

OFFERING PLAN

**MOUNTAIN COURSE HOMEOWNERS ASSOCIATION, INC.**

Town of North Elba, County of Essex, New York

AMOUNT OF OFFERING: \$\_\_\_\_\_, which represents the total value of the fully improved common property to be owned or maintained by Mountain Course Homeowners Association, Inc. (the "HOA"). Cost of admission to membership in the HOA is included in the purchase price of the lots being offered for sale.

NUMBER OF LOTS BEING OFFERED: The number of lots to be offered is 30 lots.

NAME AND ADDRESS OF SPONSOR: Placid Gold LLC, One Olympic Drive, Lake Placid, New York 12946.

NAME AND ADDRESS OF SELLING AGENT: **None**

DATE OF ACCEPTANCE FOR FILING: \_\_\_\_\_.

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

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS: SEE PAGE \_\_.

**THIS OFFERING PLAN CONTAINS THE TERMS OF THE OFFER OF SALE AND THE OBLIGATIONS OF SPONSOR.**

**PLEASE READ IT CAREFULLY.**

**THE PROPERTY YOU ARE PURCHASING IS PART OF A PRIVATE SELF-GOVERNING SUBDIVISION WHICH MAY INITIALLY BE CONTROLLED BY THE SPONSOR.**

**YOUR OBLIGATIONS AS A LOT OWNER ARE INCLUDED IN THIS PLAN. THIS PLAN IS PREPARED AND ISSUED BY THE SPONSOR OF THIS SUBDIVISION. IT HAS BEEN FILED WITH THE ATTORNEY GENERAL OF THE STATE OF NEW YORK, DEPARTMENT OF LAW, REAL ESTATE FINANCING BUREAU, 120 BROADWAY, NEW YORK, NEW YORK 10271.**

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### **SPECIAL RISKS**

A. The subdivision access roads which are to be owned and maintained by the Homeowners Association has not yet been constructed, and no financial guarantee has been posted to guarantee the cost of their completion (see page \_\_ and \_\_).

B. As a result of the initial election of the Board of Directors, Sponsor will retain voting control of the Board of Directors for so long as Sponsor continues to own one or more lots. Regardless of the above, Sponsor shall not retain control of the Board of Directors any later than \_\_\_\_\_ years from the date of closing title to the first lot (see pages \_\_-\_\_). So long as Sponsor owns 1 or more lots or within \_\_ years from date of first closing, Sponsor's written permission is required for certain action.

## INTRODUCTION

The purpose of this offering plan (the "Plan") is to set forth all the terms of the offer. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law and served on purchasers and members of the Homeowners Association.

Placid Gold LLC, One Olympic Drive, Lake Placid, New York 12946 is the Sponsor. The Sponsor presents this offering plan for the development of approximately 30 lots of land in the Town of North Elba, Essex County, New York. Sponsor acquired the land in May 1996, and, has now designed a 30-lot subdivision of said land, with 30 lots to be sold by Sponsor.

The HOA shall own and be responsible for the maintenance of the access road as shown on the site plan. Placid Gold LLC owns a roadway system that serves not only this development but other residential developments consisting of Iroquois Road, Forest Drive East and Forest Drive West and a portion of Morningside Drive (the "Roadways").

Purchasers shall have exclusive fee simple ownership of their respective lots in accordance with the description contained in each respective deed. This fee simple ownership shall be subject to the rights of HOA members to the use of the common access road in accordance with this Plan.

The HOA or its agents or employees shall maintain the common property.

All Lots will be sold as residential lots and all Lot Owners shall all be members of the HOA.

Construction of the access roads, Brookwood Road and Cathedral Court, will commence \_\_\_\_\_. No financial guarantee has been posted to guarantee the cost of their completion (see page \_\_\_\_).

The purpose of the HOA is to provide for the ownership and maintenance of the common property (the access roads). Upon the purchase of any lot, the purchaser shall become a member of the HOA. Should any owner sell his lot, the subsequent purchaser shall automatically become a member of the HOA.

The initial purchase price of each lot includes the cost of becoming a member in the HOA. Estimated common charges for the first year of operation for each lot are listed below in Schedule A (see page \_\_\_\_). Lot prices are set by the Sponsor alone, and are not subject to approval by the New York State Department of Law.

The HOA is a New York not-for-profit corporation organized for the specific purposes of acquiring and maintaining the common property and repairing and maintaining the common property.

The HOA will not discriminate against any person because of race, creed, color, sex, national origin or ancestry in the sale of lots when offering membership in the HOA.

Police service will be provided by the New York State Police and the Essex County Sheriff's Department. Fire service will be provided by the Lake Placid Volunteer Fire Department.

The property is presently classified as Hamlet under the Adirondack Park Agency Act, and Planned Development under the Town of North Elba Zoning Ordinance. The permitted uses under these designations include one-family residential uses, Multiple family uses, and open space recreation uses. A copy of Adirondack Park Agency Permit dated July 13, 1999, is attached as an Exhibit to the Plan.

This Offering Plan as presented to prospective purchasers contains all of the detailed terms of the sale as it relates to the HOA.

The Offering Plan, including all Schedules and Parts A, B and C of the Exhibits, constitute the entire offer of Sponsor and copies of the Plan and Parts A, B and C of the Exhibits will be available for inspection by prospective purchasers and their attorneys, without charge, at the Sponsor's office during normal business hours.

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

At the time of submission of this Offering Plan to the Department of Law, the subdivision access road has not been constructed.

For the first year of operation the estimated annual cost per member for association charges is \$\_\_\_\_\_. This estimate is based upon a HOA of 30 members, being one membership for each lot being offered for sale (including lots owned by the Sponsor). The maximum cost per member for association charges for the first year of operation is \$\_\_\_\_\_. Association charges are payable annually to the Association at such office as it may direct.

At the closing of each individual lot, \$\_\_\_\_\_ shall be due and payable by the purchaser. This money shall be deposited in an interest bearing account of the HOA and shall constitute a working capital fund. This fee is in addition to the annual maintenance fee and is a fund to be used only after Sponsor gives up control and with the approval of a majority the members.

After Sponsor turns over control of the HOA the Board of Directors shall be granted the sole

right to increase or decrease the working capital fund. So long as Sponsor is in control of the Board of Directors, any working capital fund: (a) may not be used for other than working capital with approval of the members; (b) may not be used to reduce projected maintenance charges or Sponsor's obligation to pay a deficit; (c) if capital expenditures are needed which cannot be met from this fund, the HOA may levy a special assessment against all lots, including lots owned by Sponsor.

Neither the Department of Law or any other governmental agency has passed on the adequacy of this fund.

SCHEDULE A

**PROJECTED SCHEDULE OF RECEIPTS AND EXPENSES FOR FIRST YEAR OF OPERATION**

Commencing \_\_\_\_\_

Projected Income

Maintenance Charges  
(\$ \_\_\_\_\_ per lot per year  
payable annually based on 30 lots.....\$  
Estimated receipts from<sup>1</sup>  
other sources (explain).....\$ 0.00

TOTAL.....\$

Projected Expenses

Road Maintenance<sup>2</sup>.....\$  
    (a) access road  
Supplies and Office Equipment<sup>3</sup>.....\$ 4,815.00  
Snow Removal<sup>4</sup>.....\$  
Insurance<sup>5</sup>.....\$  
Accounting<sup>6</sup>.....\$  
Legal<sup>7</sup>.....\$  
Taxes<sup>8</sup>  
    Real Estate.....\$  
    Franchise and Corporate.....\$ 325.00  
    Income.....\$  
Reserve<sup>9</sup>.....\$  
Contingencies, Petty Cash<sup>10</sup>.....\$  
Other.....\$

TOTAL.....\$



## FOOTNOTES TO SCHEDULE A

1. Estimated Receipts. Annual charges, based upon eight lots, is the only income anticipated. Any interest earned on deposits is expected to be minimal and is not included.
2. Road Maintenance. The access road will be newly created and/or improved. It is anticipated that they will not need substantial maintenance.
3. Supplies and Office Equipment. None.
4. Snow Removal. To be provided by John Roach. See quote attached.
5. Insurance. Quote provided by Wilkins Insurance Agency for General Liability Insurance in the amount of \$1,000,000.00. This does not include officers and directors liability insurance which might be desirable. The lack of officers and directors liability insurance is a Special Risk. Annual premium would be more than \$\_\_\_\_\_.
6. Accounting. To prepare year end returns and financial statements. Estimate provided by \_\_\_\_\_ accounting firm, \_\_\_\_\_.
7. Legal. To prepare minutes of meetings and nominal advice to be provided by Smith, Dwyer and Bliss, P.C.
8. Franchise Taxes. It is anticipated that the HOA will pay the minimum franchise tax.
9. Reserve. The purpose of this is to set up a reserve fund for necessary capital expenditures. The estimated life expectancy of the roadways is 10 years without major capital expenses at the end of ten (10) years, the road may require a new stone surface at an expense of \$\_\_\_\_\_. An annual reserve figure of \$400.00 has been allocated for replacement and resurfacing which should be sufficient to cover the costs.
10. Contingencies, Petty Cash. This budget item is to cover miscellaneous expenses such as mailing and stationary.

## OPINION OF COUNSEL

DRAFT

Placid Gold LLC  
One Olympic Drive  
Lake Placid, New York 12946

Re: Mountain Course Homeowners Association, Inc.

Dear Clients:

We have been engaged by you as the Sponsor of Mountain Course Homeowners Association, Inc. (the "HOA"). Our opinion has been requested with respect to federal and state tax matters, zoning matters and the legality and validity of the Declaration of Covenants, Easements and Restrictions. In connection with the rendering of our opinion, we have examined the Mountain Course Homeowners Association, Inc. Offering Plan (the "Offering Plan") and the documents and exhibits referred to therein. We have also examined the applicable federal and New York State tax laws, zoning ordinances and statutory regulations, rulings and decisional law.

Our opinion is based upon the assumption that the HOA referred to in the Offering Plan is a validity created and existing not-for-profit, non-stock corporation pursuant to the laws of the State of New York and that the Declaration of Covenants, Easements and Restrictions will be duly recorded in the office of the Essex County Clerk.

Based upon the facts, documents and conditions herein above stated, we opine as follows:

(1) Validity and Legality of the Declaration of Covenants, Easements and Restrictions

When properly recorded in the office of the Essex County Clerk, the Declaration of Covenants, Easements and Restrictions will be valid and legal and shall bind all present and subsequent purchasers of lots in the Mountain Course development.

(2) Deductibility of Association Charges

Fees and assessments paid by each lot owner of the HOA will not be deductible by him for Federal and New York State income tax purposes. Additionally, such payments when required to be paid by all homeowners for the same rights and privileges of membership or to be expended on the

HOA property, will not constitute taxable income of the HOA.

(3) Tax Exempt Status of the Association

Under IRS Code 528 a homeowners association is defined as an organization which is a residential real estate management association organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property where 60 percent or more of the taxable year's gross income consists of amounts received as membership dues, fees or assessments from owners of residence or residential lots, 90 percent or more of the taxable year expenditures are for acquisition, construction, management, maintenance and care of association property, no part of the net earnings inures to the benefit of any private individual, and the homeowners association elects to apply for tax exempt status.

The HOA will thus qualify as a tax exempt organization under Internal Revenue Code 528 if the above conditions are met and if it elects to do so. A separate election for tax exempt status must be made by the HOA, if it chooses, for each taxable year, not later than the time, including extensions, for filing an income tax return for that year.

The HOA's taxable income for any taxable year will be an amount equal to the excess, if any, of the gross income for the taxable year over the allowable deductions which are directly connected with the production of gross income. Gross income will not include exempt function income which is any amount received as membership dues, fees or assessments from the lot owners.

(4) Conformance to Zoning Ordinances

The HOA property will conform to the presently-existing Town of North Elba Zoning Ordinance and Adirondack Park Agency zoning requirements if built in conformance with the existing plans and specifications.

(5) Association's Liability for New York State Sales, Corporate or Franchise Taxes

As a not-for-profit, non-stock corporation, the HOA will be liable for New York State corporate or franchise taxes and for New York State sales tax.

This opinion is based solely on the facts and documents referred to above. No warranties are made that the tax laws upon which we base this opinion will not change. In no event will the Sponsors, Smith, Dwyer and Bliss, P.C., the Mountain Course Homeowners Association, Inc., counsel to the Association, or any other person be liable if by reason of future changes in fact or applicable law, regulations, decisional law or Internal Revenue Service rulings the tax status should cease to meet the requirements contained in this opinion.

This letter constitutes our opinion only. It is not a guarantee of the outcome of future events.

We understand that this letter will be set forth and made part of the Offering Plan for Mountain Course Homeowners Association, Inc.

Very truly yours,

SMITH, DWYER and BLISS, P.C.

By:

Janet H. Bliss, Esq.

JHB/egc

**DESCRIPTION OF COMMON AREAS AND FACILITIES**  
**TO BE OWNED AND/OR MAINTAINED BY THE HOMEOWNERS ASSOCIATION**

The following is a general description of the property to be owned and/or maintained by the HOA. Reference should be made to the Engineer's Report, reproduced in full in Part II of this Plan at page \_\_\_ for more detailed description.

The subdivision is located in the Town of North Elba, Essex County, New York. The subdivision has access to public streets, Mirror Lake Drive, Mirror Lake Avenue and Morningside Drive.

The common property to be owned and maintained by the HOA includes the following: Brookwood Road and Cathedral Court.

(a) The access road for all lots totalling about \_\_\_\_\_ lineal feet, over which all HOA members will share a common right-of-way, in common with others legally entitled to the use thereof to the extent necessary for said members to access their respective lots

The access roads as completed by the Sponsor will not be intended for dedication to the Town of North Elba, and will be held as private roads.

Construction of the access roads has not yet been commenced, and no financial guarantee has been posted to guarantee the cost of their completion. **THIS IS A SPECIAL RISK.**

## **THE ASSOCIATION**

Pursuant to the Offering Plan, a declaration of easements, covenants, conditions and restrictions, shall be recorded and filed in the office of the Clerk of Essex County by the Sponsor prior to closing title to any lot.

The HOA is organized for the specific purposes of owning and maintaining the common property. The easements, covenants, conditions and restrictions as outlined in the declaration are formulated to ensure that the purposes of the HOA are carried out by purchasers and their successors.

Each lot owner shall automatically become a member of the HOA which membership shall be mandatory, irrevocable and coterminous with ownership of the lot.

The number of lots that will be part of the HOA will be 30. Lot owners shall be members of the HOA, with one vote per member. Lot owners shall remain responsible for the use of the common areas by their tenants, families and guests.

The easements, covenants, conditions and restrictions shall run with and bind the land.

Membership in the HOA shall not be restricted to any person because of race, creed, color, sex, national origin or ancestry.

In the event that any of the easements, covenants, conditions and restrictions are not complied with, the HOA will notify the lot owner requesting cure. If no action is taken within 30 days, HOA will provide for correction and will assess the owner for the cost thereof.

All conveyances of real property shall be subject to the Declaration of Easements, Covenants, Conditions and Restrictions and subject to membership in the HOA.

Any land or construction loan mortgage on any lot or any part of the Common Area will be subordinate to the Declaration.

The Declaration does not allow the Sponsor to annex other real estate.

Mountain Course Homeowners Association, Inc. is incorporated under the New York Not-for-Profit Corporation Law (filing date \_\_\_\_\_).

The Board of Directors, made up of Directors who shall be members of the HOA, shall consist of not less than three persons. At the first annual meeting, the members shall elect one-third of the Directors for a term of one year, one-third of the Directors for a term of two years, and one-third of the Directors for a term of three years; at each annual meeting thereafter the members shall elect one-

third of the Directors for a term of three years. The first meeting of the Board of Directors shall be held within one month of the closing of the first lot. Officers and Directors may be removed for cause by the majority vote of the members of the HOA upon five days written notice of the meeting at which such removal is to be voted upon. Provided, however, during Sponsor's control period Sponsor shall be authorized by irrevocable proxy coupled with an interest given by purchasers at closing to vote for directors.

The HOA Declaration and By-Laws may each be amended by an instrument signed by not less than two-thirds of the owners. Any amendment of the Declaration must be recorded.

The HOA shall have one class of voting membership. Members of the HOA shall all be owners and shall be entitled to one vote per member. When more than one person holds an interest in any lot, such persons shall be deemed one member. Their vote shall be exercised as they among themselves determine.

The HOA may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any capital improvements upon the common area, or for the repair, replacement and maintenance of the elements of common maintenance, provided that any such assessment shall have the consent of two-thirds of the votes of members who are voting in accordance with the by-laws of the HOA.

The existing officers and directors of the HOA are Arthur S. Lussi, Cristina Lussi and Katrina Kroes.

The Sponsor, Placid Gold, LLC, will enter into purchase agreements for the sale of lots and membership in the HOA. Sponsor will convey title to each individual lot purchaser according to the terms and conditions of the respective purchase agreement, a sample copy of which is set forth in Part II at Page 58 of this Plan. The owner of each lot including Sponsor with respect to any unsold lots shall thereupon become a member of the HOA and become obligated to pay the HOA annual assessments for the expenses of the HOA including insurance and assessments required for the maintenance, repair and replacement of the common property as set forth in this Offering Plan. Any assessment not paid within thirty days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The HOA may bring an action at law against the owner personally obligated to pay the assessment, or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any action shall be added to the amount of the assessment. The lien of the assessments provided for shall be subordinate to the lien of any first mortgage. Voting rights shall not be suspended for nonpayment of assessments. Fines or other penalties will be levied for violation of rules and regulations promulgated from time to time by the HOA.

While sponsor controls the Board of Directors, the working capital fund (reserve fund) shall not be used to reduce projected HOA charges or Sponsor's obligation to pay a deficit.

Neither the Department of Law nor any other governmental agency has passed upon the

adequacy of the fund.

The Sponsor has retained voting control of the Board of Directors of Mountain Course Homeowners Association, Inc. for a period of time which shall in no event extend beyond 6 years from the date of closing of the first lot. **THIS IS A SPECIAL RISK.**

So long as Sponsor shall continue to own 1 or more lots, but in no event later than six (6) years from the closing of title to the first home or lot, the Members and the Board of Directors of the Association shall not, without Sponsor's prior written consent:

(a) make any addition, alteration or improvements to the common properties (or to any home or lot), the foregoing not to include necessary repairs and maintenance work;

(b) assess any charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund;

(c) hire any employee in addition to the employees referred to in this Offering Plan of membership interests in the Association;

(d) enter into any service or maintenance contract for work not covered by contracts in existence on the date this Plan is declared effective; or

(e) borrow money on behalf of the Association.

**THIS IS A SPECIAL RISK.**

The Members and Board of Directors of the Association shall not, without Sponsor's prior written consent, take any action which impairs Sponsor's sales program for so long as Sponsor has unsold lots.

Sponsor may not exercise its veto power or use its control of the Board to reduce the level of services described in the Offering Plan or to prevent reasonable repairs, or to prevent expenditures required to comply with applicable laws and regulations.

While Sponsor is in control of the Board of Directors, no mortgage liens will be placed on the HOA property without the consent of at least fifty-one percent of the lot owners excluding Sponsor or Sponsor's nominees.

Relative to Sponsor's share of common charges, Sponsor should be obligated to pay the lesser of the following:

(a) the common charges levied on unsold units or Lots as projected in Schedule A of the Offering Plan, as the same may be amended from time to time; or



(b) the difference between actual Association expenses as provided for in the Association's budget, and the Association charges levied on owners who have closed title to their homes or lots as projected in Schedule A of the Offering Plan.

After the HOA charges have been levied on one or more owners who have closed title to their lots, Sponsor shall be obligated for all the HOA charges on all unsold lots.

Sponsor shall amend this Offering Plan and include the prior year's financial statements, whenever there is a change in the budget or when one year has passed since the last budget was updated as long as Sponsor has unsold lots offered for sale pursuant to this Offering Plan.

## **GOVERNMENTAL APPROVALS**

The subdivision of the property in question was approved under the Town of North Elba subdivision regulations on \_\_\_\_\_.

The Adirondack Park Agency has issued a permit dated July 13, 1999.

## **OBLIGATIONS OF SPONSOR AND HOA**

Construction of the subdivision access road is to be completed in accordance with the building plans specifications identified in the Offering Plan.

Sponsor agrees to pay for the authorized and proper work involved in said construction, and agrees to cause all mechanics' liens with respect to such construction to be promptly discharged or bonded.

Sponsor will file the Declaration.

Sponsor has an obligation to defend any suit or proceedings arising out of Sponsor's acts or omissions, and to indemnify the Board of Directors.

The Sponsor agrees to deliver a set of "as built" plans of common property improvements for which Sponsor is responsible to the Board of Directors, to wit, the specifications of the subdivision access road and a representation that such plans or specifications are in substantial compliance with the terms of the Offering Plan. If the plans or specifications, as built, are not in substantial compliance with the terms of the Offering Plan, the Plan must be amended, and a rescission must be offered to all purchasers and members.

Any mortgages or liens which remain on the property after closing on the first lot shall be subordinate to the Declaration.

It shall be the Sponsor's obligation with respect to common charges and assessments on unsold lots to be obligated for the HOA charges including supplemental charges on all unsold lots.

Sponsor has the financial resources to meet obligations with regard to unsold lots through business income, in addition to income from projected sales.

It shall be the obligation of the HOA to maintain and repair the common access road once said common access road has been satisfactorily completed by the Sponsor.

All representations under this offering plan, all obligations pursuant to New York State General Business Law, and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

In the event of the dissolution or liquidation of the Sponsor or the transfer of three (3) or more lots to a purchaser who is not purchasing for occupancy by the purchaser or one or more members of his or her immediate family, the principals of the Sponsor will provide financially responsible entities or individuals who at the time of engaging in sales activities will assume the status and all of the obligations of Sponsor for those transferred lots under the offering plan, applicable laws or regulations. If the original Sponsor is dissolved or liquidated, the principals of Sponsor will guarantee the obligations of the new sponsor.

### **TRUST FUNDS**

All deposits, downpayments, advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of this plan, shall be placed within five (5) business days after the agreement is signed by all necessary parties in a segregated special escrow account in NBT Bank, National Association, Lake Placid, New York, entitled "Smith, Dwyer and Bliss, P.C., Attorney Trust Account". This account is covered by Federal Bank Deposit Insurance. However, deposits in excess of \$100,000.00 will not be Federally insured in excess of \$100,000.00. **THIS IS A SPECIAL RISK.**

Funds from this account may be released only upon signature of Janet H. Bliss, Timothy R. Smith, or Matthew H. Dwyer. Neither the Sponsor nor any principal of Sponsor shall be a signatory on the account. All interest earned on the account shall be credited to purchaser at closing unless purchaser defaults and the plan is consummated. The interest shall be earned at the prevailing rate of interest for such accounts, which prevailing rate of interest is currently 3.00%. Interest shall begin to accrue from date of deposit to date of withdrawal. No fees shall be deducted from the account, principal or any interest thereon. Sponsor shall be solely responsible for any administrative cost for maintenance of the account.

All funds received from purchasers whether in the form of checks, drafts, money order, wire transfers or other instruments which identify the payor, shall be made payable or endorsed by the purchaser to the order of Smith, Dwyer and Bliss, P.C. Trust Account as Escrow Agent.

The Escrow Agent shall be the law firm of Smith, Dwyer and Bliss, P.C., 33 Saranac Avenue, Lake Placid, New York 12946, (518)523-4200. The following attorneys are signatories of said account: Timothy R. Smith, Matthew H. Dwyer and Janet H. Bliss.

Sponsor and the Escrow Agent have entered into an escrow agreement, the full text of which is set forth as an exhibit to this plan as Part II.

Within ten (10) business days after tender of the deposit submitted with the purchase agreement, escrow agent shall notify the purchaser that such funds have been deposited in NBT Bank, National Association, Lake Placid branch and provide the purchaser with the account number and the initial interest rate. If a purchaser does not receive notice of such deposit within 15 business days after tender of the deposit, he or she may cancel the purchase and rescind within 90 days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the purchaser.

This offering plan shall be amended prior to the transfer of funds to a new escrow account or if an escrow agent is replaced.

Under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting purchaser until after consummation of the plan. Consummation of the plan does not relieve Sponsor of its obligations pursuant to General Business Law §352-h. The Escrow Agent shall hold the funds in escrow until otherwise directed in: (1) a writing signed by both Sponsor and purchaser; or (2) a determination of the Attorney General; or (3) a judgment or order of a court of competent jurisdiction, or until release pursuant to this plan.

Sponsor shall not object to the release of the escrowed funds to a purchaser who timely rescinds in accordance with an offer of rescission contained in this plan or in an amendment to this plan, or all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

If there is no written agreement between the parties to release the escrowed funds, the Escrow Agent shall not pay the funds to the Sponsor until the Escrow Agent has given the purchaser written notice not fewer than 10 business days. Thereafter, the funds may be paid to the Sponsor unless the purchaser has already may application to the Department of Law pursuant to the dispute resolution provisions contained in Part 22.3 of Title 13 of the New York Code Rules and Regulations and has so notified the Escrow Agent in accordance with such provisions.

In the event of a dispute, the Sponsor shall apply and the Escrow Agent holding the downpayments may apply to the Attorney General for a determination on the disposition of the downpayment and any interest earned thereon. Forms for this purpose are available from the Department of Law. The party applying shall contemporaneously send to all other parties a copy of the application. Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the purchaser, and the Escrow Agent shall abide by any interim directive issued by the Attorney General. If the application permitting release of funds is granted, the deposit and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted. The Attorney General

shall act upon the application within 30 days after its submission to the Department of Law, by either making a determination or notifying the parties that an extension of time within which to do so is necessary for stated reasons. If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until both the Sponsor and purchaser direct payment to a specified party in accordance with a written decision signed by both the Sponsor and purchaser or a judgment or order of a court of competent jurisdiction is served on the Escrow Agent, or the Escrow Agent deposits the disputed amount into court. In no event shall the Escrow Agent release funds in dispute, other than a payment of such funds into court, until such dispute is finally resolved either by determination of the Attorney General or by order or judgment of a court of competent jurisdiction or by written agreement of the Sponsor and the purchaser.

Smith, Dwyer and Bliss, P.C. shall maintain all records concerning the escrow account for seven years after release of funds. Upon the dissolution of Smith, Dwyer and Bliss, P.C., the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of them by the successor firm and shall notify the Department of Law of such transfer. The Department of Law may perform random reviews and audits of any records involving escrow accounts to determine compliance with statute and regulation. Any provision of any contract or agreement, whether oral or in writing, by which a purchaser purports to waive or indemnify any obligation of the Escrow Agent holding trust funds is absolutely void. These provisions shall prevail over any conflicting or inconsistent provision in the offering plan or in a purchase agreement.

Nothing contained herein shall diminish or impair the Sponsor's statutory obligation to each person pursuant to General Business Law §352-h to hold in trust all deposits, advances or payments made in connection with the offer until consummation of the transaction with such purchaser. Consummation of the plan does not relieve Sponsor of its obligations pursuant to General Business Law §352-h. Funds from the escrow account remain the property of the purchaser until employed in connection with the consummation of the transaction. Such funds shall not be a part of the estate of Sponsor or the Escrow Agent upon any bankruptcy, incapacity or death.

At Sponsor's option purchasers who have received a copy of the offering plan and all amendments will be afforded either:

(a) not fewer than seven (7) days after delivering an executed purchase agreement together with the required deposit to rescind the purchase agreement and have the full deposit refunded promptly. the purchaser must either personally deliver a written notice of rescission to the sponsor or selling agent within the seven (7) day period or mail the notice of rescission to the sponsor or selling agent and have the mailing post-marked within the seven (7) day period; or

(b) not fewer than three (3) business days to review the offering plan and all filed amendments prior to executing a purchase agreement.

## **IDENTITY OF PARTIES**

### 1. Sponsor:

Placid Gold LLC, One Olympic Drive, Lake Placid, New York. The principals of Sponsor are Serge Lussi, Caroline Lussi, Arthur S. Lussi, Cristina Lussi and Katrina Kroese.

The Sponsor has not participated in any prior public offerings.

### 2. Attorneys:

Smith, Dwyer and Bliss, P.C., 33 Saranac Avenue, Lake Placid, New York is Sponsors' attorney for purposes of preparation of this offering plan, and will represent Sponsor at closings.

### 3. Managing Agent:

### 4. Architect:

### 5. Engineer:

Ivan Zdrahal, \_\_\_\_\_.

### 6. Selling Agent:

## **REPORTS TO MEMBERS**

The HOA shall distribute to all members annually: (1) a financial statement prepared by a certified public accountant or public accountant and (2) prior notice of the annual members meeting.

## **DOCUMENTS ON FILE**

Sponsor shall keep copies of the Offering Plan, Parts A, B and C of the exhibits and documents referred to in the Plan on file and available for inspection and copying at their office at One Olympic Drive, Lake Placid, New York 12946, for six years from the date of first closing.

## **GENERAL**

The Sponsor and its agents will not discriminate against any person on any basis prohibited by Civil Rights Laws.

There are no lawsuits, administrative proceedings or other proceedings which may materially affect the Offering, the property, Sponsor's capacity to perform all of its obligations or the operation of the HOA.

The property has not been the subject of any prior offerings nor have any preliminary non-binding agreements been entered into.

This Plan does not knowingly contain any untrue statement of a material fact.

In accordance with the provisions of the laws of the State of New York, neither Sponsor nor any Selling Agent engaged by Sponsor will discriminate against any person because of sex, race, creed, color national origin, ancestry, disability, marital status or other ground prescribed by law in the sale of Units offered by Sponsor pursuant to this Plan.

Unless the context otherwise requires, words used in the singular include the plural and vice versa, and a reference herein to any one gender, masculine, feminine, or neuter, includes the other two.

No person has been authorized to make any statement or representation or furnish any information not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

Investor-purchasers of lots for resale rather than occupancy are required to register pursuant to New York State General Business Law §352-e and to provide prospective purchasers with this offering plan and all amendments hereto.

**CERTIFICATE OF INCORPORATION**

of

MOUNTAIN COURSE HOMEOWNERS ASSOCIATION, INC.

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

The undersigned, natural persons over the age of eighteen years, for the purpose of forming a corporation pursuant to the Not-for-Profit Corporation Law of the State of New York, hereby certify:

1. The name of the proposed corporation shall be MOUNTAIN COURSE HOMEOWNERS ASSOCIATION, INC. ("the Corporation").

2. Mountain Course Homeowners Association, Inc. is a corporation as defined in Section 102(a)(5) of the New York State Not-for-Profit Corporation Law. The Corporation does not contemplate pecuniary gain or profit to its members.

3. The purposes for which the Corporation is formed are:

To maintain and improve the common areas within a certain tract of property located in the Town of North Elba, Essex County, New York, and to promote the health, safety and welfare of the residents within the above property;

To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in a Declaration of Easements, Covenants, Conditions and Restrictions, (the "Declaration"), applicable to the property and to be recorded in the Office of the Essex County Clerk and as the same may be amended from time to time as therein provided;

To fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including all licenses, taxes or governmental, charges levied or imposed against the property of the Corporation; and

To do any other act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its members, directors or officers, except as permitted under Article 5 of the Not-for-Profit Corporation Law.

4. The corporation shall be a Type A corporation pursuant to Section 201 of the Not-For-Profit Corporation Law.



Initial Directors - 1.

2.

3.

5. The office of the Corporation is to be located in Essex County, New York.

6. The Secretary of State of the State of New York is hereby designed the agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him as agent of the Corporation is:

Mountain Course Homeowners Association, Inc.  
Attn: Placid Gold, LLC  
1 Olympic Drive  
Lake Placid, New York 12946

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this \_\_\_\_ day of \_\_\_\_\_, 2000. Statements made herein are true under the penalties of perjury.

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

On the \_\_\_ day of \_\_\_\_\_, 2000, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Public

**DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS**

On this \_\_\_\_ day of \_\_\_\_\_, 2000, Placid Gold LLC, hereby declares as follows:

ARTICLE I

SUBMISSION OF THE PROPERTY; DEFINITIONS

1. Declarant hereby declares that all of the property as described in Schedule A shall be held, sold and conveyed subject to the easements, covenants, conditions and restrictions contained in this declaration, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner.

ARTICLE II

DEFINITIONS

1. "HOA" shall mean and refer to Mountain Course Homeowners Association, Inc., its successors and assigns.

2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any lot which is part of the improved development, to be known as the "\_\_\_\_\_" subdivision, including contract seller, but excluding those having such interest merely as security for the performance of an obligation.

3. "Common Area" shall mean all real property owned and maintained by the HOA, for the common use and enjoyment of the HOA and its member owners.

4. "Lot" shall mean and refer to any plot of land shown upon the filed subdivision map of the development except the Common Area.

5. "Declarant" shall mean and refer to Placid Gold LLC and their successors and assigns.

## ARTICLE III

### PROPERTY RIGHTS, COVENANTS, AND RULES

1. Every Owner shall have a right and easement of ingress and egress over the Common Area, being the access road leading from \_\_\_\_\_ (in common with others legally entitled to use said road), to his or her lot and utility easements alongside said road which shall be appurtenant to and shall pass with the title of every Lot.

2. In addition to the above-referenced easements and restrictions, lots in the " \_\_\_\_\_ " subdivision shall be subject to the following covenants and restrictions:

(a) The lots shall be used for residential purposes only. No commercial use of the property shall be made except residences may be rented for private use.

(b) No mobile home, house trailer, camping trailer, boat trailer or construction trailer shall be allowed on any lot unless stored in a garage shall be located or emplaced on any lot.

(c) No tent shall be placed or maintained on any lot except a tent for children shall be permitted after a dwelling has been constructed on the lot.

(d) No unregistered automobile shall be parked or kept on any lot, unless within a fully-enclosed barn or garage.

(e) No clothesline, trash storage or bottled gas containers shall be placed on the site unless screened from other lots and roads.

(f) No sign of any kind shall be displayed to public view on any lot and no advertising of any kind shall be placed upon any lot or structure except signs designating the occupants of no more than one (1) "For Sale" sign.

(g) All electrical service, telephone, and cable TV shall be installed underground from the main underground service at the purchaser's expense.

(h) If any building upon the premises is totally or partially destroyed by any catastrophe, then in such event, such building or buildings shall be repaired or razed within twelve (12) months of said occurrence.

(i) Reasonable attorneys' fees will be paid by the owner of a lot(s) in said subdivision who violates any of these covenants, conditions and restrictions as set forth herein, and who is unsuccessful in a legal action commenced against him/her for such violations by any other record title owner.

(j) These covenants and restrictions shall run with the lots and shall bind and inure to the benefit of the owners of the lots and their heirs, successors and assigns.

(i) No structure shall be constructed on any lot and no existing structure shall be renovated on the exterior until the plans have been approved by Sponsor or a committee appointed by Sponsor. Sponsor shall provide general guidelines and procedure for review.

3. Every Owner shall have the privilege and obligation to participate in the HOA upon purchasing a Lot.

4. Upon the formation of the HOA, every Owner, as a member of the HOA, shall have a right and easement of access in and to the Common Areas which shall be appurtenant to and shall pass with the title to each Lot, subject to the following provisions:

(a) the right of the HOA, pursuant to its by-laws to adopt rules and regulations governing the use of the Common Area, and the personal conduct of the members and their guests while using the Common Area, and to establish penalties for the infraction of any rules and regulations.

(b) the right of the HOA to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by 5/6 of the members and their mortgagees agreeing to such dedication or transfer has been recorded.

5. Any Owner may delegate, in accordance with the by-laws, his right of enjoyment to the Common Area to the members of his family, his tenants, or contract purchasers who reside on the property.

6. Each lot owner shall be responsible for his proportionate share of the cost of any extraordinary repairs or maintenance necessary to the use and enjoyment of the Common Area or the Elements of Common Maintenance.

## ARTICLE IV

### EASEMENTS

1. Easements for Utilities. Declarant reserves the right to grant easements, both temporary and permanent, to all Lot purchasers and to all public authorities and utility companies over any part

of the Common Area, so long as the HOA is not in effect and an amendment to the Offering Plan and this Declaration is duly filed and recorded.

2. Other Easements. An easement is hereby granted to the HOA, its officers, agents, employees, including employees of any management company having a contract with the HOA, over all of the Common Areas.

An easement is hereby reserved to Declarant to enter the Common Area during the period of construction or subdivision roads or the sale of subdivision lots, to perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the sale of Lots including, without limitation, a business office, sales office, storage area, construction yards, and signs.

The property, including common area and areas of common maintenance is subject to easements and rights of way of record.

## ARTICLE V

### MEMBERSHIP AND VOTING RIGHTS

1. Every Owner of a Lot shall be a member of the HOA. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

2. The HOA shall have one class of voting membership which shall be all Owners who shall be entitled to one vote for each Lot owned. Sponsor shall be entitled to one vote for each unsold Lot. When more than one person holds an interest in any Lot, all such persons shall be 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 Lot.

## ARTICLE VI

### COVENANT FOR ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each unsold lot owned within the subdivision, covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the HOA when the HOA comes into being the following:

(a) annual maintenance assessments or charges;

(b) special assessments for special contributions needed for capital improvements of the Common Area, Common Elements and the Element of Common Maintenance or for the payment of costs of extraordinary repair and maintenance necessary to enforce the rights of the HOA against any delinquent Owners pursuant to the Offering Plan.

Provided, however, that Declarant shall be obligated to pay the lesser of the following so long as there are unsold lots:

(a) The common charges levied on unsold units or Lots as projected in Schedule A of the Offering Plan, as the same may be amended from time to time; or

(b) The difference between actual Association expenses as provided for in the Association's budget, and the Association charges levied on owners who have closed title to their Homes or Lots as projected in Schedule A of the Offering Plan.

The annual maintenance and special assessments, if any, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

2. Annual Maintenance Assessment. The annual maintenance assessment for the first year of operation shall be \$\_\_\_\_\_ per Lot.

(a) Thereafter the annual maintenance assessment will be determined by the Board of Directors of the HOA but any increase may not exceed fifteen percent (15%) of the previous year's assessment, plus the percentage increase shown on the U.S. Bureau of Labor Statistics Consumer Price Index for Services.

(b) The Board of Directors may fix the annual maintenance assessment at an amount not in excess of the maximum.

(c) The maximum annual maintenance assessment may be increased above the maximum only by a vote of sixty percent (60%) of the members voting in accordance with the By-laws of the HOA.

3. Special Assessments for Capital Improvements. In addition to the annual maintenance assessments authorized above, the HOA may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any insurance or construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, Common Elements or Elements of Common Maintenance provided that any such assessment shall have the assent of sixty (60%) of the votes of the members who are voting in accordance with the by-laws of the HOA.

4. Notice and Quorum for Any Action Authorized Under Paragraphs 2 and 3. Written notice of any meeting called for the purpose of taking any action authorized under paragraphs 2 and 3 shall be sent to all members not less than 30 days or more than 60 days in advance of the meeting. At the first meeting called, the presence of members or of proxies entitled to cast two-thirds (2/3) of all the votes shall constitute a quorum.

If at such meeting the required seventy-five percent (75%) approval is not given, then the Secretary shall hold open the ballot for 30 days to enable those members not present to vote. If at the end of the 30 day period the required approval has not been given then the proposal shall be deemed to have been defeated.

5. Rate of Assessment. Both annual maintenance, special, and tax assessments must be fixed at a uniform rate for all Lots. Assessments shall be collected on an annual basis. All unsold



Lots owned by the Declarant shall be assessed at a same rate as other Lots, provided that Declarant shall be obligated to pay the lesser of the following:

(a) The common charges levied on unsold units or Lots as projected in Schedule A of the Offering Plan, as the same may be amended from time to time; or

(b) The difference between actual Association expenses as provided for in the Association's budget, and the Association charges levied on owners who have closed title to their homes or Lots as projected in Schedule A of the Offering Plan.

6. Date of Commencement of Annual Assessments: Due Dates. The annual maintenance assessments provided for in this Declaration shall commence for all Lots on the first day of the month following the creation of the HOA and the conveyance of the Common Area to the HOA. The first annual assessments shall be adjusted according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of the annual assessments against each Lot at least 30 days in advance of each annual assessment period. Written notice of the annual assessments shall be sent to every Owner subject to the assessments. The due date shall be established by the Board of Directors, and, unless the Board otherwise determines, 1/12 of the annual maintenance, special, and tax assessments shall be due each month. The HOA shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the HOA stating whether or not the assessments on a specified unit have been paid.

7. Effect of Nonpayment of Assessments: Remedies of the HOA. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten (10%) percent per annum. The HOA may bring an action of law against the Owner personally obligated to pay the assessment, or foreclose the lien against the property. Any interest, costs and reasonable attorneys' fees of any action will be added to the amount of the assessment. Each Owner, by accepting a deed to a Lot, expressly vests in the HOA, the right and power to bring all actions against the Owner personally for the collection of each charge as a debt, and to enforce the lien by all methods available for the enforcement of the liens, including foreclosures by action brought by the HOA. The Owner expressly grants to the HOA a power of sale in connection with the lien. The lien provided for in this section shall be in favor of the HOA and shall be for the benefit of all Lot owners. The HOA, acting on behalf of the Owners shall have the power to bid for an interest foreclosed at a foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

No Owner may give or otherwise escape liability for the assessments provided for in this declaration by non use of the Common Area or abandonment of his Lot or by renunciation of membership in the HOA.

8. Subordination of the Lien to Mortgages. The lien of the future assessments provided for in this Declaration shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu of mortgage foreclosure, shall

extinguish the lien of such future assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve the unit owner from liability for any assessments that become due after the sale or transfer or from the lien.

## ARTICLE VII

### USE RESTRICTIONS

The Common Area shall be subject to such rules and regulations as may be promulgated by the Board of Directors of the HOA.

## ARTICLE VIII

### GENERAL PROVISIONS

1. Enforcement. The HOA, or any Owner, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or in the future imposed by the provisions of this Declaration. Failure of the HOA or any Owner to enforce any covenant or restriction contained in this Declaration shall not be deemed a waiver of the right to enforce any covenant or restriction in the future.

2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

3. Amendment and Termination. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded and shall be automatically extended thereafter for additional twenty year terms unless there is a contrary vote of at least two-thirds membership of the HOA during the nineteenth year of each twenty year period. This Declaration may be amended at anytime by an instrument signed by not less than seventy-five percent (75%) of the Lot owners. This Declaration may not be terminated within three years of the filing of this Declaration without the approval of all necessary governmental entities. Any termination instrument must be signed by at least two-thirds of all Lot owners and must be recorded. Any amendment to Article III of this Declaration shall additionally require the approval of the Adirondack Park Agency.

IN WITNESS WHEREOF, the undersigned, the Declarant, signs this Declaration this \_\_\_\_ day of \_\_\_\_\_, 2000.

PLACID GOLD LLC

By: \_\_\_\_\_

Sworn to before me this \_\_\_\_  
day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

**BY-LAWS OF MOUNTAIN COURSE HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

Purpose and Office

Mountain Course Homeowners Association, Inc. (the "HOA") has been formed for the purpose of acquiring, improving and maintaining the common areas of the "\_\_\_\_\_" Subdivision, and to promote the health, safety and welfare of the residents of the development.

The principal office of the HOA shall be located in the Town of North Elba, Essex County, New York.

ARTICLE II

Definitions

1. "HOA" shall refer to the Mountain Course Homeowners Association, Inc. and its successors and assigns.
2. "Development" shall refer to the real property described in the Declaration of Easements, Covenants, Conditions and Restrictions of Mountain Course Homeowners Association, Inc. (the "Declaration").
3. "Common Area" shall refer to all real property owned maintained by the HOA for the common use and enjoyment of the lot owners and being the access road.
4. "Lot" shall refer to any lot of land shown upon the recorded subdivision map of the property with the exception of the common area maintained by the HOA (the access road).
5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is part of the improved development, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.
6. "Declarant" shall mean and refer to Placid Gold LLC.

## ARTICLE III

### Members and Meetings

#### Membership

The HOA shall have as voting members only owners of lots. All Owners, upon becoming such, shall be deemed automatically to have become members of the HOA and there shall be no other qualification for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any lots which are subject to assessment by the HOA.

#### Assessments

As more fully provided for in the Declaration of Easements, Covenants, Conditions and Restrictions, each member is obligated to pay to the HOA, annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessment which is not paid when due shall be delinquent; if the assessment is not paid within 30 days after due date, the assessment shall bear interest from the date of delinquency at the rate of 10% per annum and the HOA may bring an action at law against the Owner personally obligated to pay the assessment or foreclose any lien against the property. Any interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise relieve himself from liability for assessments by non-use of the Common Area or abandonment of his Lot or by renunciation of membership in the HOA.

#### Annual Meeting

The annual meeting of the members of the HOA shall be held at the principal office of the HOA at \_\_\_\_\_, New York on the Friday preceding the Monday designated as Labor Day each year, for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

#### Notice of Annual Meeting

Notice of the time, place and purpose of the annual meeting shall be served, either personally or by mail, not less than 30 nor more than 60 days before the meeting upon each person who appears upon the books of the HOA as a member and, if mailed, such notice shall be directed to the member at his address as it appears on the books of the HOA, unless he shall file with the Secretary of the HOA, a written request that notice intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request.

### Special Meetings

Special Meetings of the members, other than those regulated by statute, may be called at any time by the President or by two directors and must be called by the President on the receipt of the written request of one-third of the members of the HOA.

### Notice of Special Meeting

Notice of a special meeting stating the time, place and purpose or purposes thereof shall be served personally or by mail upon each member not less than 30 nor more than 60 days before such meeting and, if mailed, such notice shall be directed to each member at his address as it appears on the books or records of the HOA, unless he shall have filed with the Secretary of the HOA a written request that notices intended for him shall be mailed to some other address, in which case shall be mailed to the address designated in such request.

### Place of Meetings

All meetings shall be held at the principal office of the HOA in the Town of North Elba, except in cases in which the notice thereof designates some other place; but all such meetings shall be held within New York State.

### Quorum and Votes Required

At any meeting of the members of the HOA the presence of members holding two-thirds of the votes of the membership, in person or by proxy, shall be necessary to constitute a quorum for all purposes except as otherwise provided by law, and the vote of a majority of the votes cast by members present at any meeting at which there is a quorum, shall be the act of the full membership except as may be otherwise specifically provided by statute or by these by-laws.

### Voting

At every meeting of the members, each member shall be entitled to vote in person, or by proxy. Each Owner of a lot shall be entitled to one vote per lot owned. The vote for directors, and upon the demand of any member, the vote upon any question before the meeting, shall be by ballot. All elections shall be held and all questions decided by a majority of the votes cast by the members present in person or by proxy.

When any Lot is owned by more than one person or entity, as tenants by the entirety, or in joint tenancy, or tenancy in common, or any other manner of joint or common ownership or interest, such persons or entities as Owners of a single Lot, shall collectively be entitled to cast only one vote per Lot, and if such person or entities cannot jointly agree as to how such vote should be cast, no vote shall be allowed with respect to such Lot.

The HOA's Board of Directors may make such regulations as deemed advisable for any meeting of members, in regard to proof of membership in the HOA, evidence of right to vote, registration of members for voting purposes, and such other matters concerning the conduct of the meeting and voting as it shall deem fit.

The Board of Directors may issue rules specifying the method by which the Secretary shall be appraised of the names and addresses of all Owners and the number of votes to which each is entitled to cast at any meeting of the membership.

A member may vote as such either in person or by proxy executed in writing by the member or his duly authorized proxies doubled with an interest. Every proxy shall be in writing, subscribed by the member or his duly authorized attorney-in-fact and dated, but need not be sealed, witnessed, nor acknowledged.

At each meeting of members a full, true, and complete list in alphabetical order of all members entitled to vote in such meeting, certifying the number of votes each member is entitled to cast, shall be furnished by the Secretary.

#### Waiver of Notice

Whenever under the provision of any law or under the provision of the Certificate of Incorporation or by-laws of this HOA, the HOA or the Board of Directors or any committee thereof is authorized to take any action after notice to the members of the HOA or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of any period of time, if at any time before or after such action be completed, such requirements be waived in writing by the person or persons entitled to such notice or entitled to participate in the action or to be taken or by his attorney thereunto authorized.

#### Inspectors of Election

If requested by any member, the President shall at the annual meeting appoint two persons, who need not be members, to serve as inspectors of election.

#### Removal of Directors and Officers

Any director or officer may be removed from office by the majority of the votes cast by the members present either in person or by proxy, at any regular or special meeting called for that purpose, for conduct detrimental to the interests of the HOA, for lack of sympathy with its objectives, or for refusal to render reasonable assistance in carrying out its purposes. Any such officer or director proposed to be removed shall be entitled to at least five days notice in writing by mail of the meeting at which such removal is to be voted upon, and shall be entitled to appear before and be heard at such meeting.

## Compensation and Expenses

Members shall not receive any compensation for services rendered the HOA. The Board of Directors shall have power, in its discretion, to contract for and to pay to members rendering unusual or special services to the HOA special compensation appropriate to the value of such services.

## ARTICLE IV

### Directors

#### Election

The HOA shall be managed and controlled by a Board of Directors, who shall be elected annually by the members to hold office for three years or until the election of their respective successors accept as hereinafter otherwise provided for filling vacancies. The directors shall be members of the HOA and shall be chosen by ballot at such meeting by a majority of the votes of the members, voting either in person or by proxy. At the first annual meeting, the member shall elect one third of the directors for a term of one year, one third of the directors for a term of two years, and one third of the directors for a term of three years. Successive terms for each director shall be for a term of three years. Until the first annual meeting, members of the board of directors shall be designated by Declarant and hold office until the election of directors at the first annual meeting. Provided, however, during Sponsor's control period Sponsor shall be authorized by irrevocable proxy coupled with an interest given by purchasers at closing to vote for directors.

#### Resignation

Any director may resign at any time by giving written notice of such resignation to the Board of Directors.

#### Vacancies

Any vacancy on the Board of Directors occurring during the year may be filled for the unexpired portion of the term by the Directors then serving, although less than a quorum, by affirmative vote of the majority thereof. Any director so elected by the Board of Directors shall hold office until the next succeeding annual meeting of the members of the HOA or until the election of his successor.

#### Organizational Meeting

Immediately after each annual election the newly elected directors shall meet at the principal office of the HOA for the purpose of organization, the election of officers, and the transaction of



other business, and if a quorum of the directors be then present, no prior notice of such meeting shall be required to be given. The place and time of such first meeting may, however, be fixed by written consent of all the directors.

### Special Meetings

Special meetings of the Board of Directors may be called by the President and must be called by the President on the written request of any member of the Board.

### Notice of Meetings

Notice of all directors meetings, except as herein otherwise provided, shall be given by mailing the same at least three days or by telegraphing the same at least one day before the meeting to the usual business or residence address of the director, but such notice may be waived by any director. A regular meeting of the Board of Directors may be held without notice at such time and place as shall be determined by the Board. Any business may be transacted at any directors meeting. At any meeting at which every director shall be present, even though without notice or waiver thereof, any business may be transacted.

### Chairman

At all meetings of the Board of Directors, the President, or in his absence, a Chairman chosen by the directors present, shall preside.

### Quorum

At all meetings of the Board of Directors, a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting and which there is a quorum shall be an act of the Board of Directors, except as may be otherwise specifically provided by statute or by these by-laws.

### Contracts and Services

The directors and officers of the HOA may be interested directly or indirectly in any contract relating to or incidental to the operations conducted by the HOA, and may freely make contracts, enter transactions, or otherwise act for and on behalf of the HOA, notwithstanding that they may also be acting as individuals, or as directors of corporations, or as agents for other persons or business concerns, or may be interested in the same matters as members, directors or otherwise; provided, however, that any contract, transaction, or act on behalf of the HOA in a matter in which the directors or officers are personally interested as members, directors or otherwise shall be at arms' length and not violative of the prescriptions in the Certificate of Incorporation against the HOA's use or application of its funds for private benefit. In no event, however, shall any person or other entity

dealing with the directors or officers be obligated to inquire into the authority of the directors and officers to enter into and consummate any contract, transaction, or other action.

### Compensation

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

### Powers

All the HOA powers, except such as are otherwise provided for in these by-laws and in the laws of the State of New York, shall be and are hereby vested in and shall be exercised by the Board of Directors. Such powers shall include, but shall not be limited to, the following:

(a) To adopt and publish rules and regulations governing the use of the Common Area, and Elements of Common Maintenance, and the personal conduct of the members and their guests and to establish penalties for the infraction thereof.

(b) To suspend the right to use the common areas of a member during any period in which such member shall be in default in the payment of any assessment levied by the HOA. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of the published rules and regulations.

(c) To authorize the officers to enter into management agreements with third parties in order to facilitate the efficient operation of the Common Area and Elements of Common Maintenance. It shall be the primary purpose of such management agreements to provide for the administration, management, repair, maintenance and improvements of the Common Areas and Elements of Common Maintenance, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The term of these management agreements shall be determined by the Board to be in the best interests of the HOA and shall be subject in all respects to the Certificate of Incorporation, these By-Laws and the Declaration.

### Duties

The Board of Directors shall present at the annual meeting of members and file with the minutes thereof a report, verified by the President and Treasurer, or by a majority of the directors, showing (a) the whole amount of real and personal property owned by the HOA, where located, and where and how invested; (b) the amount and nature of the property acquired during the year immediately preceding the date of the report and the manner of the acquisition; (c) the amount applied, appropriated or expended during the year immediately preceding such date and the purposes, objects or persons to or which such applications, appropriations, or expenditures have been made;

and (d) the names and places of residences of the persons who have been admitted to membership during the year. It shall be the duty of the Board of Directors to:

(a) As more fully provided in the Declaration:

(1) to adopt the annual budget and fix the amount of the annual assessment against each Lot at least 30 days in advance of each annual assessment period; (2) send written notice of each assessment to every Owner subject thereto at least 30 days in advance of such assessment period; and (3) foreclose any lien against any property for which assessments are not paid within 30 days after due date or to bring an action at law against the Owner personally obligated to pay the assessment.

(b) Issue or cause to be issued upon demand of 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 such certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(c) To procure and maintain adequate liability insurance, to procure adequate hazard insurance on property owned by the HOA.

(d) To cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate.

(e) To cause the Common Area and Elements of Common Maintenance to be maintained.

## ARTICLE V

### Officers

#### Number

The officers of the HOA shall be the President, Secretary, Treasurer, and such other officers with such powers and duties not inconsistent with these By-Laws, as may be appointed and determined by the Board of Directors. Any two offices, except those of President and Secretary, may be held by the same person.

#### Election, Term of Office and Qualifications

The President shall be elected annually by the Board of Directors from among their number, and the other officers shall be elected annually by the Board of Directors from among such persons as the Board of Directors may see fit, at the first meeting of the Board of Directors after the annual meeting of the members of the HOA.

### Vacancies

In case any office of the HOA becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the directors then in office, although less than a quorum, may elect an officer to fill such vacancy, and the officer so elected shall hold office and serve until the first meeting of the Board of Directors after the annual meeting of members next succeeding and until the election of his successor.

### President

The President shall preside at all meetings of members and of the Board of Directors. He shall have and exercise general charge and supervision of the affairs of the HOA and shall do and perform such other duties as may be assigned to him by the Board of Directors.

### Secretary

The Secretary shall have charge of such books, documents, and papers as the Board of Directors may determine and shall have custody of the corporate seal. He shall attend and keep the minutes of all of the meetings of the Board of Directors and members of the HOA. He shall keep a record, containing the names, alphabetically arranged of all persons who are members of the HOA, showing their places of residence, and such book shall be open for inspection as prescribed by law. He may sign with the President, in the name and on behalf of the HOA any contract or agreements authorized by the Board of Directors, and when so authorized or ordered by the Board of Directors, he may affix the seal of the HOA. He shall, in general, perform all of the duties incident to the office of Secretary, subject to the control of the Board of Directors, and shall do and perform such other duties as may be assigned to him by the Board of Directors.

### Treasurer

The Treasurer shall have the custody of all funds, property and securities of the HOA subject to such regulations as may be imposed by the Board of Directors. He may be required to give bond for the faithful performance of his duties, in such sum and with such sureties as the Board of Directors may require. When necessary or proper, he may endorse on behalf of the HOA for collection checks, notes and other obligations and shall deposit the same to the credit of the HOA at such bank or banks or depository as the Board of Directors may designate. He shall sign all receipts and vouchers and together with such officer or officers, if any, as shall be designated by the Board of Directors, he shall sign all checks of the HOA and all bills of exchange and promissory notes issued by the HOA except in cases where the signing and execution thereof shall be expressly designated by the Board of Directors or by these by-laws to some other officer or agent of the HOA. He shall make such payments as may be necessary or proper to be made on behalf of the HOA. He shall enter regularly on the books of the HOA to be kept by him for the purpose, full and accurate account of all monies and obligations received and paid or incurred by him for or on account of the HOA, and shall exhibit

such books at all reasonable times to any director or member on application at the offices of the HOA. He shall, in general, perform all of the duties incident to the office of Treasurer, subject to the control of the Board of Directors.

### Compensation and Expenses

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

### Removal

Any officer may be removed from office by the majority vote of all of the directors at any regular or special meeting called for that purpose, for non-feasance, malfeasance, or misfeasance, for conduct detrimental to the interests of the HOA, for lack of sympathy with its objects, or for refusal to render reasonable assistance in carrying out its purposes. Any officer proposed to be removed shall be entitled to at least five (5) days' notice in writing by mail of the meeting of the Board of Directors at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Board of Directors at such meeting.

## ARTICLE VI

### Advisory Committee

The Board of Directors may appoint from their number or from among such persons as the Board may see fit, one or more advisory committees, and at any time may appoint additional members thereto. Members of any such committee shall serve during the pleasure of the Board of Directors. Such advisory committee shall advise with and aid the officers of the HOA in all matters designated by the Board of Directors. Each such committee may, subject to the approval of the Board of Directors prescribe rules and regulations for the call and conduct of meetings of the committee and other matters of the committee and other matters relating to its procedure.

The members of any advisory committee shall not receive any stated salary for their services as such. The Board of Directors shall have power in its discretion to contract for and to pay to any member of any advisory committee, rendering unusual or exceptional services to the HOA, special compensation appropriate to the value of such services.

## ARTICLE VII

## Fiscal Year

The fiscal year of the HOA shall commence on January 1st each year and end on December 31st.

## ARTICLE VIII

### Prohibition Against Sharing in Corporate Earnings

No member, director, officer, or employee of, or person connected with the HOA, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the HOA; provided that this shall not prevent the payment to any such person such reasonable compensation for services rendered to or for the HOA in effecting any of its purposes or as shall be entitled to share in the distribution of any of the HOA assets upon the dissolution of the HOA.

## ARTICLE IX

### Exempt Activities

Notwithstanding any other provision of these By-Laws, no member, director, officer, employee or representative of this HOA shall take any action or carry on any activity by or on behalf of the corporation not permitted to be taken or carried on by a not-for-profit corporation organized under the laws of New York State as they now exist or as they may hereinafter be amended.

## ARTICLE X

### Indemnification

To the extent permitted by law, the HOA shall indemnify and demand any person made a party to any proceeding by reason of the fact that he is, or was, a director or officer of the HOA against any loss and expenses incurred by him by reason of such proceeding, including the settlement thereof, except in relation to matters which such person is adjudicated to be liable for gross misconduct in the performance of his duties.

## ARTICLE XI

## Amendment

Subject to the restrictions contained herein, the By-Laws may be altered, amended or repealed at any meeting of members of the HOA by any affirmative vote of sixty percent of all votes cast by the members, represented either in person or by proxy at such meeting, provided that a full statement of the proposed amendment is inserted in the notice of such meeting. However, no amendment will affect or impair the validity or priority of a lot owner's interest or the interest of holders of a mortgage encumbering any Lot.

## ARTICLE XII

### Dissolution

Subject to the restrictions contained herein, and in the Declaration, the HOA may be dissolved by action of the vote of 5/6 of all the members, represented in person or by proxy, provided that the proposed action is inserted in the notice of such meeting, except that no action to dissolve the HOA may be taken within the period of three years from the date of recording the Declaration, without the express written consent of Declarant, its successors and assigns.

## ARTICLE XIII

### Declaration

On the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, Declarant recorded in the Essex County Clerk's Office in Liber \_\_\_\_ of Deeds at Page \_\_\_\_ the Declaration of Easements, Covenants, Conditions and Restrictions of Mountain Course Homeowners Association, Inc.

## ARTICLE XIV

### Miscellaneous

#### Severability

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

### Construction

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

### Delegation of Use

Any Owner may delegate the right to use and enjoy the Common Area and facilities to the members of his family. For each Unit owned, or approved for his Lot, an Owner may delegate his right to use and enjoy the Common Area and facilities to his tenants or contract purchasers who reside on the property.



**SITE PLAN/SUBDIVISION MAP**

## **LOCATION MAP**

**SALES CONTRACT**  
LOT NO.

(Please Execute in Triplicate)

THIS AGREEMENT is made as of \_\_\_\_\_, 2000, by and between Placid Gold LLC (hereinafter referred to as "Sponsor") and \_\_\_\_\_, residing at \_\_\_\_\_, (hereinafter referred to as "Purchaser").

W I T N E S S E T H :

1. AGREEMENT TO PURCHASE AND SELL

Purchaser agrees to purchase from Sponsor, and Sponsor agrees to sell to Purchaser, the Lot designated as Lot Number \_\_\_\_, (hereinafter called the "Lot") subject to, the terms and conditions set forth herein.

2. PURCHASE PRICE

(a) The purchase price for the Lot (exclusive of the closing adjustments and costs referred to in Paragraphs 10 and 11 below) is \$\_\_\_\_\_ (hereinafter called the "Purchase Price"), which Purchaser agrees to pay to the Sponsor, as follows:

(i) Ten percent (10%) of the Purchase Price in the amount of \$\_\_\_\_\_ as a down payment due when Purchaser signs and submits this Contract,

(ii) \$\_\_\_\_\_ constituting the balance of the Purchase Price, is due at the Closing and must be paid by Purchaser's personal certified check or official cashier's check.

(b) Purchaser's payment of the Balance and acceptance of a deed to the Unit shall constitute Purchaser's recognition that Sponsor has satisfactorily performed those obligations stated in the Plan and this Agreement to be performed by Sponsor prior to closing. However, nothing herein contained shall excuse Sponsor from performing those obligations expressly stated herein or in the Plan to be performed subsequent to the closing.

3. PURCHASE MONIES TO BE HELD IN TRUST

Sponsor will hold in trust any and all monies received by it directly or through its agent or employees, until the Lot is transferred to Purchaser or the Sales Contract is cancelled in accordance with its terms. All monies received hereunder will be deposited with \_\_\_\_\_ ("Bank") in a special interest bearing account entitled "\_\_\_\_\_ Special Account" and shall be held in escrow by Bank pursuant to an escrow agreement between the Bank and \_\_\_\_\_. The funds so deposited will be disbursed at Closing or otherwise only upon the written instructions of an attorney associated with \_\_\_\_\_, counsel for the Sponsor, and only in accordance with this Sales Contract and the Plan. In the event the Plan is abandoned or withdrawn, the escrowed monies will be returned to Purchaser with interest, if any, earned thereon, except as otherwise provided. If this Sales Contract had been previously cancelled due to Purchaser's uncured default, then Sponsor shall retain as and for liquidated damages the Down Payment plus any additional sums deposited on account of any special work in the lot or any improvement upon the lot ordered by Purchaser, together with any interest earned thereon and any sums in excess thereof (without interest earned thereon) shall be returned to Purchaser within twenty (20) days after the date of such abandonment or withdrawal. Upon completion of closing, interest on monies deposited hereunder shall be paid to the Sponsor.

NOTE: No release of funds from the Special Account may be made except upon the authorized signatures of the Sponsor and an attorney associated with \_\_\_\_\_. The Sponsor and Selling Agent will not be liable to Purchaser for the amount of such interest or the payment thereof, except to the extent of any amount received from the depository.

All funds received under this Sales Contract will be handled in accordance with Section 352-e(2)(b) and 352-h of the New York General Business Law which states that monies which are held in trust for the purpose of securing a deposit such as the deposit hereunder shall not be commingled with the personal monies or assets of the person receiving said funds and shall remain in trust until actually employed in connection with the consummation of the transaction.

#### 4. CONTINGENCIES

(a) This Contract, and the rights of the parties hereunder, are contingent upon the following:

(i) Purchaser obtaining financing in the sum of not less than \$ \_\_\_\_\_, at current interest rates for a term of not less than \_\_\_\_ years.

(b) The parties, as applicable, agree to use their best efforts to satisfy said contingencies as soon as possible. If said contingencies are not satisfied by \_\_\_\_\_, this Contract shall be null and void, any moneys paid or deposited by Purchaser shall be refunded to Purchaser, and neither party shall have any further claim against the other, provided that any contingency may be waived by the party to be benefitted thereby.

## 5. CLOSING DATE AND PLACE

(a) The Closing of Title shall occur on \_\_\_\_\_ at \_\_\_\_\_, \_\_\_ m. at the offices of \_\_\_\_\_ or at such other time and place as the parties may agree. At Sponsor's election, the closing may be held in escrow in order to enable Sponsor to consummate closing hereunder contemporaneously with the closing of other Lots.

## 6. THE DEED

At Closing, Sponsor shall deliver to Purchaser a Bargain and Sale Deed with covenants against grantor's acts transferring to Purchaser full ownership (fee simple title) to the Lot, together with funds sufficient to pay the New York State real estate transfer taxes, if any and the fee for recording the New York State gains tax affidavit. The deed shall be substantially in the form reproduced as Exhibit D in Part II of the Plan and shall be executed and acknowledged by Sponsor acting for itself.

## 7. STATE OF TITLE

Legal ownership to the Lot shall be transferred to Purchaser at closing conveying good and marketable title free and clear of any liens, encumbrances and title conditions except those set forth in Schedule B annexed to the Certificate of Title referred to in Paragraph 7 below.

## 8. TITLE COMPANY APPROVAL

Sponsor shall deliver to Purchaser, and Purchaser shall accept from Sponsor, such title as is insured by the specimen Certificate of Title of \_\_\_\_\_.

## 9. SPONSOR'S INABILITY TO CONVEY TITLE

Purchaser shall deliver to Sponsor, at least fifteen (15) days prior to Closing, a statement of any objections to the state of title to the Lot.

## 10. CLOSING ADJUSTMENTS

A. At closing, Sponsor and Purchaser shall apportion, as of the day of closing:

(i) real estate taxes and assessments, if any, on the basis of the fiscal or calendar year for which assessed, including water charges and sewer rents (if separately assessed) and any escrows for real estate taxes; and

(ii) Common Charges for the month in which title closes.

B. Any errors or omissions in computing apportionments at closing shall be corrected and payment made to the proper party promptly after discovery. This provision shall survive the closing.

C. A contribution to the working capital fund of the HOA in the amount of \$\_\_\_\_\_ per Lot shall be due and payable at closing to be deposited in the HOA account.

D. Installments for tax assessments due after the delivery of the deed, if any, shall be paid by the Purchaser and shall not be considered a defect in title.

## 11. PURCHASER'S CLOSING COSTS

At closing, Purchaser will pay certain costs in connection with the purchase of the Lot, in addition to the legal fees of Purchaser's counsel (if any). Such closing costs will include the following, the amounts of which are based on rates in effect on the date of the Plan and are subject to change without prior notice:

- (i) Purchaser will pay a premium to the title company for fee title insurance, which will vary depending upon the amount of insurance requested.
- (ii) Purchaser will pay a fee for recording the deed of approximately \$10.00 for each instrument plus \$3.00 per page.
- (iii) If Purchaser obtains a mortgage loan, Purchaser will pay:
  - (a) a fee and service charge for recording the mortgage at the same rates given above for recording the deed;
  - (b) a mortgage recording tax in the amount of 3/4 of 1% of the face amount of the mortgage with the possibility of the mortgagee paying a portion of the tax;
  - (c) all costs and expenses in connection with such loan in amounts determined by the lender.

## 12. CONDITION OF PREMISES.

Sponsor will complete construction of all access roads, serving the property to be conveyed prior to closing. The closing may occur, however, prior to such completion upon Sponsor depositing funds in escrow in an amount deemed sufficient for the completion of the work.

The Purchaser represents that Purchaser has examined and is familiar with the property included in this sale and condition, physical or otherwise, of said property. Purchaser has entered into this Contract on the basis of such examination and agrees to purchase said property "AS IS", reasonable wear and tear from use excepted; and neither the Seller nor any agent or representative of

the Seller has made any representation or promise on which the purchaser has relied regarding the condition of the property covered by this sale or any matter or thing whatsoever relating thereto or otherwise, except as expressly set forth in this Contract.

### 13. EVENTS OF DEFAULT

A. The following shall constitute "Events of Default" hereunder:

- (i) Purchaser's failure to pay the Balance on the Closing Date designated by Sponsor pursuant to Paragraph 6 herein;
- (ii) the failure to pay, perform, or observe any of Purchaser's other obligations hereunder, which is not cured within fifteen (15) days after the mailing of written notice specifying the nature of such default.

B. Upon the occurrence of an Event of Default, Sponsor's sole right shall be to cancel this Sales Contract by sending Purchaser written notice of its election to do so. If Sponsor elects to cancel, then Sponsor shall have the right to retain, as and for liquidated damages, the Down Payment plus the cost of any special work in the Unit ordered by Purchaser, together with any interest earned thereon (hereinafter called the "Liquidated Sum"), and any sums in excess thereof (but without any interest earned thereon) shall be returned to Purchaser promptly thereafter. Upon cancellation of this Sales contract and making the refund to Purchaser (if any), Purchaser and Sponsor and/or Selling Agent will be released and discharged of all further liability and obligations hereunder and under the Plan. Thereafter, the Unit may be sold to another as though this Sales Contract had never been made, and without accounting to Purchaser for the proceeds of such sale.

### 14. POSSESSION; RISK OF LOSS

(a) Purchaser shall not be entitled to possession of the Lot until the Deed is delivered to Purchaser at closing.

(b) The Uniform Vendor and Purchasers Risk Act as set forth in Section 5-1311 of the New York State General Obligations Law shall govern.

### 15. NOTICES

All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid and, if sent to Purchaser, addressed to Purchaser at Purchaser's address first given above and, if sent to Sponsor, at Sponsor's address first given above. Either party may, by written notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any branch, station or depository maintained by the U.S. Postal Service in the

United States, except that a notice of a change of address shall be deemed given when actually received.

#### 16. BROKER

The parties represent to Sponsor that \_\_\_\_\_ is the only broker or sales agent with whom they have dealt in connection with this transaction and Sponsor agrees to pay said broker the appropriate sales commission which is due by reason of this sale.

#### 17. ENTIRE AGREEMENT

This Sales Contract, together with the Plan, as the Plan may be amended from time to time, constitute the entire agreement between the parties as to the subject matter hereof and supersedes all prior understandings and agreements.

#### 18. CONTRACT MAY NOT BE ASSIGNED

Purchaser does not have the right to assign this Contract without the prior written consent of Sponsor which consent shall not be unreasonably withheld. Any purported assignment by Purchaser in violation of this Contract shall be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment shall not entitle Purchaser to cancel this Contract or give rise to any claim for damages against Sponsor.

#### 19. JOINT PURCHASERS

The term "Purchaser" shall be read "Purchasers" if more than one person are purchasers, in which case their obligations shall be joint and several.

#### 20. LIABILITY OF SPONSOR

(a) In the event Sponsor is unable to or fails to fulfill any of its obligations hereunder, the sole and exclusive remedy of Purchaser shall be to terminate this Contract, in which event Sponsor shall, within thirty (30) days after receipt of Purchaser's termination notice, return to Purchaser all monies deposited hereunder with interest thereon and upon making such refund, this Contract shall be null and void and neither party shall have any further rights, obligations or liability with respect to the other hereunder or under the Plan.

#### 21. FURTHER ASSURANCES

Each party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Contract or of any



transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

## 22. SEVERABILITY

If any provision of this Contract or the Plan is invalid or unenforceable as against any person or under certain circumstance, the remainder of this Contract or the Plan and the applicability of such provision to other persons or circumstance shall not be affected thereby. Each provision of this Contract or the Plan, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by law.

## 23. STRICT COMPLIANCE

Any failure by Sponsor to insist upon strict performance by Purchaser of any of the provisions of this Contract shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and Sponsor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by Purchaser of any and all of the provisions of this Contract to be performed by Purchaser.

## 24. GOVERNING LAW

The provisions of this Contract shall be governed by, and construed and enforced in accordance with the laws of the State of New York.

## 25. WAIVER OF JURY TRIAL

Except as prohibited by law, the parties shall, and they hereby do, expressly waive trial by jury in any litigation arising out of, connected with, or relating to this Sales Contract or the relationship created hereby. With respect to any matter for which a jury trial cannot be waived, the parties agree not to assert any such claim as a counterclaim in, nor move to consolidate such claim with, any action or proceeding in which a jury trial is waived.

## 26. GENDER

A reference in this Sales Contract to one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

## 27. CERTAIN REFERENCES

The term "herein", "hereof" or "hereunder" or similar terms used in this Sales Contract refer to the entire Sales Contract and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to Paragraphs, subparagraphs or other provisions are references to Paragraphs, subparagraphs or other provisions of this Contract.

## 28. DEFINITIONS

The following terms shall have the meanings as set forth below:

- (i) "HOA" shall mean the Mountain Course Homeowners Association, Inc.
- (ii) "Declaration" shall mean The Declaration of Easements, Covenants, Conditions and Restrictions which shall be filed in the Essex County Clerk's Office.
- (iii) "Plan" shall mean the Offering Plan for the HOA and any amendments thereto filed prior to the date upon which Purchaser signs this Sales Contract.

All other terms not defined elsewhere herein shall have the meanings ascribed to them in the Plan.

## 29. PLAN

Purchaser acknowledges having received and read the Plan and the exhibits thereto including the Declaration at least three (3) full business days prior to Purchaser's signing this Sales Contract. Purchaser hereby adopts, accepts and approves the Plan including, without limitation, the proposed documents contained in Part II of the Plan and agrees to abide and be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by Sponsor (including, without limitation, amendments involving any changes, modifications, or updating of the estimated Common Charges, the estimated real estate taxes to be paid by Purchaser, or the Budget for the first year of HOA operation set forth as Schedule B in Part I of the Plan). Any such amendments shall neither excuse Purchaser from performing Purchaser's obligations hereunder nor entitle Purchaser to any offset or credit against the Purchase Price and may be made by Sponsor without Purchaser's consent or approval. The Plan is hereby incorporated in this Agreement with the same force and effect as if set forth at length. In the event of any inconsistency or conflict between the provisions of the Contract and those contained in the Plan, the provisions of the Plan shall govern and be binding. Purchaser acknowledges having had full opportunity to examine all documents, and investigate all statements made herein and in the Plan.

## 30. CAPTIONS

The captions in this Contract are for convenience of reference only and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

## 31. SUCCESSORS AND ASSIGNS

The provisions of this Contract shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and his heirs, legal representatives, successors and assigns.

**32. NO ORAL CHANGES**

This Agreement cannot be changed or any provisions waived orally. ANY CHANGES OR ADDITIONAL PROVISIONS OR WAIVERS MUST BE SET FORTH IN A RIDER ATTACHED HERETO, OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Sponsor:

Purchaser:

PLACID GOLD LLC

By: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## ESCROW AGREEMENT

AGREEMENT made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, between **Mountain Course Homeowners Association, Inc.** ("Sponsor") as sponsor of the offering plan and **Smith, Dwyer and Bliss, P.C.** ("Escrow Agent") as escrow agent.

WHEREAS, Mountain Course Homeowners Association, Inc. is the sponsor of an offering plan for homeowner ownership the premises located at \_\_\_\_\_, Lake Placid, New York, which premises are known as Mountain Course Homeowners Association, Inc.; and

WHEREAS, Smith, Dwyer and Bliss, P.C. is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, Sponsor desires 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 purpose of holding deposits or payments made by purchasers and subscribers. The escrow account has been opened with NBT Bank, National Association at its branch located at Lake Placid, New York. The account number is: \_\_\_\_\_
  - 1.2 The name of the account is Smith, Dwyer and Bliss, P.C. Trust Account, Escrow Agent for Mountain Course Homeowners Association.

- 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 an IOLA established pursuant to Judiciary Law Section 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 orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Smith, Dwyer and Bliss, P.C., as escrow agent for Mountain Course Homeowners Association, Inc. 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 prior 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 may 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 Section 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 for 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 the 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 circumstances.

11. SEVERABILITY.

11.1 If any provision of this agreement or the application thereof to any person or circumstances 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 GBL Section 352-e(2-b) and the Attorney General's regulations, constitute 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 written above.

ESCROW AGENT

By: \_\_\_\_\_

SPONSOR

By: \_\_\_\_\_

**FORM REQUESTING DISPUTE RESOLUTION**

**CERTIFICATION OF ENGINEER**  
FOR MOUNTAIN COURSE HOMEOWNERS ASSOCIATION, INC.

The Sponsor of the captioned offering plan for a homeowners association retained me to prepare a Report describing the property when constructed (the "Report"). We examined the plans and specifications and prepared the Report dated \_\_\_\_\_, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

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 this Report.

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

(i) set forth in narrative form the significant elements of entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I examined;

(ii) in my opinion afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I examined;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment or suppression;

(vi) not contain any promise or representation as to the future which is beyond reasonable exception 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 statements 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 Report is not contingent on the profitability or

price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

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(SEAL)

Sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_,  
2000.

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NOTARY PUBLIC

**ENGINEERING REPORT**  
TO ACCOMPANY OFFERING PLAN FOR MOUNTAIN COURSE HOMEOWNERS  
ASSOCIATION, INC.

## **SPONSOR'S CERTIFICATION**

FOR MOUNTAIN COURSE HOMEOWNERS ASSOCIATION, INC.

We are the Sponsor of the Homeowners Association Offering Plan for the captioned property.

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

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

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

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

We certify that a portion of the access road, when constructed, will be in accordance with local government specifications. After completion of such amenity and before conveyance of the common property to the HOA, the plan will be amended to include a certification by an engineer or architect

stating that a portion of the access road has been constructed in accordance with local government specifications and indicating the date of completion.

PLACID GOLD LLC

By: \_\_\_\_\_

and Principals

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_,  
2000.

\_\_\_\_\_  
Notary Public



**CERTIFICATION OF EXPERT RE: BUDGET**

RE: Mountain Course Homeowners Association, Inc.  
Projected Schedule of Income and Expenses  
First Year of Operation Commencing \_\_\_\_\_

To Whom It May Concern:

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

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

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

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

We certify that the Schedule:

- (i) sets forth in detail the terms of the transaction as it relates to the Schedule and is complete, current, and accurate.
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of operation as a homeowners association;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;

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

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

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

Very truly yours,

Sworn and subscribed to before  
me this \_\_\_\_ day of \_\_\_\_\_,  
2000.

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Notary Public