

DECLARATION OF COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS
related to Premises known as
BELLEFAIR AT RYE BROOK

THE BELLEFAIR HOME & LAND COMPANY
c/o Spectrum Skanska, Inc.
115 EAST STEVENS AVENUE
VALHALLA, NEW YORK 10595

DATE OF DECLARATION: _____, 199_

Please Record & Return To:

McDermott, Will & Emery
Attorneys for Sponsor
50 Rockefeller Plaza
New York, New York 10020
Attn: Joseph J. Onufrak, Esq.

The Land Affected By the Written Instrument Lies in
Section 1, Block 3, Lots 1-A-2, 1-B-2, 1-A-1-1 and 6
on the Tax Map of the Town of Rye, County of Westchester, State of New York

EXHIBIT K

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DECLARATION OF COVENANTS, RESTRICTIONS

EASEMENTS, CHARGES AND LIENS

DECLARATION made as of this _____ day of 199_ by THE BELLEFAIR HOME & LAND COMPANY, with an office c/o Spectrum Skanska, Inc., 115 East Stevens Avenue, Valhalla, New York 10595, hereinafter referred to as "Sponsor."

WITNESSETH

WHEREAS, Sponsor is the owner of real property referred to in Article II and described in Schedule A to this Declaration on which Sponsor desires to develop a residential community of not more than 261 homes, comprised of single family homes, single family duplex villas, village homes and townhouses, together with common land and facilities for the sole use and benefit of the residents of said community, and of a senior living facility adjacent thereto, and their guests; and

WHEREAS, Sponsor desires to provide for the preservation of the value of and amenities in said community and for the maintenance of said common lands and facilities and, to this end, desires to subject the real property referred to in Article II and described in Schedule A to the covenants, restrictions, easements, charges and hereinafter set forth, each and all of which is and are for the benefit of said property and each resident thereof; and

WHEREAS, Sponsor has deemed it desirable, for the efficient presentation of the value 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 facilities, and

administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Sponsor has incorporated BelleFair Homeowners Association, Inc., under the Not-for-Profit Corporation Law of the State of New York for the purposes of exercising the aforesaid functions;

NOW, THEREFORE, Sponsor, for itself, its successors and assigns, declares that the real property referred to in Article II hereof, and more particularly described in Schedule A attached hereto and foregoing a part hereof, 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, and the same shall be binding on all parties having any right, title or interest in the described properties or any part hereof, their heirs, successors and assigns, and shall inure to the benefit of each Homeowner thereof.

ARTICLE I DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration shall, unless the context otherwise prohibits, have the meanings set forth below. Other terms are defined in their context as hereinafter set forth.

(a) "Association" shall mean and refer to BelleFair Homeowners Association, Inc., a New York Not-For-Profit Corporation, its successors and assigns.

(b) "The Properties" shall mean and refer to all the certain parcels of real property, consisting of Homes, the Common Areas and the Common Facilities, as are subject to

this Declaration, and which are described in Schedule A, together with any additions thereto. As provided in Article II of this Declaration, the parcels of real property shall constitute "The Properties," unless Sponsor, at any time, irrevocably surrenders its right to include any Lots as part of "The Properties."

(c) "Common Areas" shall mean and refer to certain chiefly undeveloped areas of land which Sponsor shall convey to the Association to be devoted to the common use and enjoyment of the Homeowners of The Properties. A legal description of the Common Areas, which Common Areas aggregate approximately 46 acres (as shown on the Site Plan of The Properties annexed hereto as Schedule B), will be filed and recorded as an amendment to this Declaration at the time of conveyance of the Common Areas to the Association. Sponsor shall convey title to the Common Areas to the Association on the earlier to occur of (1) the fifth (5th) anniversary of the filing of the Plan (hereinafter defined) or (2) a date which is three (3) months after the closing of title of at least ninety (90%) percent of the Homes to be developed.

(d) "Common Facilities" shall mean and refer to those buildings on the Common Areas used in common by Single Family Members and Village Members of the Association including, without limitation, the meeting house, the outdoor pool and deck area, and two multipurpose buildings.

(e) "Home" shall mean and refer to single family residential housing situated upon The Properties but not upon the Common Areas. The term "Home" shall also encompass the lot upon which any such unit of residential housing is constructed, together with all other improvements situated thereon. Sponsor, which shall initially be considered the owner of all of

the Homes, representing the maximum number of Homes it shall be entitled to construct on The Properties, may reduce the number of Homes attributed to it by conveying titles to individual Homes to purchasers for value, or by electing to exclude certain lots from The Properties as permitted by section 1 of Article II. "Lot" shall mean and refer to that portion of the Property upon which a home is to be constructed pursuant to any approved site plan.

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

(g) "Lot" shall mean and refer to the parcel of land on which a Home may be or has been constructed.

(h) "Member" shall mean and refer to all those Homeowners who are members of the Association, as provided in Article III hereof, together with Sponsor and the Senior Residence Member. These include Single Family Members and Village Members, which are Homeowners of one of three types of Homes at The Properties known as Village Homes, Duplex Villas or Townhouses.

(i) "One Family Occupancy" shall mean and refer to residential occupancy by no more than four adults all related to one another as either brother, sister, stepbrother, stepsister, mother, father, husband, wife, daughter, son, stepdaughter or stepson, together with no more than

four of their children, all of whom are related to each other as brother or sister or life-partners. The foregoing shall include adopted or foster children. Occupancy of the Home for combined professional and residential use shall be in accordance with the applicable zoning regulations and shall be deemed in accordance with One Family Occupancy, provided that such use shall create no substantially greater burden on parking in the Homeowner's driveway or adjacent areas that ordinarily when the same are used as a residence only. Rental of the Home to any person shall be in accordance with such One Family Occupancy.

(j) "Party Fence" shall mean and refer to a fence situated, or intended to be situated, on the boundary line between adjoining properties.

(k) "Party Wall" shall mean and refer to the following: At BelleFair the Duplex Villas and Townhouses will be connected to each other and will appear as a single building. Two Homes will make up a Duplex Villa and four Homes will make up a Townhouse building. The Homes within a single building will be separated by a wall, with one Home on each side of this party wall. The wall will be constructed to achieve a two hour fire resistance rating pursuant to the New York State Building Code and the standards published by Underwriters Laboratory. The party wall will be installed from the foundation to the underside of the roof and from the front of the house to the rear, which effectively isolates one structure from the other and seeks to prevent collapse and fire spread from one Home to the adjacent Home in the event one of the Homes is on Fire.

(l) "Sponsor" shall mean and refer to The Highpoint Village Company d/b/a The BelleFair Home & Land Company, and its successors and assigns, if such successors and assigns should acquire an undeveloped portion of The Properties for purpose of development.

ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION: WITHDRAWALS
FROM AND ADDITIONS THERETO

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is all that certain parcel, plot or piece of land, together with any improvements thereon, situate, lying and being in the Village of Rye Brook, County of Westchester, and State of New York, being more particularly bounded and described on Schedule A, annexed to and made a part of this Declaration. Sponsor reserves and shall have the right to notify the Association in writing that it irrevocably elects to surrender its right to exclude certain Lots from the Properties. In the event Sponsor should so notify the Association, those Lots shall be excluded from The Properties. The Board of Directors of the Association shall have the written notification it receives from Sponsor recorded in the form of an amendment to the Declaration within twenty days of such receipt. The Board of Directors shall proceed with any such recordation without the need of any action by the individual Homeowners.

Section 2. By-Laws. Attached to this Declaration as Schedule C, and made a part hereof, are the By-Laws of the Association, which set forth detailed provisions and rules and regulations governing the operation and use of the Association property. All capitalized terms which are not separately defined herein shall have the meanings given to those terms in the By-Laws.

Section 3. Mergers. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration with The Properties, together with covenants and restrictions established upon any other properties as one scheme. No such merger or, consolidation, however, shall affect any revocation, change or addition to the covenants established by the Declaration within The Properties, except as hereinafter provided. The assent of two-thirds of the Single Family Members and of each category of Homeowners among the Village Members, and the assent of the Sponsor and the Senior Residence Member, is required at a meeting duly called for this purpose, at which a quorum shall be present, written notice of which shall be sent to all Members not less than thirty days nor more than sixty days in advance of the meeting setting forth the purpose of the meeting.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership and Voting Rights in the Association. Every person who is a record Homeowner (as defined in Article 1) of any Home which is subjected by this Declaration to assessment by the Association shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Home which is subject to assessment. In addition, the Senior Residence Member and Sponsor shall also be members of

the Association. Membership in the Seniors Club located at the Senior Residence shall not entitle a member thereof to voting rights in the Association.

Section 2. Voting Rights. The Association shall have four (4) groups of voting membership: (a) Single Family Member (which shall be comprised of Single Family Homeowners); (b) Village Member (which shall be comprised of owners of any of the Village Homes, Duplex Villas or Townhouses); (c) Sponsor Member and (d) the Senior Residence Member. Each Member of the Association shall be entitled to one (1) vote, regardless of the number of Homes owned.

Section 3. Special Privilege. Notwithstanding any other provisions hereof to the contrary, Village Members shall have the exclusive privilege to vote on the maintenance budget with respect to expenditures relating to the Village Homes, Duplex Villas and Townhouses.

Section 4. Limitation on Voting. Notwithstanding any provisions hereof to the contrary, the Senior Residence Member shall have no right to vote upon any matter relating to use of the Common Areas or the Common Facilities.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON AREAS AND COMMON FACILITIES.

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 4 of this Article IV, every Member shall have the right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title of every Home. Every Member, exclusive of the Senior Residence Member, shall have the right and

easement of enjoyment in and to the Common Facilities and such easement shall be appointment to and shall pass with the title to every Home.

Section 2. Title to Common Areas. Sponsor hereby covenants for itself, its successors and assigns, that it will convey legal title to the Common Areas to the Association free and clear of all liens and encumbrances, except those created by or pursuant to this Declaration, subject, however, to the following covenant, which shall be deemed to run with the land and shall be binding upon Sponsor, the Association, and their successors and assigns:

In order to preserve and enhance the property values and amenities of the community, the Common Areas and all facilities now or hereafter built or installed thereon, shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards. The maintenance and repair of the Common Areas shall include, but not be limited to, the driveways, outdoor lighting, storm water treatment areas and equipment and fences.

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

Section 3. Title to Common Facilities. Sponsor reserves the right to maintain its ownership of all or some of the Common Facilities in perpetuity. At its election (or that of its successors and assigns), Sponsor may convey legal title to all or some of the Common Facilities to the Association free and clear of all liens and encumbrances, except those created by or pursuant to this Declaration. Any such conveyance shall be subject to the following covenant, which shall be deemed to run with the land and shall be binding upon Sponsor, the Association, and their successors and assigns:

In order to preserve and enhance the property values and amenities of the community, any Common Facilities so conveyed shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards. The maintenance and repair of the Common Facilities shall include, but not be limited to, the buildings, lighting, recreational facilities, and equipment and fences, if any, related thereto.

Section 4. 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 of the rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations (but in no event shall any such suspension preclude ingress or egress by the Member or his or her guests and from his or her Home);

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas or the Common Facilities 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, or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast 51% of the votes of the Single Family Members and Village Members and the vote of the Sponsor Member, 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 sixty (60) days in advance of any action taken, except as provided for in subparagraph (e) below and Article V, Section 2 hereof;

(c) The right of the Association, in accordance with the Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and the Common Facilities and in furtherance thereof to mortgage all or a portion of the Common Areas and the Common Facilities provided that the rights of any mortgage in the Common Areas and the Common Facilities shall be subordinate to the rights of the Homeowners hereunder;

(d) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas and the Common Facilities against foreclosure; and

(e) The right of Sponsor and of the Association to grant and reserve easements and rights-of-way, in, through under, over and across the Common Areas and the Common Facilities, for the installation maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, electricity, fuel oil, gas, and other utilities; the right of Sponsor to grant and reserve easements and rights-of-way, in, through, under, over, upon and across the Common Areas and the Common Facilities for the completion of Sponsor's construction, the marketing of the Homes, and for the operation and maintenance of the Common Areas and the Common Facilities; and the right of Sponsor and of the Association to modify easements granted to the adjoining property owner for access over the entranceway to The Properties.

Sponsor has retained the right to place any easements in, to or under The Properties which Sponsor shall deem necessary for the benefit of the Association and its Members, until such time as all Homes and Lots have been sold, and occupied and all warranty periods have expired even if these easements affect previously conveyed homes or Lots. Such may permit

Sponsor to perform all actions, including the construction of appurtenances not previously shown on the Site Plans submitted to the Village of Rye Brook and the granting of other easements in perpetuity for utility companies and others, provided such construction or grants shall not render the affected Homes uninhabitable. The Homeowners of such previously conveyed Homes or Lots shall be required to execute any documentation necessary to accomplish the placement of said easements or appurtenances.

Section 5. Delegation of Use. Any member may delegate, in accordance with the By-Laws (and subject to the Board of Directors' Right of First Refusal, contained therein) and the Rules and Regulations of the Association, his or her right of enjoyment (to the extent such Member Group has such a right of enjoyment established hereunder) to the Common Areas and the Common Facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE V DEVELOPMENT AND EASEMENTS

Section 1. Limitation on Development. Sponsor shall in no event construct more than 261 Homes on The Properties.

Section 2. Reservation of Easements. (a) Sponsor reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Lots, the Common Areas and the Common Facilities, for the purpose of completing the construction and sale of no more than 261 Homes on The Properties and the completion of the Common Areas, the Common Facilities and the Homes. Toward this end, Sponsor reserves the right to grant and reserve easements and rights-of-way in, through, over, under and across the Lots, the Common Areas

and the Common Facilities for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, electricity, fuel, oil, gas and other utilities and for any other materials or services necessary for the completion of work. Sponsor, its nominees and agents, shall have the right and privilege to maintain general and local sales offices, sales and construction trailers and other vehicles and structures to assist in the construction and marketing and sales of the homes and in and about The Properties, including, without limitation, model Homes and the Meeting House, the Multipurpose Buildings and any other facilities, and shall have the right and privilege to have their representatives, employees and agents present on The Properties to show the Homes to prospective purchasers, to utilize the Common Areas and the Common Facilities, and without limitation, to do any and all things necessary and incident to the sale of the Homes, without charge or contribution. Sponsor or its designated builder shall have the right to continue to employ signs of its choice upon The Properties in its efforts to market and sell the Homes.

(b) Sponsor further reserves the right to use the Common Areas and the Common Facilities, including, without limitation, the Village Center, without charge, at any time for exhibitions and for other functions, after they have been conveyed to the Association, until such time as all of the Homes and/or Lots are sold. Residents of the Senior Residence shall be permitted limited use of the Common Area and the Common Facilities on a schedule to be determined by the Senior Residence Member and the Board of Directors. This subsection (b) shall not be amended, as provided for in Article XI, Section 2, so as to reduce or eliminate the rights of the Sponsor or the Senior Residence Member herein reserved.

(c) In addition, the Village of Rye Brook will have certain use privileges relating to the Common Areas and the Common Facilities, including, without limitation, the use of the gymnasium located in the Meeting House, on a schedule to be determined by the Board of Directors.

Section 3. Easements in favor of Association and Homeowners. Sponsor does hereby establish and create for the benefit of the Association and for all Homeowners located on The Properties the following easements, licenses, rights and privileges:

- (i) Right of ingress and egress to the nearest public highway over and through all roads, walkways and driveways on the Common Areas, and if there are no roads, walkways or driveways leading from a Home to a public highway, right of ingress and egress to the nearest public highway over the Common Areas;
- (ii) Right to connect with and make use of utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other portions of the Common Areas;
- (iii) Right of the Homeowners to maintain privately owned utility lines, wires, pipes, conduits, cable television, water and sewer lines running through The Properties and the Common Areas and the adjoining parcels provided same do not interfere with the use intended for The Properties and the Common Areas. Homeowners who construct such utility lines across

other's pursuant to said easements shall restore the disturbed premises to the prior condition at their own cost and expense;

- (iv) Right of the Homeowner to make use of common driveways between his or her Home and the Home of others and the right of ingress and egress thereto.

ARTICLE VI COMPLETION, MAINTENANCE AND OPERATION OF COMMON AREAS AND COVENANT FOR ASSESSMENTS THERE

Section 1. Completion of Common Areas by Sponsor

(a) Prior to the conveyance of title Sponsor shall construct the streets, roadways, walkways and parking facilities directly serving said Home. During the cold winter weather and subsequent spring thaw, Sponsor may choose not to pour concrete or asphalt. Accordingly, a Purchaser who closes title to his Home in the late Fall, Winter or early Spring should anticipate that the paving of the driveway, walkway and parking facility directly serving his Home may not take place until weather and site conditions permit.

(b) Sponsor's obligation to complete the construction and landscaping of the Common Areas, at its sole cost and expense, shall survive the conveyance of the Common Areas to the Association pursuant to Section 2 of Article IV.

Section 2. Assessments, Liens and Personal Obligations Therefor.

(a) Sponsor, for each Home owned by it within The Properties, hereby covenants, and each subsequent Homeowner of any such Home by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association, at such time or times as the Association shall determine:

- (i) annual assessments or charges;
- (ii) special assessments for capital improvements;
- (iii) special assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Home against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as are hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment becomes due.

(b) The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties as a community and in particular for the improvement and maintenance of properties,

services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and the Common Facilities including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof and the cost of landscaping maintenance and maintenance of the drainage system, all as contemplated by an offering plan dated June __, 1998 of the Association (the "Plan"), all of which obligations the Association hereby assumes as of the date of conveyance of title of the Common Areas by Sponsor. Sponsor shall have no obligation to operate or maintain the Common Areas or any or all of the Common Facilities after their conveyance to the Association.

Section 3. Amount and Payment of Assessment. The Association shall at all times fix the amount of the annual assessment at an amount sufficient to pay the costs of maintaining and operating the Common Areas and the Common Facilities as contemplated by Section 2(b) of this Article VI. Notice of such assessments shall be provided to each Member not later than the 31st of January in each new year. Association dues shall be payable in equally monthly installments unless otherwise established by the Board of Directors.

The Board of Directors may in all instances increase the annual assessment to an amount no greater than twenty percent (20%) higher than the annual assessment for the immediately preceding year, and further provided that the Association may increase the maximum of the assessments above such amount, so long as any such change shall have the assent of 51% of the votes of each Member group (and in the case of the Village Members, of the Homeowners of each Home type within such group) who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10)

days nor more than thirty (30) days in advance of the meeting, setting forth the purpose of the meeting.

Issues affecting only the Homeowners of one of the four types of Homes (Single Family Homes, Duplex Villas, Village Homes & Townhouses) or only one Membership group shall be resolved by approval of at least 51% of the Association Members who own the affected Home type or who belong to the affected Membership group.

All Members will bear equal share of the cost to operate and maintain the Common Areas and the Common Facilities. In addition to the common annual assessments, Village Members will bear the costs of maintaining the exterior of their homes and snow removal in equal shares. Village Members will also bear the cost of landscape maintenance relative to the average landscaped area of their Lot, or share of the Lot in the case of the Townhouses. In the event of a casualty, funds required to repair or restore a Village Member's Home in excess of insurance will be drawn from the Reserve Fund maintained by the Association. In the event the Reserve Fund is not sufficient to cover the costs of repair or restoration, or in any case to replenish the amount of the Reserve Fund to its original condition, Village Members will be assessed the necessary amounts in equal shares.

This Section shall not be amended as provided in Article XI, Section 2 to reduce or eliminate the obligation to fix the assessment at an amount sufficient to properly maintain and operate The Properties.

Section 4. Sponsor's Obligation. Notwithstanding anything to the contrary contained in this Declaration or the By Laws, Sponsor's covenant and obligation to pay assessments shall

be limited to the lesser of (i) the sum of the operating deficit for each fiscal year of the Association, provided that the calculation of the deficit shall not include management fees or contributions to the Reserve Fund or other contingency funds or (ii) all assessments levied against the unsold Homes for such fiscal year. If (ii) is greater than (i) for any fiscal year, Sponsor shall be entitled to credit such differences against its obligation to pay assessments in any subsequent fiscal year.

Section 5. Special Assessments For Capital Improvements. In addition to the annual assessments and special assessments authorized by Section 3 of this Article VI, the Association may levy, in any assessment year, a special assessment (which must be fixed at a uniform rate for all Homes within a specific type [(i.e., Single Family Homes, Duplex Villa, Village Home or Townhouse], but may be varied among the types of Homes)) applicable to that year only, in an amount no higher than the maximum annual assessment then permitted to be levied hereunder for the purpose of defraying, in whole or in part, the cost of any construction, unexpected repair or replacement of a described capital improvement upon the Common Areas, the Common Facilities, the Village Homes, Duplex Villas and Townhouses, including the necessary fixtures and personal property related thereto or for a purpose otherwise authorized hereunder, provided that any such assessment shall have the assent of 51% of the votes of each affected Member Group who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting setting forth the purpose of the meeting. The due date of any specified assessment shall be fixed in the Resolution authorizing such assessment.

Notwithstanding the foregoing, Sponsor may not exercise its veto power over the Board of

Directors to reduce the level of services described in the Plan, prevent capital repairs or prevent expenditures required to comply with applicable laws or regulations.

Section 6. Quorum For Any Action Authorized Under Sections 3 and 5. The quorum required for any action of the Members of the Association, authorized by Sections 3 and 5 of this Article VI shall be as follows:

At the first meeting called, as provided in Sections 3 and 5 of this Article IV, the presence at the meeting of Members or of proxies, entitled to cast fifty-one (51%) percent of all of the votes of each class of Membership, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 5, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that such subsequent meeting shall be held within sixty (60) days following the preceding meeting.

Section 7. Duties of 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 for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, 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 the Owner.

Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall, upon written demand at any time, furnish to any Homeowner liable for said assessment, or his mortgagee, a certificate in writing, signed by an officer of the Association or by the Association's managing agent, setting forth whether said assessment has been paid.

Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Non-Payment of Assessment: The Personal Obligation of the Member; The Lien; Remedies of 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, Village and School District taxing agencies; and (b) all sums unpaid on any institutional first mortgage of record encumbering the Home. The personal obligation of the Member who was the Owner of the Home when the assessment fell due to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

In the event an assessment is not paid on the date when due, the Board of Directors may, at its sole option, declare the assessment on said Member's Home for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board of Directors shall send notice to the delinquent Member giving him a five-day grace period in which to make his payment. The Board of Directors may charge the delinquent Member a fee of not more than twenty dollars per month to cover the additional burden to the Board of Directors occasioned by the lack of timely payment. Interest at the highest legal rate

may also be collected by the Board of Directors on the assessment from its due date to the date payment is actually received from the Member. If any sum, charge or assessment shall remain unpaid for thirty (30) days after the giving of notice by the Board of Directors that the payment is overdue, the Board of Directors may, after fifteen (15) days notice to the Homeowner's mortgagee, if any, proceed to foreclose the lien encumbering the Home, in the same manner as the foreclosure of a mortgage. In the event the Member does not pay the assessment required to be paid by him within thirty (30) days of its due date, said sum shall bear interest at the highest legal rate from its due date and said Member shall be liable for the Association's reasonable costs and reasonable attorney's fees incurred by it incident to collection or enforcement of such lien.

Each member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default, regardless of the harshness of the remedy available to the Association, and regardless of the availability of other, equally adequate legal procedures. It is the intent of all Members to give the Association a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from the Members and to preserve each Member's right to enjoy his Home free from unreasonable restraint.

Section 9. Exempt Property. The following properties subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (a) all properties dedicated to and accepted by a governmental body, agency or authority, and devoted to public use, and (b) all Common Areas and Common Facilities as defined in Article I hereof.

Notwithstanding any provisions herein, no land improvements devoted to dwelling use shall be exempt from assessments, charges or liens.

ARTICLE VII ARCHITECTURAL CONTROL

The Board of Directors may appoint an architectural review board (the "ARB"), or act as its own such board, to act on requests from Homeowners to modify or improve their Homes and Lots. If the Board chooses to create such a board, the ARB shall consist of no less than five Homeowner members. There shall be at least one member from each type of Home: i.e. Single Family, Village, Duplex Villa and Townhouse. The fifth member may be the owner of any type of Home. The Sponsor may elect to act as the ARB until such time as ninety (90%) percent of the Homes to be developed are sold and title has been closed thereon.

The ARB shall be required to apply certain standards in making its decisions. These standards underlie certain specific guidelines and shall be relied upon in instances where the specific guidelines are vague, ambiguous or non-existent. These standards and guidelines are more particularly defined and described in Schedule D, attached hereto and made part hereof.

ARTICLE VIII PARTY WALLS OR PARTY FENCES

Section 1. General. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to each party wall and party fence that is built as part of the original construction of the improvements on the Lots (including, without limitation, the Homes) and any replacement(s) thereof.

Section 2. Easement. In the event that any party wall or party fence originally constructed by Sponsor shall encroach upon or protrude over an adjoining Lot, the owner of such

adjoining Lot shall be conclusively deemed to have granted a perpetual easement to the owner of such party wall or party fence for the maintenance and use of the structure in question. No Member shall maintain any action for the removal of such a structure or any action for damages as a result of such encroachment or protrusion. The foregoing shall also apply to any replacements of any party walls or party fences, if the same are constructed in substantial conformance with the original structure constructed by Sponsor.

Section 3. Sharing of Repair and Maintenance. The reasonable cost of repair and maintenance of a party fence shall be shared equally by a Single Family Member, if any, who makes use of the structure in question.

Section 4. Destruction by Fire or Other Casualty. If a party wall or party fence is destroyed or damaged by fire or other casualty, and such damage is not otherwise covered by insurance as set forth herein, the Member in whose Home the casualty occurs or damage is sustained shall be responsible for the restoration of the same, subject however, to the right of any such Member to call for a larger contribution from others under any rule of law regarding liability for negligent or willful act or omissions.

Section 5. Weatherproofing. Notwithstanding any other provisions of this Section, a Member who, by his negligent willful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Arbitration. In the event that any dispute shall arise between Members arising out of or concerning a party wall or party fence, or otherwise with respect to the

provisions of this Section, such dispute shall be resolved by arbitration pursuant to the terms of this Article VIII hereof.

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) 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.
- (c) No immoral, improper, offensive or unlawful use shall be made of the property in which a Home is situated nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.
- (d) Regulations promulgated by the Board of Directors concerning the use of The Properties 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 and special assessments shall be paid when due.

(f) Occupancy of the Homes shall be restricted to One Family Occupancy, as defined herein.

(g) No sign of any kind shall be displayed to the public view on any Home or parcel, except signage by Sponsor.

(h) No animals, livestock or poultry of any kind shall be raised, bred or kept in any Home or on any parcel. Dogs, cats or other domesticated household pets not weighing in excess of 100 pounds may be kept, provided that they are not kept, bred or maintained for any commercial purpose and provided that not more than four (4) pets in the aggregate may be kept in any Home. Notwithstanding the foregoing provision, the Association reserves the right to place restrictions on the breed of dogs kept in a Member's Home in the interests of the safety and welfare of the community, in the Board's sole discretion. All pets must be curbed and their owners shall be responsible for cleaning up after them and pets should not be tied, or otherwise restricted, on the exterior of the home. No Homeowner may install an "invisible" fence or other similar barrier in the front of the Home. In no event shall any such pet be permitted on the Common Areas or in the Common Facilities unless carried or on a leash and pet owners must comply with all requirements of governmental agencies with regard to the ownership of domesticated animals.

(i) There shall be no obstruction of the Common Areas nor shall anything be stored in the Common Areas or the Common Facilities without the prior written consent of the ARB.

(j) Homeowners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of a Home and no awning or canopy shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof, or exposed on or at any window, without the prior written consent of the ARB.

(k) No Homeowner or occupant, or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his Home any inflammable, combustible or explosive fluid, material, chemical or substance.

(l) No Homeowner or occupant or any of his agents, servants, employees, licensees or visitors shall park any van, boat, truck, trailer, camping vehicle, unregistered motor vehicle, farm equipment or heavy truck other than pick-up trucks, on the Common Areas or in the driveway of his Home. No visitor may park a vehicle for a continuous period in excess of 48 hours in the Common Areas.

(m) Garbage, trash and refuse shall be stored in containers in garages or in sheds designed for this purpose, as approved by the ARB.

(n) Except as provided by the Board of Directors, Homeowners and their children, guests and invitees shall not enter or play in the areas designated as drainage systems, which system includes, but is not limited to, ponds, ditches and, swales. Strict compliance with this provision is essential for the health, safety and welfare of the members, their children, guests and invitees.

ARTICLE X EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. The Association will perform maintenance based on the following schedule:

(a) Common Areas and Common Facilities. The Association will be responsible for the maintenance and landscaping of all common grounds and private roads including, but not limited to, all utilities not maintained by the applicable utility and snowplowing. The Association will be responsible for 100% of the maintenance of the interior and exterior of the Meeting House and Multipurpose Buildings upon conveyance of those buildings by the Sponsor to the Association.

(b) Village Homes, Duplex Villas and Townhouses. The Association will be responsible for the maintenance of the exterior of the Village Homes, Duplex Villas and Townhouses, including, but not limited to, painting, siding and roofing. The Association will provide irrigation, lawn care and landscaping services including snow removal from private roads, common parking areas, driveways and walks during the winter season. The Association shall have no obligation to wash windows or maintain Member's decks.

(c) Single Family Homes. The Association will not provide any maintenance services for Single Family Homes or Lots, except that the Association may offer lawn, landscaping and snow removal services for a fee established annually by the Board of Directors. The Association will be responsible for maintenance of the porches attached to Single Family Homes.

Section 2. Disrepair of Lots. In the event the Homeowner of any Home in The Properties shall fail in its obligations, if any, to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, including but not limited to maintenance of walkways (including snow removal), protective screening area, private lawns, upon direction of the Board of Directors, it shall have the right through its agents and employees to enter upon the Lot upon which said Home is located and to repair, maintain and restore the Lot, and the buildings, and any other improvements erected thereon. The cost of such maintenance shall be added to and become part of the assessment to which such Home is subject.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the exterior maintenance required by this Article, the Association, through its duly authorized agents and employees, shall have the right to enter upon any Homeowner's lot upon twenty-four (24) hours' written notice at reasonable hours, on any day except Sundays and holidays, except in the case of an extreme emergency in which case the Association shall have the right to immediate access at any time.

ARTICLE XI GENERAL PROVISIONS

Section 1. Beneficiaries of Easements, Rights and Privileges. The easements, licenses, rights and privileges established, created and granted by the Declaration shall be for the benefit of, and restricted solely to, the Association and the Owners of Homes constructed on The Properties; and any Homeowner may grant the benefit of such easement, license to their immediate families for the duration of their tenancies or visits, subject in the case of the

Common Areas 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 in perpetuity, and shall inure to the benefit of and be enforceable by the Association, any Member, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, unless an instrument signed by eighty percent (80%) of the Homeowners and the holders of any Permitted Mortgage (as defined in the By-Laws) liens on such Homes has been recorded, agreeing to change said covenants and restrictions in whole or in part, and further provided that Sponsor, if it owns any Homes or Lots, consents thereto; provided, however, that no such agreement to change shall be effective unless made and recorded three (3) years in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every Homeowner at least ninety (90) days in advance of any action taken. Notwithstanding the foregoing, the easements, licenses, rights and privileges established and created with respect to the Common Areas by Section 3 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 Homeowners. Any such 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 Areas, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the

same as those to which they were required to be devoted by the Association. No such disposition of the Association properties shall be effective to divest or diminish any right or title of any Member vested in him under the licenses, covenants and easements of this Declaration, or under any subsequently recorded covenants and deeds applicable to The Properties, unless made in accordance with the provisions of the By-Laws of the Association.

Section 4. Notices. Any notice required to be sent to any Member or Homeowner under the provisions of this Declaration shall be deemed to have been properly delivered when (i) mailed by certified or Registered Mail, Return Receipt Requested, and, postpaid, to the last known address of the person who appears as Member or Homeowner on the records of the Association at the time of such mailing; or (ii) personally delivered to such Member or Homeowner, for which a written receipt shall be obtained.

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

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

ARTICLE XII SPONSOR'S RIGHT TO CHANGE SITE PLAN

Section 1. Right to Change Site Plan. Sponsor reserves the right to make minor revisions of boundary lines and road lines from those shown on the Site Plan in order to preserve

the natural topography of all or any portion of any of the Properties and to adjust the size of the Lots to accommodate the improvements on all or any portion of The Properties now or hereafter constructed. The rights reserved to Sponsor hereunder shall include, but not be limited to, the right (i) of a reversion of title to insubstantial portions of the Common Areas to be conveyed to the Association for the purpose of adding such portions to one or more of the Lots; (ii) to change in an insubstantial manner, the location of Lots not yet conveyed by Sponsor and the Common Areas and the location of the improvements thereon; and (iii) to change in an insubstantial manner, the location of a road or roads.

Section 2. Procedure to Change Site Plan. The Association hereby consents (and the deeds conveying the Common Areas to the Association shall similarly provide) that the Site Plan may be amended to effectuate any of the provisions contained in Section 1 above, without any further covenants and that the Association will, if requested, execute, acknowledge and deliver, without charge, a deed or deeds reconveying to Sponsor or to a Homeowner any land theretofore conveyed to the Association, so that a revision or correction deed or deeds conforming to an amended site plan may be delivered. The deeds conveying the Homes to Homeowners may also provide that the Site Plan may be amended accordingly for the above purposes without any consent on their part being required, and that the acceptance of a deed shall be deemed a consent to such future amendment or amendments of the site plan, and that such Homeowners covenant that they will, nevertheless, if requested, execute, acknowledge and deliver, without charge, any written consent to such amendment or amendments of the Site Plan and further, if requested, execute, acknowledge and deliver without charge, a deed or deeds reconveying to Sponsor or the Association any land theretofore conveyed to the Homeowners so that a revision or correction deed or deeds conforming to an amended site plan may be delivered. Irrespective of the

foregoing, the recording by or on behalf of Sponsor of an amended site plan to delineate any or all changes provided for in this Article XII shall be deemed a modification of any prior instruments whereby Sponsor conveyed title to any or all of the Common Areas to the Association.

The provisions of Article XII, Sections 1 and 2 may not be amended without the written consent of the Sponsor, its successors or assigns.

THE BELLEFAIR HOME &
LAND COMPANY

By: _____

[Acknowledgements]