right, having a radius of 175.00 feet, through a central angle of $77^{\circ}20'57''$, a distance of 236.25 feet to a point of reverse curvature; thence
3. Westerly and southerly, along a curve to the left, having a radius of 5.00 feet, through a central angle of $89^{\circ}54'57''$, a distance of 7.85 feet to a point of tangency; thence
4. S $02^{\circ}28'00''$ W, a distance of 23.84 feet to a point; thence
5. N $87^{\circ}32'00''$ W, a distance of 50.00 feet to a point; thence
6. N $02^{\circ}28'00''$ E, a distance of 23.84 feet to a point of curvature; thence
7. Northerly and westerly, along a curve to the left, having a radius of 5.00 feet, through a central angle of $90^{\circ}00'00''$, a distance of 7.85 feet to a point of tangency; thence
8. N $87^{\circ}32'00''$ W, a distance of 89.63 feet to a point; thence
9. S $62^{\circ}42'00''$ W, a distance of 50.18 feet to a point of curvature; thence
10. Westerly, northerly and easterly, along a curve to the right, having a radius of 57.50 feet, through a central angle of $239^{\circ}32'00''$, a distance of 240.39 feet to a point of tangency; thence
11. S $57^{\circ}46'00''$ E, a distance of 50.18 feet to a point; thence
12. S $87^{\circ}32'00''$ E, a distance of 149.36 feet to a point of curvature; thence

13. Easterly and northerly, along a curve to the left, having a radius of 125.00 feet, through a central angle of $77^{\circ}26'00''$, a distance of 168.93 feet to a point of tangency; thence
14. N $15^{\circ}02'00''$ E, a distance of 76.17 feet to a point, said point being on the southerly line of Parcel B; thence
15. Easterly, along a curve to the right, having a radius of 780.00 feet, through a central angle of $03^{\circ}40'24''$, a distance of 50.01 feet to the Point or Place of Beginning.

Subject to any easements or encumbrances of record.

M:1165801/D0017

Tobey Meadows

SCHEDULE A

PROJECTED SCHEDULE OF RECEIPTS
AND EXPENSES FOR FIRST YEAR OF
OPERATION COMMENCING JULY 1, 1998
(Assumes 13 units completed)

Projected Income

Maintenance Charges (\$1,800 per home per year, payable quarterly)	\$23,400.00	
Income from other sources	<u>0</u>	
TOTAL		\$23,400

Projected Expenses

1. Utilities (electricity for street lighting)	\$519.00	
2. Management	2400.00	
3. Repairs and Maintenance	300.00	
4. Supplies, Stationery, Postage	150.00	
5. Snow removal	4675.00	
6. Refuse removal	885.00	
7. Insurance	1000.00	
8. Accounting	750.00	
9. Legal	200.00	
10. Taxes	375.00	
11. Landscape maintenance	10,320.00	
12. Reserve	1,534.00	
13. Contingencies	<u>292.00</u>	
TOTAL		\$23,400

Tobey Meadows

NOTES TO SCHEDULE A

1. Utilities. Electricity will be purchased by the Association to light the entrance sign and to provide street lighting. There are to be 8 flood lights at 75 watts each to illuminate the entrance sign, two 75 watt post lights by the entrance and an additional five 75 watt post lights illuminating the private road. All lights will be controlled by photoelectric eyes. It is anticipated the 15 lamps will be lit about 11.5 hours per day on average or 4200 hours per year, and that the cost of electricity supplied by Rochester Gas and Electric will be \$.11 per kilowatt hour.

2. Management. The management fee is a quote from Crofton Associates, Inc., a local firm in the business of managing community associations. The fee includes the supervision of contracted maintenance work and services, maintaining financial books and records needed for the collection and disbursement of Association funds, negotiation of service contracts, preparation of the annual budget and other activities normally related to professional fee management. A contract for services will be in effect from the sale of the first townhouse for the following year. The contract may be canceled with or without cause by either party upon giving sixty days written notice.

3. Repairs and Maintenance. Projected costs to the association for maintenance to common area, particularly the roads, entrance sign and street lighting, should be minimal. Most maintenance should be covered by builders warranty. In future years maintenance beyond the \$300 will be budgeted with current needs.

4. Supplies, Stationery and Postage. A nominal amount has been budgeted to provide necessary office supplies for communication with homeowners.

5. Snow Removal. The projected expense for the plowing of roads and drives, shoveling of walks and application of salt to roads during icy conditions is based on a quote from Pittsford Tree and Landscape. The estimate is based on plowing at 3 inches of snowfall. It has been estimated that walks will require shoveling 12 times during the course of the winter and 12 applications of salt will be needed.

6. Refuse Removal. This estimated expense is based on a quote from Clean-Way Disposal Service, Inc. , a locally based company, for once a week collection service, including the pick up of recycling materials.

7. Insurance. This is based on a quote from Nationwide Insurance. Coverage provided is for \$2,000,000 liability insurance and \$2,000,000 directors and officers insurance. There is no coverage for loss of property because homeowners are expected to provide coverage for their individual homes.

8. Accounting. This estimate is based on a quote from Boychuk & Co. , a local certified public accounting firm. The service provided is for an annual audit and preparation of State and Federal tax returns.

9. Legal. This cost is considered as a contingency fund for routine advice or letters from counsel on matters pertaining to interpretation of the declaration or by-laws. The amount budgeted will cover only a minimal amount legal advice.
10. Taxes. This is to pay for the minimum New York State franchise tax (\$325), no federal income tax, and a very small amount for ad valorem based school, and state, county and town taxes. The Pittsford assessor has taken the position that common area associated with a homeowners association has minimal value.
11. Landscape maintenance. This is based on a quote from Pittsford Tree and Landscape. The quote includes weekly lawn mowing, Spring and Fall clean-up of the grounds and fertilization of the lawn including weed and grub control as is appropriate. It also includes maintenance of the individual foundation shrub beds including two prunings, fertilization, monthly bed weeding and integrated pest management.
12. Reserve. This amount is being set aside to provide for the long term maintenance of the road and driveways. This amount will allow for the sealing of blacktop surfaces every five years at a cost of \$.065 per square foot. and the resurfacing of these surfaces every 20 years at a cost of \$.65 per square foot.
13. Contingencies. This amount may be used at the discretion of the Board to make up deficits in other items of the budget, or pay for unanticipated or unrecognized expenses. While the budget was prepared in good faith and attempts to address all known expenses related to the operation of the Homeowners Association, this contingency category is designed to meet unanticipated costs or changes in prices.

Tobey Meadows

SCHEDULE A-1

PROJECTED SCHEDULE OF RECEIPTS
AND EXPENSES

(Assumes completion of the project
and sale of all units within three years)

Projected Income

Maintenance Charges	
(\$1,800 per home per year, payable	
quarterly, from 30 homes)	\$54,000.00
Income from other sources	<u>0</u>

TOTAL

\$54,000

Projected Expenses

1. Utilities (electricity for street lighting)	\$693.00
2. Management	5760.00
3. Repairs and Maintenance	1200.00
4. Supplies, Stationery, Postage	400.00
5. Snow removal	10,604.00
6. Refuse removal	2,040.00
7. Insurance	1,000.00
8. Accounting	750.00
9. Legal	500.00
10. Taxes	400.00
11. Landscape maintenance	26,320.00
12. Reserve	3,365.00
13. Contingencies	<u>968.00</u>

TOTAL

\$54,000

Tobey Meadows

NOTES TO SCHEDULE A-1

- 250
159/41
1250
1. Utilities. Electricity will be purchased by the Association to light the entrance sign and to provide street lighting. There are to be 8 flood lights at 75 watts each to illuminate the entrance sign, two 75 watt post lights by the entrance and an additional fifteen 75 watt post lights illuminating the private roads. All lights will be controlled by photoelectric eyes. It is anticipated the 20 lamps will be lit about 11.5 hours per day on average or 4200 hours per year, and that the cost of electricity supplied by Rochester Gas and Electric will be \$.11 per kilowatt hour.
 2. Management. The management fee is a quote from Crofton Associates, Inc., a local firm in the business of managing community associations. The fee includes the supervision of contracted maintenance work and services, maintaining financial books and records needed for the collection and disbursement of Association funds, negotiation of service contracts, preparation of the annual budget and other activities normally related to professional fee management. A contract for services will be in effect from the sale of the first townhouse for the following year. The contract may be canceled with or without cause by either party upon giving sixty days written notice.
 3. Repairs and Maintenance. Projected costs to the association for maintenance to common area, particularly the roads, entrance sign and street lighting, should be minimal. Most maintenance should be covered by builders warranty. In future years maintenance beyond the \$1200 will be budgeted with current needs.
 4. Supplies, Stationery and Postage. A nominal amount has been budgeted to provide necessary office supplies for communication with homeowners.
 5. Snow Removal. The projected expense for the plowing of roads and drives, shoveling of walks and application of salt to roads during icy conditions is based on a quote from Pittsford Tree and Landscape. The estimate is based on plowing at 3 inches of snow fall. It has been estimated that walks will require shoveling 16 times during the course of the winter and 15 applications of salt will be needed.
 6. Refuse Removal. This estimated expense is based on a quote from Clean-Way Disposal Service, Inc. , a locally based company, for once a week collection service, including the pick up of recycling materials.
 7. Insurance. This is based on a quote from Nationwide Insurance. Coverage provided is for \$2,000,000 liability insurance and \$2,000,000 directors and officers insurance. There is no coverage for loss of property because homeowners are expected to provide coverage for their individual homes.
 8. Accounting. This estimate is based on a quote from Boychuk & Co. , a local certified public accounting firm. The service provided is for an annual audit and preparation of State and Federal tax returns.

9. Legal. This cost is considered as a contingency fund for routine advice or letters from counsel on matters pertaining to interpretation of the declaration or by-laws. The amount budgeted will cover only a minimal amount legal advice.
10. Taxes. This is to pay for the minimum New York State franchise tax (\$325), no federal income tax, and a very small amount for ad valorem based school, and state, county and town taxes. The Pittsford assessor has taken the position that common area associated with a homeowners association has minimal value.
11. Landscape maintenance. This is based on a quote from Pittsford Tree and Landscape. The quote includes weekly lawn mowing, Spring and Fall clean-up of the grounds and fertilization of the lawn including weed and grub control as is appropriate. It also includes maintenance of the individual foundation shrub beds including two prunings, fertilization, monthly bed weeding and integrated pest management.
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13. Contingencies. This amount may be used at the discretion of the Board to make up deficits in other items of the budget, or pay for unanticipated or unrecognized expenses. While the budget was prepared in good faith and attempts to address all known expenses related to the operation of the Homeowners Association, this contingency category is designed to meet unanticipated costs or changes in prices.



CROFTON
Associates, Inc.

111 Marsh Road
Pittsford, New York 14534

December 19, 1997

Real Estate Financing Bureau
State of New York, Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
Att: Mr. David Parker, Assistant Attorney General

RE: Certification by Expert on Adequacy of Budget
Tobey Meadow Homeowners Association

Dear Mr. Parker:

The sponsor of the homeowners association offering plan for the captioned property retained me to review Schedules A, A-1, and the accompanying notes, containing projections of income and expenses for the first year of homeowners association operation.

My experience in this field includes:

Over twenty (20) years in the management of townhouse associations and condominiums. I am a member of the Institute of Real Estate Management® and have received its designation of CERTIFIED PROPERTY MANAGER®. Crofton Associates has achieved the designation of ACCREDITED MANAGEMENT OFFICE®

This company currently acts as managing agent for twenty-two condominiums and townhouse associations totaling over 1900 living units.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 22 insofar as they are applicable to Schedule A. I have reviewed the Schedule and investigated the fact set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification.

Certification of Budget
Tobey Meadow Homeowners Associaton
December 19, 1997
Page 2

I certify that the projections in Schedules A and A-1 appear reasonable and adequate based on present prices (adjusted to reflect continued inflation and present levels of consumption for comparable units similarly situated).

I certify that the Schedule does:

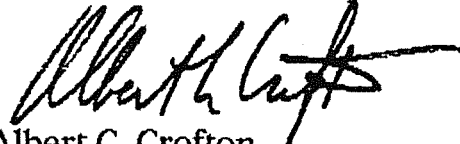
- (i) set forth in detail the terms of the transaction as it relates to the Schedule and is complete, current and accurate.
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue 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 I: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Certification is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. I understand that a copy of this Certification is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.

Certification of Budget
Tobey Meadow Homeowners Associaton
December 19, 1997
Page 3

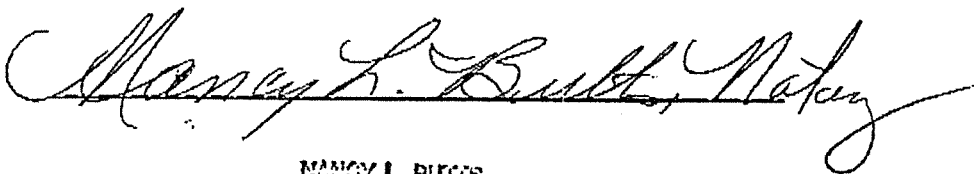
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

CROFTON ASSOCIATES, INC.



Albert C. Crofton
CERTIFIED PROPERTY MANAGER®

Sworn to before me this 19th day of December, 1997.



NANCY L. BUTTS
Notary Public, State of New York
No. 01BU5024519
Qualified in Steuben County
Commission Expires 3-14-98

Escrow Agreement

AGREEMENT made this ____ day of _____, 199-____, between RYAN homes, inc. ("Sponsor"), as Sponsor of the Offering Plan and Harter, Secrest & Emery LLP ("Escrow Agent"), as Escrow Agent.

WHEREAS, RYAN homes, inc. is the Sponsor of an Offering Plan to convert to cooperative ownership, the premises located at Tobey Road, in the Town of Pittsford, Monroe County, New York, which premises are known as TOBEY MEADOWS HOMEOWNERS ASSOCIATION, INC.; and

WHEREAS, William N. La Forte, Esq. or any partner of Escrow Agent, is authorized to act as an Escrow Agent hereunder in accordance with General Business Law ("GBL") §352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, Sponsor desired that Escrow Agent act as Escrow Agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

- 1.1. Sponsor and Escrow Agent hereby establish an escrow account with Escrow Agent for the purposes of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with _____ at its branch located at _____. The account number is _____.
- 1.2. The name of the account is _____ Trust Account.
- 1.3. Escrow Agent is the sole signatory on the account.
- 1.4. The escrow account shall be an interest-bearing account as disclosed in the Offering Plan.
- 1.5. The escrow account is/is not an IOLA established pursuant to Judiciary Law §497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

- 2.1. All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money order, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments shall be made payable to, or endorsed by the purchaser or subscriber to the order of Harter, Secrest & Emery, as Escrow Agent for _____

Offering Plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by Escrow Agent. In the event of such return of funds, the instrument shall be deemed not to have been delivered to Escrow Agent pursuant to the terms of this Agreement.

- 2.2. Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, Escrow Agent shall notify the purchaser of the deposit of such funds in the Bank indicated in the Offering Plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS.

- 3.1. Escrow Agent shall not release the escrowed funds of a defaulting purchaser until after consummation of the Plan as defined in the Attorney General's regulations. Consummation of the Plan shall not relieve Sponsor of its fiduciary obligations pursuant to GBL §352-h.
- 3.2. Escrow Agent shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both Sponsor and purchaser or (b) a

determination of the Attorney General, or (c) a judgment or Order of a Court of competent jurisdiction, or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

- 3.3. Sponsor shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan, or (b) all purchasers after an amendment abandoning the Plan is accepted by filing by the Department of Law.
- 3.4. If there is no written agreement between the parties to release the escrowed funds, Escrow Agent shall not pay the funds to Sponsor until Escrow Agent has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified Escrow Agent in accordance with such provisions.

4. RECORDKEEPING.

- 4.1. Escrow Agent shall maintain all records concerning the escrow account for seven years after release of the funds.
- 4.2. Upon the dissolution of a law firm which was Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.
- 4.3. Escrow Agent shall make available to the Attorney General, upon his request, all books and records of Escrow Agent relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

- 5.1. Escrow Agent shall maintain the accounts called for in this Agreement under the direct supervision and control of Escrow Agent.

5.2. A fiduciary relationship shall exist between Escrow Agent and Purchasers, and Escrow Agent acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

6.1. Sponsor agrees that Sponsor and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to Escrow Agent.

6.2. Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1. This Agreement shall remain in effect unless and until it is cancelled, by either:

- (a) Written notice given by Sponsor to Escrow Agent of cancellation of designation of Escrow Agent to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent; or
- (b) The resignation of Escrow Agent upon giving notice to Sponsor of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent; or
- (c) All shares or units offered pursuant to the Plan have been sold and all sales transactions have been consummated.

7.2. Upon termination of the duties of Escrow Agent as described in Paragraph 7.1 above, Escrow Agent shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by Escrow Agent to the new Escrow Agent.

8. SUCCESSORS AND ASSIGNS.

8.1. This Agreement shall be binding upon Sponsor and Escrow Agent and their successors and assigns.

9. GOVERNING LAW.

9.1. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1. Sponsor agrees that Escrow Agent's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to Escrow Agent, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

11. SEVERABILITY.

11.1. If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1. This Agreement, read together with the GBL §352-e(2-b) and the Attorney General's regulations constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

ESCROW AGENT

HARTER, SECREST & EMERY LLP

By: William N. La Forte, Esq.

SPONSOR

RYAN homes, inc.

By: _____

Dispute Resolution

APPLICATION TO THE ATTORNEY GENERAL
FOR A DETERMINATION ON THE
DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: _____
Address of Building or
Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name _____
of Applicant
2. Address _____
of Applicant
3. Name, Address, and Telephone Number
of Applicant's Attorney (if any) _____

4. This is an application for
- | | |
|--------------------------|---------------------------|
| <input type="checkbox"/> | return of downpayment |
| <input type="checkbox"/> | forfeiture of downpayment |
| <input type="checkbox"/> | other: _____ |

5. The project is ☐ a conversion of occupied premises
☐ newly constructed or rehabilitated
☐ vacant (as is)

6. The project is structured as
- | | |
|--------------------------|--------------------------|
| <input type="checkbox"/> | a cooperative |
| <input type="checkbox"/> | a condominium |
| <input type="checkbox"/> | a homeowners association |
| <input type="checkbox"/> | a timeshare |
| <input type="checkbox"/> | other: _____ |

7. Name and Address
of Sponsor: _____

8. Name and Address
of Escrow Agent: _____

9. If downpayments are maintained in an escrow account:
(a) Name of account _____
(b) Name and address of bank _____
(c) Account number (if known) _____
(d) Initial interest rate (if known) _____
10. If downpayments have been secured by bonds:
(a) Name and address of
bond issuer or surety: _____
(b) Copy of bond included in this application. (DO NOT
SEND ORIGINAL BOND.) If not included, explain:

11. If downpayments have been secured by a letter of credit:
(a) Name and address of bank which issued the Letter of
credit: _____
(b) Date of expiration of the Letter of credit, if known: _____
12. Plan information:
(a) Date of filing of plan: _____
(b) Plan
[] has been declared effective.
Approximate date: _____
[] has not been declared effective
(c) If effective, the plan
[] has closed or the first unit has closed
Approximate date: _____
[] has not closed
[] don't know
(d) Downpayments are secured by
[] escrow account
[] bonds
[] letter of credit

13. Contract information:

- (a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)
- (b) Date on which subscription or purchase agreement was signed:

- (c) Date(s) of downpayment(s): _____
- (d) Total amount of downpayment(s): _____
- (e) Names and addresses of subscribers or purchasers affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ Business: _____

Mailing Address: _____

TOBEY MEADOWS
PURCHASE AGREEMENT

Agreement made and dated _____, 199__ between **RYAN homes, inc.**, a New York corporation having its office at 26 State Street, Pittsford, New York 14534 (hereinafter called the "Seller") and _____ residing at _____, (hereinafter called the "Purchaser").

WHEREAS, the Seller desires to offer for sale townhouse type units in a project known as the Tobey Meadows Subdivision situated on land owned by Seller on Tobey Road in the Town of Pittsford, New York, and the Purchaser is desirous of purchasing a unit therein.

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

1. **LOT AND UNIT:** The Purchaser hereby agrees to purchase and the Seller agrees to sell the Lot designated as Lot No.: _____ upon which the Seller will construct a single family residential home in accordance with plans and specifications agreed to by the parties (the "Unit") as shown on the plot plan, together with membership in the Tobey Meadows Homeowners Association, Inc. (hereafter the "Association"), which will hold title to the common area appurtenant thereto.

2. **BUILDING PERMIT:** The Seller will obtain a building permit from the Town of Pittsford which will permit the Seller to construct the home which will be built in conformity with the New York State Building Code for single family dwellings.

3. **HOA DECLARATION:** The Seller has exhibited and delivered to the Purchaser and the Purchaser has read and agrees to be bound by the proposed Declaration of Covenants, Conditions, Easements and Restrictions (the "Declaration") and the

part of this agreement with the same force and effect as if set forth in full herein. The Purchaser acknowledges that he is purchasing a Unit together with an interest in the Association, and that except as stated in this agreement (and as set forth in the Declaration and By-Laws), he has not relied on any schedules, advertisements, representations or other statements of any kind or nature made by the Seller or otherwise, including, but not limited to, the estimated common charges or other expenses in connection therewith.

The Declaration will be recorded by Seller in the Office of the County Clerk of Monroe County, prior to the conveyance of the first Unit as set forth in the Offering Plan. The Declaration and By-Laws delivered to the Purchaser, when recorded by the Seller, will be substantially in the form and substance of the Declaration and By-Laws delivered to the Purchaser and any changes therein will not substantially adversely affect the Purchaser.

4. **INABILITY TO CONVEY:** It is specifically understood and agreed that in the event the Seller shall be unable to deliver or cause to be delivered a deed to the Unit to the Purchaser in accordance with this agreement because of the inability of the Seller to complete the Unit as part and parcel of the subdivision plan, then the Seller shall immediately notify the Purchaser and thereupon this agreement shall terminate and the sole liability between the parties shall be the return by the Seller to the Purchaser of the Purchaser's down payment under this agreement.

5. **CLOSING:** The Closing of Title shall take place at an office to be designated by Seller or by Purchaser's lending institution on or about _____ 19____, or such other date as may be designated by Seller upon seven (7) days written notice from Seller that the Unit is available for occupancy and that a certificate of occupancy is available from the Town of Pittsford. Time is of the essence in regard to this provision. The Seller shall be entitled to a reasonable adjournment in the closing of title in the event of delay by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements.

6. PURCHASE PRICE:

Basic Purchase Price: The basic purchase price is \$ _____ payable as follows:

- (i) \$ _____, ten percent (10%) on the signing of this agreement, the receipt whereof is hereby acknowledged;
- (ii) \$ _____, thirty percent (30%) additional when roof is on;
- (iii) \$ _____, thirty percent (30%) additional when drywall is completed;
- (iv) \$ _____, balance by certified or bank cashier's check on closing of title;
- (v) Any extras shall be paid for at time of execution of change order.

7. PURCHASER'S MORTGAGE: This agreement is subject to the Purchaser securing a written mortgage commitment for a conventional mortgage loan for at least \$ _____, within four (4) weeks from the execution of this agreement, and if Purchaser is unable to so secure such commitment, any deposit shall be returned to Purchaser and this agreement shall thereupon become void. Purchaser shall notify Seller in writing immediately upon receipt of a commitment, or inability to secure same, and construction shall not start until Seller has received notification that Purchaser has received a commitment.

8. ADJUSTMENTS AT CLOSING: All real estate taxes, pure waters or water pollution control charges shall be adjusted as of the date of closing in accordance with local custom. In addition, Purchaser shall pay at closing his prorated share of the Association common expenses assessment as provided for in the Declaration.

9. CAPITAL CONTRIBUTION: Purchaser shall contribute \$200.00 to the Association at the time of closing as initial working capital.

10. **DEPOSIT ESCROW:** All deposits, down-payments or advances made by a Purchaser for a Unit shall be held in a special escrow account pending delivery of the completed Unit and a deed thereto, unless Sponsor elects to protect Purchaser's interest therein by the furnishing of letters of credit from _____, Rochester, New York in an amount equal to any such deposits, down-payments or advances that Sponsor may use. Such funds will then be held as trust funds pursuant to Sections 352-e(2)(b) and 352-h of the General Business Law, in a special account in the _____.

The signature of William N. La Forte, Esq., 700 Midtown Tower, Rochester, New York 14604, as attorney for the Seller, shall be required to withdraw any of such funds. The balance of such funds, if any, including interest remaining in the trust account will be payable to the Seller upon the closing of title to the Unit.

11. **CONSTRUCTION:** The Seller agrees to construct the home in accordance with the plans and specifications agreed to by the parties and the requirements as to materials and workmanship of the Building Department of the Town of Pittsford and further agrees that when completed the same will be in substantial accordance with the plans as filed with the Building Department.

The Seller reserves the right to: (a) make changes or substitutions of materials or construction for items as set forth in the plans and specifications, provided any such changes are of comparable value and quality; (b) determine the grading, elevation and design of all plots and dwellings to fit into the general pattern of the project; and (c) determine elevation and location of foundations and streets to conform with topographical conditions.

12. **CONVEYANCE:** The deed shall be in proper statutory form for recording and shall be a Warranty Deed with lien covenants. It shall be duly executed and acknowledged by the Seller at the Seller's expense and shall contain a description of the premises as shall validly convey the Unit.

The Seller shall give and Purchaser shall accept a good and marketable title (subject to the terms of the Declaration) free and clear of all liens and encumbrances

and such title as a title company acceptable to Seller will approve and insure for mortgages and/or fee title insurance. Fee title insurance, if ordered by Purchaser or Purchaser's mortgagee, shall be purchased from said title company at Purchaser's own cost and expense. Seller shall furnish a redated abstract of title to the time of closing together with an instrument survey showing all improvements.

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.

At the closing, the Seller will deliver a Certificate of Occupancy from the Town of Pittsford covering the Unit and it is further agreed that title will not close until a temporary or permanent certificate of occupancy has been issued.

13. SELLER'S LIABILITY: The Seller's liability under this agreement for failure to complete and/or deliver a Unit for any reasons other than Seller's willful default shall be limited to the return of the money paid hereunder, and upon the return of said money, this agreement shall be null and void and the parties hereto shall be 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 reasonable expense to render the title to the premises marketable or to cure any objection to title.

In the event the Seller shall be unable to convey title to the Unit on or before six (6) months after the date of delivery of title set forth herein, except for the Purchaser's default, the Purchaser shall have the option to cancel this agreement and to have the down payment advanced by him returned to the Purchaser without interest.

14. **CONTRACT CANCELLATION:** The parties hereto do hereby agree that the Seller may cancel this agreement by forwarding its check in the full amount paid by Purchaser, together with a notice in writing, addressed to the Purchaser at the address hereinabove set forth in the event of the occurrence of either of the following: (1) if any governmental bureau, department or subdivision thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials necessary in the construction of residential housing and such restrictions shall prevent the Seller from obtaining such materials from its regular suppliers or from using same in the construction and/or completion of the dwellings; or (2) if the Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, bankruptcy of suppliers or subcontractors, military operations and requirements, national emergencies, or the installation of public utilities is restricted or curtailed; or (3) if purchaser's requests are, in the sole opinion of the Seller, unreasonable.

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

15. **RISK OF LOSS:** The risk of loss or damage to the Unit by fire or any other cause until the delivery of the Deed is assumed by the Seller.

16. **SUCCESSORS AND ASSIGNS:** 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. 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.

17. **WARRANTY:** Purchaser acknowledges that he has read the following limitation of warranty at least 72 hours prior to the execution of this agreement:

THE HOUSING MERCHANT IMPLIED WARRANTY, AS DEFINED IN SECTION 777-a OF THE NEW YORK GENERAL BUSINESS LAW, WILL APPLY TO THIS AGREEMENT. HOWEVER, THE WARRANTY WILL BE EXTENDED ONLY TO THE PURCHASER HEREUNDER AND WILL NOT APPLY IF THE PROPERTY IS RESOLD OR TITLE IS OTHERWISE TRANSFERRED.

18. **BROKER:** The parties agree that no broker brought about this sale and Purchaser agrees to indemnify Seller against any claim brought for brokerage based upon Purchaser's act.

19. **MISCELLANEOUS:** 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.

This agreement and the Offering Plan state the entire understanding of the parties and the Seller shall not be bound by any oral representations and/or agreements.

THIS WILL ACKNOWLEDGE THAT A COMPLETE COPY OF THE APPLICATION FOR CPS-7 TREATMENT AND A COPY OF THE LETTER GRANTING SUCH TREATMENT WAS DELIVERED TO ME BEFORE I MADE ANY DOWN PAYMENT PURSUANT TO THIS PURCHASE AGREEMENT.

Seller:

RYAN homes, inc.

Dated: _____

Witness: _____

By: _____

Purchaser:

Dated: _____

Witness: _____

Attorney for Seller:

William N. La Forte, Esq.
700 Midtown Tower
Rochester, NY 14604
Phone: 716-232-6500
Fax: 716-232-2152

Attorney for Purchaser:

Phone: _____
Fax: _____