
RESTATED OFFERING PLAN

THIS RESTATED OFFERING PLAN RELATES SOLELY TO MEMBERSHIP IN
LEISURE GLEN HOME OWNERS ASSOCIATION, INC.

AND TO THE DECLARATION OF COVENANTS AND RESTRICTIONS APPLICABLE TO
THE 128 HOMES SOLD IN PHASE I, 148 HOMES IN PHASE II, 110 HOMES IN PHASE III,
88 HOMES IN PHASE IV, 158 HOMES IN PHASE V AND 18 HOMES IN PHASE VI.

TIMBER RIDGE AT LEISURE GLEN



Randall Road, Ridge
Suffolk County, New York

APPROXIMATE AMOUNT OF OFFERING FOR PHASE I	\$5,130,000
APPROXIMATE AMOUNT OF OFFERING IF ALL FUTURE PHASES ARE INCLUDED	\$6,345,275
(Cost of Common Properties and Facilities Included in the Purchase Price of the Homes)	

SPONSOR AND SELLING AGENT

Timber Ridge Homes at Leisure Glen, Inc.
631 Commack Road
Commack, New York 11725

SPONSOR'S ATTORNEY

Certilman Balin Adler & Hyman
90 Merrick Avenue
East Meadow, New York 11554

DATE OF THE ORIGINAL OFFERING PLAN:	JANUARY 6, 1986
DATE OF THE RESTATED OFFERING PLAN:	MAY 13, 1994

THIS PLAN MAY NOT BE USED AFTER MAY 12, 1995 UNLESS EXTENDED BY
AMENDMENT.

SEE PAGE (iii) FOR SPECIAL RISKS TO PURCHASERS.

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

THIS RESTATED OFFERING PLAN CONTAINS THE TERMS OF THE OFFER OF
SALE AND THE OBLIGATIONS OF THE 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 HOME OR 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.

THIS PROSPECTUS HAS BEEN AMENDED
SEE INSIDE FRONT COVER

LEISURE GLEN HOME OWNERS ASSOCIATION, INC.

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SPECIAL RISKS OF THIS OFFERING

I. This is a Restated Offering Plan (hereinafter the "Plan" or "Offering Plan") for the sale of membership interests in a Home Owners Association known as Leisure Glen Home Owners Association, Inc. (hereinafter the "Association") for an existing development known as Leisure Glen. This Plan incorporates the original Offering Plan which was accepted for filing by the New York State Department of Law on or about January 6, 1986 and all amendments thereto, the last being Amendment No. 17 dated April 13, 1992.

The original Sponsor of the Plan was Leisure Glen, Inc. (the "Original Sponsor"). On or about April 26, 1991 the Original Sponsor filed a petition in bankruptcy under Chapter 11 of the United States Bankruptcy Code. On or about February 5, 1993 a plan of reorganization of the Original Sponsor was confirmed by the United States Bankruptcy Court. Pursuant to said Plan, the assets of the Original Sponsor were transferred to Leisure Glen, L.P., a Georgia limited partnership, with an office in Atlanta, Georgia.

Subsequent thereto, Leisure Glen, L.P. entered into a purchase agreement with Timber Ridge Homes at Leisure Glen, Inc., 631 Commack Road, Commack, New York 11725 (hereinafter the "New Sponsor" or "Sponsor") dated February 28, 1994 to initially acquire twenty (20) developed lots in Phase IV on or before March 28, 1994 as follows: (429-432; 405-406; 411-414; 417-420 and 441-446).

Pursuant to the terms of the Contract of Sale the New Sponsor will purchase the remaining unsold lots and homes in all phases of the Development over an extended period of time.

The terms of this Restated Offering Plan shall initially be applicable only to the twenty (20) developed lots described above. The New Sponsor will amend the Offering Plan prior to offering any other homes or lots it is ultimately acquiring prior to offering said homes or lots for sale.

In addition, the terms of the original Offering Plan provided that the Association would initially consist of the 128 Homes and Lots in Phase I of the Development and reserved to the Sponsor the right, but not the obligation to grant Association membership to additional members located on existing and adjacent parcels of land with a maximum membership not to exceed 1483 members. As of the date of the Restated Offering Plan there are a total of 386 current members located in four (4) phases as follows:

Phase I	120 Members
Phase II	148 Members
Phase III	94 Members
Phase IV	24 Members

It is the new Sponsor's intent but not obligation to develop and build an additional 264 Homes and Lots in existing and subsequent phases as follows:

8 Homes and Lots in Phase I
16 Homes and Lots in Phase III
64 Homes and Lots in Phase IV
158 Homes and Lots in Phase Von 25.72 acres of land.
18 Homes and Lots in Phase VI on 2.26 acres of land.

In such an event the total number of Homes and Lots in Leisure Glen will be 650 and the maximum number of membership interests in the Association will be 650. The Offering Plan will be amended when future Phases are added to the Association.

II. The Declaration of Covenants and Restrictions (Exhibit A) requires each Home Owner to maintain adequate fire and extended insurance coverage of his home and requires repair and reconstruction of a damaged home within 30 days of receipt of the insurance proceeds. If the Home Owner fails to commence reconstruction of the home, the Board of Directors is empowered to reconstruct the Home and the cost will be a special assessment against the owner of such Home. If such insurance policy has not been obtained by a Home Owner, the Board of Directors is empowered to obtain such insurance coverage and the cost of such premium will be an individual assessment against such owner. If such individual assessment is not promptly paid, the Board of Directors may have to revise the budget or issue a special assessment against all Home Owners to pay such premium until such time as the individual assessment is paid. See page 38.

III. The Recreational Facilities and Common Area described at page 30 of the Plan are complete and have been deeded to the Association. The Sponsor is not required and is not posting a completion bond concerning any improvement to the common properties in future phases. Its ability to complete the construction of the common properties in future phases will depend solely on its financial resources during the period of construction. However, the Sponsor's obligation to complete construction of the Common Properties in subsequent phases will survive their conveyance to the Association. See page 39.

IV. Purchasers should note that pursuant to contractual arrangement a Purchaser shall be required to pay certain costs and adjustments at closing, including New York State Real Estate Transfer Taxes at the rate of \$2.00 per \$500 of consideration. See the Purchase Agreement set forth as Exhibit D.

V. The New York State Legislature has enacted the Housing Merchant Implied Warranty Law, which pertains to warranties on the sale of certain new Homes. This new law is applicable to all Purchase Agreements entered into for the Homes offered for sale under this Plan. Pursuant to the terms of this law, the Sponsor is giving a Limited Warranty to Purchasers.

Certain of the limitations contained in the Limited Warranty are noted as follows: the Limited Warranty provides coverage to the first Home Buyer only (it is not extended to Owners who exclusively rent the Home); Sponsor's liability is limited to the purchase price of the Home exclusive of all options and exclusive of the value of the land on which the house is built; incidental and consequential damages are excluded; and detailed procedures must be followed for giving notice of a warranty claim to Sponsor, and for commencing a lawsuit against Sponsor.

See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Exhibit D-1 to the Plan. The full text of the law is set forth in Exhibit I.

VI. Purchasers should note that pursuant to paragraph 24 of the Purchase Agreement, a Purchaser will be given thirty (30) days written notice to cure a default under the terms of the Purchase Agreement, time being of the essence to cure such default within such thirty (30) day period. Failure to cure such default within said time frame will result in the Purchase Agreement being cancelled and Sponsor retaining all sums paid by the Purchaser to Sponsor on account of the Purchase Price plus all additional sums paid and/or payable by the Purchaser for all extra work and extra items ordered by Purchaser, with all interest credited thereon, if any, as liquidated damages.

VII. Purchasers should note that the Sponsor no longer retains a majority of the Board of Directors of the Association and as a result no representation can be made that the Board of Directors of the Association will budget for a Reserve Fund or if they do, that such amount will be adequate.

INTRODUCTION

This is a Restated Offering Plan (hereinafter the "Plan" or "Offering Plan") for the sale of Homes and Lots (the "Homes" or "Lots") in an existing development known as Leisure Glen (the "Development") located on Randall Road, Ridge, Town of Brookhaven, Suffolk County, New York. The purpose of the Plan is to set forth all the terms of the offer for the benefit of prospective purchasers. The Restated Offering Plan incorporates the relevant terms of the original Offering Plan which was accepted for filing by the New York State Department of Law on January 6, 1986 and all amendments thereto, the last being Amendment No. 17 dated April 13, 1992.

The Original Sponsor of the Offering Plan was Leisure Glen, Inc. ("Original Sponsor") (see Special Risk No. 1) which company constructed the Common Area and recreational facilities described on page 30 as well as 386 Homes in four (4) phases of the Development. As disclosed in Special Risk No. 1 on page vi, the assets of the Original Sponsor were transferred to Leisure Glen, L.P., a Georgia limited partnership, as part of the Plan of reorganization under Chapter 11 of the United States Bankruptcy Code.

Leisure Glen, L.P. has entered into a purchase agreement with Timber Ridge Homes at Leisure Glen, Inc. 631 Commack Road, Commack, New York (hereinafter the "New Sponsor" or "Sponsor") dated February 28, 1994 to initially acquire twenty (20) developed lots in Phase IV on or before March 28, 1994 as follows: (429-432; 405-406; 411-414; 417-420 and 441-446). Pursuant to the terms of the Contract of Sale the New Sponsor will purchase the remaining unsold lots in all existing and subsequent phases of the Development over an extended period of time.

Notwithstanding said fact, the terms of this Restated Offering Plan shall initially be applicable only to the twenty (20) developed lots described above. The New Sponsor will amend the Offering Plan prior to offering any other homes or lots it is ultimately acquiring prior to offering said homes or lots for sale. In addition, the New Sponsor will acquire title to the Homes and Lots it is offering for sale, prior to the transfer of title of a Home and Lot to a purchaser.

In offering the attached and semi-attached Homes in the Development, the Sponsor is simultaneously offering mandatory memberships in Leisure Glen Home Owners Association, Inc. (the "Association"), a membership corporation which has been organized under the Not-for-Profit Corporation Law of the State of New York, to own and maintain the Common Areas in the Development including but not limited to the recreational facilities, roadways, the gate house, and natural and landscaped areas. See page 34 for complete details of the services to be provided by the Association. A purchaser of a home in the Development will automatically assume the rights and obligations of membership in the Association upon closing title to his Home. Prospective purchasers should be aware that if they resell their Homes, those who purchase from them will also automatically become members of the Association. The mandatory nature of membership in the Association is

set forth in the Declaration of Covenants, Restrictions, Easements, Charges and Liens (the "Declaration") annexed as Exhibit A to this Offering Plan and is set forth in the Purchase Agreement and Deed annexed hereto as Exhibits D and E, respectively. A summary of the Declaration is set forth at pages 33 through 37.

The Development is part of an overall plot of land (hereafter referred to as "the Properties") consisting of approximately 106.771 acres of land as shown on Exhibit F of the Site Plan. The Original Sponsor was developing the Properties as a residential development in phases. As of the date of this Restated Offering Plan, the Development consists of a total of four (4) phases as follows:

PHASE	HOMES/LOTS	ACREAGE
I	128	24.280
II	148	22.833
III	110	17.824
IV	88	13.839

The Association acquired title to the Common Areas and Recreational Facilities located in Phases I through IV by separate deed for each Phase.

In addition, the aforementioned Declaration dated September 16, 1986 and By-Laws of the Association were recorded in the Suffolk County Clerk's Office on September 18, 1986 at Liber 10126 page 284. Said Declaration was amended on September 18, 1986 to correct the metes and bounds description contained in the Declaration. Subsequent thereto, the Declaration was amended as per Article III of said Declaration to bring Phases II through IV into the scheme of the Declaration and subject the Home Owners therein to the Association as follows:

Phase II Supplemental Declaration dated February 19, 1987, recorded in the Suffolk County Clerk's Office on February 24, 1987 at Liber 10126, page 496; Phase III Supplemental Declaration dated January 19, 1988, recorded in the Suffolk County Clerk's Office on January 26, 1988 at Liber 10523, page 507 and Phase IV Supplemental Declaration dated December 4, 1990, recorded in the Suffolk County Clerk's Office on December 13, 1990 at Liber 11188, page 319.

In addition, each of the subdivision maps for each of the phases (sections) has been filed as follows:

Section 1, Map No. 8034 filed on December 23, 1985; Section 2, Map No. 8258 filed on September 23, 1986; Section 3, Map No. 8459 filed on January 19, 1988 and Section 4, Map No. 8632 filed on October 17, 1988.

The Declaration pursuant to Article III, reserves the right, but not the obligation for the Original Sponsor as well as the New Sponsor herein, to bring subsequent phases within the scheme of the Declaration. Owners of Homes and Lots in subsequent phases will become automatic Members of the Association with the rights and obligations of Members as detailed in the Declaration and By-Laws.

It is the New Sponsor's intention to improve the balance of the Development in subsequent phases as follows:

Phase V 158 Homes and Lots on 25.724 acres and Phase VI (the "Model Area") 18 Homes and Lots on 2.263 acres.

Notwithstanding the above, the Sponsor reserves the right to reduce subsequent phases into smaller phases and bring in and annex the additional phases in any configuration with any number of Homes and Lots as Sponsor determines. In such an event, Sponsor will amend the Plan to disclose said changes.

In the event the Sponsor brings in and annexes all the additional phases to the Declaration and subjects the Owners therein to the Association, the Association will have a maximum of 650 Members and the overall Development will have 650 Homes, each on an individual Lot.

In the event the Sponsor brings additional phases into the Association, the Sponsor will amend the Plan to disclose said fact. Homes brought within the scheme of the Declaration in future phases may include any legally permissible type of residential housing.

If the Properties, as presently contemplated, are fully developed, the Association will own a portion of the above mentioned 106.771 acres of land (the "Common Properties" or "Common Areas") including natural and landscaped areas, gate house, recreational facilities, internal roadways and parking spaces, for use by Association members. As previously stated, the Original Sponsor deeded the Common Properties in Phases I through IV to the Association free and clear of all mortgages. The Sponsor will deed any common properties in future phases to the Association free and clear of any mortgages prior to the closing of the first Home and Lot in said phase. See page 39. A full description of the Common Properties is set forth at page 28. Upon the recordation of the Declaration in the Suffolk County Clerk's Office, the Common Properties have become subservient to and have only minimal value separate and apart from the Homes and Lots. The Sponsor estimates that, absent the effect of the recording of the Declaration, the Common Properties would have a market value of approximately \$5,130,200 for Phase I and \$6,345,275 for all Phases.

All of these Homes and Lots are being sold as part of a residential planned adult community. The occupancy of Homes in the project is restricted to persons 55 years of age or older or a married couple of which one of the spouses is 55 years of age or older pursuant to the Town of Brookhaven resolution adopted at a meeting held on June 17, 1985

which approved the site plan for Section I as a PRC Residence District "Planned Retirement Community" as outlined under Article XV Chapter 85 of the Code of the Town of Brookhaven District which permits the construction of an adult community. See Article D of the Declaration for details including the age of any children permitted to reside in the Home.

Commencing with the recording of the Declaration, or Supplemental Declaration for subsequent phases, each Home Owner is responsible for the payment of a pro rata portion of the expenses of the Association arising from the operation and maintenance of the Common Areas, the maintenance of the roofs and the painting or staining of the exterior facades of the Homes, snow plowing of the roadways and driveways, landscape maintenance, and other expenses including Premiums for liability and property insurance covering the Common Areas, and the creation of such reserves for contingencies as the Board of Directors of the Association may deem proper. The Sponsor is no longer in control of the Board of Directors having relinquished control in September of 1991. See page 35. The current budget for the Association adopted by the Home Owner Board of Directors is set forth on page 6. As indicated in footnote number 1 to the budget on page 7, the Association is in the process of changing its fiscal year to commence in October. As a result, the budget is a six (6) month interim budget for the period April 1, 1994 through September 30, 1994. In addition, although Sponsor cannot make any guarantee, as a result of the fact most of the Common Area improvements are already being maintained by the Association, and many of the costs are fixed, the maintenance charges should be reduced or remain as is, as new members are brought into the Association. The Association is responsible for procuring fire and liability insurance covering the Common Areas, but fire and liability insurance for each Home and Lot must be carried by the individual Purchasers. See Article XI of the Declaration of Covenants, Restrictions, Easements, Charges and Liens for details. Purchasers will be required to pay monthly maintenance charges in advance, the first of which will be due upon the acquisition of title to each Home and Lot. See the Section of the Offering Plan entitled, "The Association" at page 33 and the By-Laws of the Association annexed hereto as Exhibit C.

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

The price of the Homes and Lots includes the cost of membership in the Home Owners Association and the prices have been set by the Sponsor alone and are not subject to review or approval by the Department of Law or any other governmental agency.

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

A purchaser of a Home or Lot in the Development will automatically assume the rights and obligations of membership in the Association upon closing title to his Home or Lot and will automatically become a member of the Association ("Member"). Each Home or Lot Owner will be considered as one (1) Member and entitled to only one (1) vote no matter how many Homes or Lots a Member may own. Prospective purchasers should be aware that if they resell their Homes or Lots, those who purchase from them will also automatically become Members of the Association. The mandatory nature of membership in the Association is set forth in the Declaration annexed as Exhibit A to this Offering Plan and is set forth in the Purchase Agreement and Deed annexed hereto as Exhibits D and E, respectively. A summary of the Declaration is set forth at page 33.

The Development is located in the Town of Brookhaven, Ridge, Suffolk County. Police protection will be provided by the Suffolk County Police Department, Precinct #6 located on Middle Country Road, Coram, New York. Fire protection is provided by the Ridge Fire Department, a volunteer fire department located on Middle Country Road, Coram, New York, just east of William Floyd Parkway.

The surrounding area is zoned as follows:

East (A1) -Single family one (1) acre residential, partially developed;
West (A1) - Single family one (1) acre residential, partially developed;
South (PRC)- Planned Retirement Community- developed as Leisure Village
Condominiums;
North (A1)- Single family one (1) acre residential, undeveloped.

No representation is made as to the eventual use of future zoning of any parcel surrounding the community.

The Plan as presented to prospective purchasers contains all of the detailed terms of the transaction as it relates to the Association. Parts A, B, and C of the Exhibits delivered to the Department of Law contain all of the documents referred to in the Plan. Copies of the Plan and Parts A, B, and C of the Exhibits will be available for inspection without charge to prospective purchasers and their attorneys at the office of the Sponsor during normal business hours.

Purchasers should also refer to Exhibit H contained in Part II of the Plan for a description of the local services contained in the immediate area of the development.

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

LEISURE GLEN HOME OWNERS ASSOCIATION, INC. OPERATING BUDGET

APRIL 1, 1994 THROUGH SEPTEMBER 30, 1994•

INCOME	BUDGET 1994 <u>6 MONTHS</u>	COST PER UNIT MONTHLY <u>1994</u>
Association fees	\$ 579,000	\$ 250.00
Sponsor maintenance fees	5,700	2.46
Miscellaneous income	700	0.30
Transfer fees	1.500	
TOTAL INCOME	\$ 586,650	\$ 253.30
EXPENSES		
Utilities (2)	\$ 93,700	\$ 40.46
LILCO	38,210	16.50
Water	52,500	22.67
Telephone	2,800	1.21
Sewage	190	.08
Sanitation (3)	41,700	18.01
Recreational Activities (4)	900	0.39
Security (5)	55,100	23.79
Insurance (6)	10,700	4.62
Management & Maint. Serv (7)	246,300	106.35
Bus Maintenance (8)	16,400	7.08
Legal (9)	3,500	1.51
Accounting & Audit Fees (10)	3,000	1.30
Taxes (11)	900	0.39
Reserves (12)	44,100	19.04
Other Operating Expenses (13)	30,000	12.95
Depreciation (14)	1,100	0.47
Maintenance Contracts (15)	10,300	4.45
Cablevision (16)	28.950	12.50
TOTAL EXPENSES	\$ 586,650	\$ 253.30
SURPLUS/DEFIER(-)	<u>\$ 0</u>	<u>\$ 0</u>

-
- NOTE: The Association is in the process of changing its fiscal year to commence in October. As a result, this budget is a six (6) month budget ending September 30, 1994. In addition, as a result of a substantial portion of the Common Areas, including the Recreational Facilities, being complete and being maintained by the Association, although Sponsor can make no guarantees, the monthly maintenance charges should be reduced or remain as is, as new members are brought into the Association.

FOOTNOTES TO THE OPERATING BUDGET**

1. INCOME

As you are all aware, we have revised our original approach to changing our fiscal year from a two step process to a single jump. Our new budget will be an interim one for six (6) months from April 1 to September 30. We will then start our new fiscal year on October 1. In addition, you have also been informed that due to our contractual agreement with Cablevision the Homeowners' Association will remit to Cablevision their fee once a month, which starting January 1, 1994, increased your maintenance fee by \$12.50 to \$235.50.

Our projections for the next six months and a review of the next 18 months has necessitated an increase of approximately six (6%) percent or \$14.50 per month. This has mainly been due to our water usage, our repairs of the homes, and general price increases from our vendors. Therefore, effective April 1, 1994, the maintenance fee, with Cablevision included, will be \$250.00 per month, or \$3,000 annually. We expect this maintenance fee to remain stable for the next 18 months or until September 30, 1995.

During this period April 1, 1994 to September 30, 1994 the Sponsor, per the Offering Plan and By-Laws of the HOA, is required to remit the maintenance fee for the units it owns. We have calculated the revenue for only the 4 units in Phase IV, and have not speculated on any additional construction. Miscellaneous income is derived from late fees on maintenance charges, from copier reimbursements, and gate badges.

2. UTILITIES

Common electricity is provided by LILCO for the walks, street lights, recreational facilities, and the guardhouse. The costs are based on historical usage (information from past years), and includes a 5% increase related to various increases established.

Gas is provided by LILCO for heating the recreation building and guardhouse. Again, costs are based on past years usage. Sewerage is provided by the Utilities Operating Company for the recreation building and guardhouse only.

Water is provided by Suffolk County Water Authority for irrigation of the recreation area, the lawns of the residential areas, water usage for the recreation building,

** The budget and accompanying footnotes have been prepared by the Home Owner controlled Board of Directors and are contained in the Restated Offering Plan for informational purposes only. Sponsor does not represent, assure or guarantee their accuracy or completeness.

guardhouse, and pool. Costs are based on historical usage of water consumption. As you are aware, Shorewood sold its company to the Suffolk County Water Authority, which has a more moderate cost structure. We need to control our water usage better to decrease our costs.

Telephone expenses for the recreation area, guardhouse, and Association office are estimates, based on past years usage.

The HOA is also paying for all utilities for the unit that the Sponsor has allowed us to use to conduct our business.

3. **SANITATION**

Sanitation is provided by Detail Carting Company for the removal of garbage from the dwelling units and the hauling and disposal of all other garbage. The cost is \$16.15 per unit per month. This includes the cost of the recyclables and also \$500.00 every three months for a dumpster for ground refuse.

4. **RECREATION ACTIVITIES**

Allowance this year will be \$150 per month for miscellaneous expenses and purchases by the Recreation Department.

5. **SECURITY**

We have a contract with Peace Security, Inc. to provide for twenty-four (24) hour gatehouse service and a roving patrol car throughout the community seven days per week. (Roving patrol hours are 6PM to 2AM Monday to Friday, and 7PM to 3AM on Saturday and Sunday). Peace will use their vehicle.

New York State in 1990 passed a sales tax applicable to security services. which has been further increased by sales tax changes. The hourly costs, in the second year of their two year contract, is \$8.32 per hour for labor and \$1.20 per hour for the vehicle + taxes, or a four (4%) percent increase over last year.

6. **INSURANCE**

Property and liability insurance will be provided by an "All Risk" package policy obtained through Community Associates Underwriters of America for all property owned by Leisure Glen Association, Inc. We will maintain a \$1,000,000 liability basic policy and a \$2,000,000 umbrella policy. Directors, officers and committee members will continue with coverage of \$1,000,000, and the Boiler and Machinery policy will be continued.

7. MANAGEMENT AND MAINTENANCE SERVICES

Our labor service agreement continues with J.P.M. Management Corporation. Included in the services is the management and maintenance of all common areas, lawns, parking areas, roads, residential building exteriors, (except warranty items), and all recreational facilities. This includes minor materials required for the performance of their functions, including two fertilizations, lime, weed and crabgrass control, and tree spraying.

All employees will, at this time, remain employed by J.P.M. The cost of this service holds at \$109.40 per unit per month for 385 units. The board approved an additional extension to the contract to March 31, 1997 which has the result of a no increase in this service for 4 years, no matter how many homes are built. The HOA has essentially frozen the cost of this service to 385 homes, although we are receiving revenue for 390 homes.

The effective cost rate is shown above as \$106.33 which reflects these savings plus the subtraction of the bus drivers salary, which is now the responsibility of Laidlaw Bus Co.

8. BUS SERVICE CONTRACT

Our bus service is now supplied by Laidlaw Bus Co. The daily fee to the HOA is at the rate of \$210.00 per full day of operation less the discount of \$60.00 per day. The agreement is for 21 hours of usage per week and includes a ten (10%) percent additional charge for trips to New York City or Nassau County. We will attempt to hold the \$210.00 rate during our future negotiations with Laidlaw.

9. LEGAL FEES

We have utilized the services of Barry Warren, Esq. as the attorney for the Association. Legal fees will provide for services as required, such as, advice to the Board of Directors, assisting in financial disputes, interpreting New York State Laws as applicable to homeowners association etc. Budget reflects a retainer and 10 hours of miscellaneous work at \$200 per hour. We have increased our budget in anticipation of additional costs that might be incurred as we seek counsel relative to any new construction by a new developer.

10. ACCOUNTING AND AUDIT FEES

Professional auditing services will be provided by the firm of Esposito, Fuchs, Taormina & Fuchs. This will include the cost of certifying the Association's financial statements and preparing tax returns. This item also includes the services from Datameg, Inc., which does the accounts receivable processing for the association, the

creation of the payment stubs, and the computer processing of the monthly maintenance fees.

11. **TAXES**

We have been advised that we are now responsible for a franchise tax to the State of New York. We have so budgeted. Although not shown in the budget, since it does not affect our operating expenses, we are liable for income taxes on interest earned on our interest bearing bank accounts and investment instruments. This payment to the IRS comes from our reserves. This past year this amounted to approximately \$4,600.00. We estimate that we will pay approximately \$4,000.00 this year.

12. **RESERVE FUND**

Provides for a reserve to offset future replacement of capital items such as roadways, recreational building roof, dwelling unit roofs, repainting of dwelling units and recreation building exterior facia, heating/ventilating and air conditioning equipment in the clubhouse, and tree/shrub replacement. Computer models are used to project the revenue/expense stream. Based upon budgetary considerations, we have extended the paint cycle to five years. The total amount for reserves is \$19.00 per unit per month. No representation is made that these amounts are adequate to cover all such expenses. This past year we utilized monies from the recreation building reserve to repair the Heating and Air Conditioning System in the recreation building, and from the Paint reserve to paint the exterior of the recreation building.

13. **OTHER OPERATING EXPENSES**

This is a broad range category that encompasses a variety of items. Includes the costs associated with the copier, the computer, the HOA office, miscellaneous costs of the recreation building, the pool, home repairs, tree replacement, sprinkler parts, lawn fungicides, and miscellaneous expenses of our committees. We have once again included the cost of an additional lawn fertilization, and have provided funds to continue the tree pruning program.

14. **DEPRECIATION**

This category is for the depreciation of our paid for capital assets, the copier, computer, well, fence, and dance floor.

15. **MAINTENANCE CONTRACTS**

To minimize the possibility of large expenditures for repair of some of our equipment and systems, we have moved towards a maintenance contract philosophy.

As such, we have contracts in place to cover the HVAC (Heating, Ventilating, and Air Conditioning) for the Recreation building, the copier, the computer, our security systems, the fire alarm and sprinkler system for the recreation building, a data processing consultant, and for the kitchen equipment. We have made great progress in the repair of the home security system and will continue this ongoing project.

16. **CABLEVISION**

A vote by the residents stated the desire for Cablevision. As such Cablevision has purchased the rights and assets of Ocean Hills Cable, including all the underground cable. Cablevision has tied the existing underground cable to their system and started servicing our community on December 15, 1993. The monthly payment to Cablevision will be remitted by the Home Owners Association and as such, \$12.50 has been included in your monthly maintenance fee to take care of this obligation.

LEISURE GLEN HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

YEARS ENDED MARCH 31, 1993 AND 1992

* The above is the certified financial statement of the Association for the fiscal year ending March 31, 1993.

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ESPOSITO, FUCHS, TAORMINA & FUCHS

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NEI... B. ESPOSITO: TC - Millaging Partner

MURRAY FUCHS, C.P.A.

JOSEPH A. TAORMINA, C.P.A.

JOSEPH S. FUCHS, C.P.A.

MEMBERS - NEW YORK STATE SOCIETY of
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH ZAK, C.P.A. (1939 - 1991)

May 27, 1993

To The Board of Directors
Leisure Glen Homeowners Association, Inc.

We have audited the accompanying Balance Sheet of Leisure Glen Homeowners Association, Inc. as of March 31, 1993 and 1992, and the related Statements of Revenue and Expenses and Changes in Members' Equity, and Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leisure Glen Homeowners Association, Inc. as of March 31, 1993 and 1992, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The supplementary information on future major repairs and replacements on page 10 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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ESPOSITO, FUCHS, TAORMINA & FUCHS

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LEISURE GLEN HOHEOWNERS ASSOCIATION, INC.

BALANCE SHEETS

MARCH 31,

ASSETS

		1992
cash - Undesignated	\$ 23,375	\$ (3,222)
Cash - Designated for Future Repairs and Replacements	319,204	345,342
Receivables - Leisure Tech, Inc. Sponsor	25,000	127,707
Note Receivable	30,345	0
Accounts Receivable - Members	873	1,203
Prepaid Insurance and Other Expenses	4,208	155
Furniture and Equipment and Improvements	11,333	3,431
Total	<u>414,338</u>	<u>474,616</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable and Accrued Expenses	\$104,578	\$ 98,506
Assessments Received in Advance	28,489	28,444
Income Taxes Payable	7,033	5,528
Total Liabilities	\$140,105	\$132,478
Members' Equity		
Undesignated	\$ (50,287)	\$ 0
Designated for Future Repairs and Replacements	324,520	342,138
<u>Total Members' Equity</u>	\$274,233	\$342,138
Total	\$414,338	\$474,616.

THE ACCOMPANYING AUDITORS' REPORT AND NOTES TO
FINANCIAL STATEMENTS ARE INTEGRAL PARTS OF THIS REPORT
AND SHOULD BE READ IN CONJUNCTION HEREWITH.

LEISURE GLEN HOMEOWNERS ASSOCIATION. INC.

STATEMENT OF REVENUE AND EXPENSES
AND CHANGES IN MEMBERS' EQUITY

FOR THE YEARS ENDED MARCH 31,

	<u>1993</u>	<u>1992</u>
Revenues		
Monthly Common Charges	\$1,043,280	\$ 930,094
Sponsor Contribution	0	132,245
Miscellaneous Income	2,651	2,769
Gain on Equipment Disposal	36,600	0
Resale Fees	<u>3,000</u>	<u>0</u>
<u>Total Revenues</u>	\$1,085,531	\$1,065,108
<u>Operating Expenses</u>		
Utilities	\$ 123,865	\$ 154,949
Sanitation Contract	83,177	80,769
Recreation Activities	1,476	1,971
Security Contract	101,017	100,692
Insurance	19,369	21,767
Management & Maintenance	497,819	505,118
Bus Service	23,352	11,353
Legal	474	3,186
Accounting & Audit Fees	7,471	6,379
Reserve Funds	106,695	88,204
Maintenance Contracts	10,533	35,803
Miscellaneous Repairs & Maintenance	56,088	54,027
Bad Debts	102,615.-	0
Depreciation	<u>1 867</u>	<u>890</u>
Total	\$1,135,818	<u>1,065,108</u>
<u>Excess (Deficit)</u>	\$ (50,287)	\$ 0
Beginning - Members' Equity		
Undesignated	<u>0</u>	<u>0</u>
<u>Ending - Members' Equity</u>		
Undesignated	<u>\$ (50,287)</u>	<u>\$ 0</u>

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LEISURE GLEN HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31,

	<u>1993</u>	<u>1992</u>
<u>Cash Flow from operating Activities</u>		
Net Surplus (Deficit)	\$ (50,287)	\$ 0
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	1,867	890
(Increase) Decrease in Maintenance Charges Receivable	330	1,676
(Increase) Decrease in Prepaid Expenses	(4,053)	19,160
(Increase) Decrease in Receivables Leisure Tech Inc. Sponsor	102,707	(98,602)
(Increase) Decrease in Receivables - Working Capital	0	45
Increase (Decrease) in Maintenance Charges Paid in Advance	45	9,693
Increase (Decrease) in Income Taxes Payable	1,510	669
Increase (Decrease) in Accounts Payable	6,072	46,528
	\$108,478	\$(19,941)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>58,191</u>	<u>119,941</u>
<u>Cash Flow from Investing Activities</u>		
Capital Expenditures	\$ (9,769)	
Interest Income	<u>\$ 8,758</u>	\$ 8,316
Net Cash Provided (Used) <u>by Investing Activities</u>	\$ (1,011)	<u>\$ 8,316</u>

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LEISURE GLEN HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENPED MABCH 31,

	<u>1993</u>	<u>1992</u>
<u>Cash Flow from Financing Activities</u>		
Capital Contributions	\$ 57,070	\$ 91,755
Interest Income	10,336	12,134
Expended	(86,744)	(52,487)
Corporation Taxes Payable	(7,038)	(5,528)
Note Receivable	(30,345)	<u>0</u>
Net Cash Provided {Used} <u>by Financing Activities</u>	\$ (56,721)	\$ 45,874
Net Increase (Decrease) in Cash <u>and Cash Egvivalents</u>	\$ 459	\$ 34,249
Cash and Cash Equivalents at Beginning of Year	342,120	307,871
<u>Cash and Cash Equivalents at End of Year</u>	\$342,579	\$342,120
<u>Supplemental Disclosures:</u>		
Income Taxes	<u>\$. 2,206</u>	\$ 5, <u>528</u>

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LEISURE GLEU HOMEOWNERS ASSOCIATION

STATEMENT OF RECONCILIATION OF FUTUBE REPAIRS
AND REPLACEMENT ACCOUNTS

YEAR ENDED MARCH 31, 1993

	<u>1993</u>	<u>1992</u>
<u>Capital Project Reserve</u>		
<u>Funds - Beginning</u>	\$211,820	\$166,535
<u>Contributed Capital</u>		
Contributions	48,070	88,204
Transfers	0	716
Interest	10,336	12,134
Disbursements		
Expended	\$ 63,224	\$ 52,487
Corporation Taxes	3,800	3,282
<u>Capital Project Reserve</u>		
<u>Funds - Ending</u>	\$203,202	<u>\$211,820</u>
<u>Paid in Capital - Beginning</u>	\$130,318	\$121,413
<u>Contributed Capital</u>		
Contributions	9,000	2,835
Interest	8,758	8,316
Disbursements		
Expended	\$ 23,520	\$ 0
Corporation Taxes	3,238	2,246
<u>Paid in Capital - Ending</u>	<u>\$121,318</u>	1130,318

THE ACCOMPANYING AUDITORS' REPORT AND NOTES TO
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LEISURE GLEN HOMEOWNERS ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1993

Note 1 - Description of Operations

Leisure Glen Homeowners Association, Inc. (the "Association") is a New York non-stock corporation organized to operate and maintain the common areas of the homeowners known as Leisure Glen at Ridge, New York. The Association is funded through common charge assessments collected from homeowners and sponsor contributions. As of March 31, 1993, there were 386 units in the Homeowners Association.

Note 2 - Significant Accounting Policies

The Association is on the accrual basis both for financial statement purposes and tax purposes. That is, the Association recognized revenues when levied and expenses when incurred.

The Association derives its revenue principally from maintenance fee assessments to its members and reimbursement for certain costs which the sponsor is obligated to pay, in addition to other contributions from the sponsor. Revenue *in* excess of operating expenses are deferred if the Association intends to use such revenue to reduce the following year's assessment.

Note 3 - Income Taxes

The Association is required to file a Federal Corporate Income Tax Return and has elected to file as a Homeowners Association under the provision of Section 528 of the Internal Revenue Code. For New York State Corporations as amended by Chapter 61 of the Law of 1989, Associations are taxable under Article 9A/209.1 for New York state Corporation Tax.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1993

Note 4 - Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-line method and MACRS.

Property, equipment and improvements consisted of the following:

	3/31/93	3/31/92
Office Furniture	\$ 6,230	\$ 6,230
Improvements	9,769	0
Accumulated Depreciation	(4,666)	(2,799)
	<u>\$ 11,333</u>	<u>3,431</u>

Note 5 - Contracts and Contingencies

- A. Security Services - The Association had a contract with Peace Security, Inc. The hourly cost of security will be \$8.00 per hour plus tax and \$1.20 additional per hour for roving patrol car for the contract period April 1, 1993 to March 31, 1995 for the initial year with an increase to \$8.32 per hour plus tax for the second year. They provide twenty-four hour gate house service and a roving patrol car.
- B. Maintenance and Management Services - J.P.M. Management Corp. The Association has contracted for maintenance and management services at an effective rate of \$106.33 per unit per month for the period April 1, 1991 through March 31, 1997.
- C. Sanitation- Detail Carting Co., Inc. An agreement exists with Detail Carting Co., Inc. for disposal of garbage at a cost of \$16.15 per unit per month, plus \$500 every two months for a dumpster at the recreational facilities for the current period.

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During the current fiscal year Future Repairs and Replacements previously established for repair and replacement of roofs, roads, and common area building and condo exterior continued. Charges are assessed against homeowners on a monthly basis and are considered capital contributions which will be used for only this purpose. Funds as established were designated by the Board and all disbursements require Board approval.

Note 7 - Sponsor Contribution

During the period April 1, 1992 to March 31, 1993, the sponsor, per the Offering Plan and By-Laws of the Homeowners Association, is required to remit the maintenance fee for the units it owns.

Note 8 - Uninsured Cash Balances

The Association maintains its cash balances at several financial institutions. Accounts at each institution are secured **by** the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances are approximately \$44,000 and \$77,000 at March 31, 1993 and 1992 respectively.

Note 9 - Sponsor

The sponsor, Leisure Technology, Inc., in May of 1991, filed for protection under Chapter Eleven (11) of the Bankruptcy Law. As of March 31, 1993, all of the outstanding balance, except for \$25,000.00, was expensed as a bad debt.

SUPPLEMENTARY INFORMATION

LEISURE GLEN HOMEOWNERS ASSOCIATION. INC,
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (UNAUDITED)

MARCH 31, 1993

The Association's Board of Directors conducted a study in March, 1993, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property. (Amounts are rounded to the nearest thousand dollars.)

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement cost
Roofs	20	\$ 750,000
Road	13 to 27	792,000
Painting	4	160,000
Rec. Bldg. Mech. Res.	10	100,000
Tree/Shrub Repl.	10	110,000
		\$1,912,000

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CERTILMAN BALIN ADLER & HYMAN

THE FINANCIAL CENTER AT MITCHEL FIELD

90 MERRICK AVENUE

EAST MEADOW, NY 11554

JOSEPH J. ADLER

ABERT M. BALIN

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NORMAN J. LEVY

DANIEL S. COHAN

MARILYN PRICE

COUNSEL

April 19, 1994

Timber Ridge Homes at Leisure Glen, Inc.
631 Commack Road
Commack, New York 11725

Re: Leisure Glen Home Owners Association, Inc.

Gentlepeople:

We have examined the Restated Offering Plan and various supporting pages for the above captioned Home Owners Association. It is our opinion that the Declaration of Covenants and Restrictions (the "Declaration"), annexed as Exhibit A to the Offering Plan is, as recorded in the Suffolk County Clerk's Office, legal, valid and binding and that persons who presently reside in the Leisure Glen development are members of the Leisure Glen Home Owners Association, Inc. (the "Association"), assuming all rights and obligations of membership and are bound by the Declaration.

Further, it is our opinion that upon the recording of a Supplemental Declaration of Covenants and Restrictions, which will annex subsequent Phases of the Development to the Declaration, in the Suffolk County Clerk's Office, it will be legal and valid and that persons purchasing Homes and Lots in said annexed Phase of the Leisure Glen development shall automatically become members of the Leisure Glen Home Owners Association, Inc. (the "Association"), assuming all rights and obligations of membership.

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

In adding a new Section 528 to the Code, the Tax Reform Act of 1976 affords certain Home Owner Associations, substantially all of whose homes are used for residences, the opportunity to elect to be treated as tax exempt organizations. In order to qualify, sixty

percent or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Home Owners and 90 percent or more of the expenditures must be for the acquisition, construction, management, maintenance and care of the Home Owner Association property, which property, as defined in Section 528 of the Code, include property held by the Home Owners Association, property commonly held by the members of the Home Owners Association or property within the Home Owners Association held by the members of the Home Owners Association. Based upon our examination of the Offering Plan and subject to the Home Owners Association actually satisfying the minimum percentage income and expenditure criteria set forth above, it is our opinion that the Home Owners Association will be eligible to elect to be treated as a tax exempt organization under Section 528 of the Code.

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

We are also of the opinion that there is a reasonable basis for the Association to conclude that it is subject to the New York State franchise tax imposed on business corporations.

We note that as of the date of presentation of the Restated Offering Plan, the subdivision maps for Sections I through V have been filed with the Suffolk County Clerk's Office and the site plan for the overall Development including Section VI has been approved.

We also note that a decision of the Appellate Division of the New York State Supreme Court in Campbell. et. al. v. Barraud. et.al., decided on June 6, 1977 and reported in 394 N.Y.S. 2d. 909, upheld the validity of a zoning ordinance creating an age oriented community similar to the one herein. Said decision noted that regulating the use of land by limiting its users based on the basis of age will be sustained so long as the classification furthers a legitimate state objective. The court further noted that since regulation of occupancy by reason of age is inherent in the concept of planned housing for the elderly and is rationally related to achievement of this purpose, a zoning ordinance limiting occupancy on age requirements does not violate the equal protection guarantee. In addition, it is counsels opinion that, based on said decision, a planned retirement community would not be considered an illegal restraint on alienability.

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

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

Very truly yours,

CERTILMAN BALIN ADLER & HYMAN

By: /s/ Richard Herzbach, RICHARD HERZBACH, PARTNER

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

SITE:

The site is located on the westerly side of Randall Road and north side of Whiskey Road, in the unincorporated area of Ridge, Town of Brookhaven, Suffolk County, New York. The parcel as fully developed for 650 Homes and Lots consists of approximately 106.771 acres and is zoned for PRC Residence District "Planned Retirement Community" as outlined under Article XV, Chapter 85 of the Code of the Town of Brookhaven.

The Development as fully developed and presently contemplated will contain 650 single family attached and semi-attached homes each on an individual lot.

The Development has and will continue to be constructed in Phases, also referred to as Sections as detailed on pages 2 and 3.

The parcel is bounded on the north by other lands owned by an affiliated entity of the Sponsor which is presently zoned for residential housing, on the east by Randall Road and vacant land, to the west by vacant land, and to the south by Leisure Village Condominiums. No representation is made as to the ultimate use or zoning of any parcel except as aforesaid.

ROADWAYS:

Roads are in place for Sections 1 through 3 and have been built in conformity with rules and regulations of the Town of Brookhaven, including: 6" stabilized sub-base; 2 1/2" bituminous mix base; and 1 1/2" N.Y. State type 1A bituminous wearing course. Concrete curbs, where required, will be 6" wide by 18" deep with a 6" exposed finished face. The major loop roads within Sections 4 and 5 (Glen Drive, Laurel Drive and Leisure Drive) will be 34 feet wide. All of the court entrance roads will be 24 feet wide with 42 feet radius cul-de-sacs. The pavement section will consist of 6" stabilized sub-base, 3 3/4" dense binder course and 1 1/2" New York State Type 1A bituminous wearing course and will meet Town of Brookhaven specifications. Ownership and maintenance of roadways and exterior parking areas will be retained by the Association. The Association is obligated to repair, maintain, clean, and remove snow from the roadways and to construct and maintain safety signs and lighting as required by the Town.

PARKING:

Parking for individual owners is provided by one (1) driveway space and one (1) garage space for each home. The recreation area contains one asphalt surfaced parking lot with 52 spaces plus two (2) additional spaces reserved, with appropriate signage, for the handicapped. The model area will contain one asphalt surfaced parking lot with 16 spaces plus one space reserved for handicapped. Each Home is provided with an asphalt driveway extending from the street curb to a one-car garage for resident parking.

UTILITIES:

The utilities currently installed and those to be provided in future phases consist and will consist of water, sanitary sewers, electric, gas, telephone, cable and TV.

Water shall be provided by water mains which will be owned and maintained by the Suffolk County Water Authority. This water main system is adequate to meet the domestic water supply and fire protection requirements of this project. There will be individual water meters installed for each Lot. Hydrants will be installed along with water mains to provide fire protection and an irrigation system will connect to the water mains to service the landscaping within the Common Areas.

The irrigation system will be broken into area zones which will be controlled by a central clock and remote control valves.

The sprinkler heads will be supplied through a series of polyethylene and P.V.C. piping. The irrigation system will be separated from the domestic water main by means of double check valves (or equivalent).

Gravity sanitary sewer lines will be provided to service all of the homes both existing and proposed. The sanitary system construction is in accordance with the Suffolk County Department of Health Services and Suffolk County Department of Public Works rules and regulations. All gravity sanitary sewers shall be polyvinyl chloride (PVC) with an SDR of 35. A gravity sanitary service connection shall be provided from the sanitary sewer to each home. The Home Owners Association shall own and maintain the sanitary lines.

Electric and gas shall be provided by the Long Island Lighting Company (LILCO). Each Home shall have an electric and gas meter and will be billed individually. Gas service to the Common Areas (recreation building and guardhouse) are the responsibility of the Home Owners Association.

Telephone service will be supplied by the local telephone company and billed individually to each Home. Telephone service to the recreational facilities are the responsibility of the Association.

Cable TV service will be supplied by the local cable company and billed individually to each Home.

All utilities shall be constructed underground.

Snow removal and road maintenance will be provided for the project on an as-needed basis by the Home Owners Association.

SEWAGE:

Sewage disposal will be by means of an existing sewerage treatment plant across from Leisure Village, which adjoins the property to the south and will be an individual expense of each Home Owner. The STP currently has sewer capacity for all proposed units in Leisure Glen except 102 units in Phase V. The STP will be expanded to accommodate the additional units in Phase V. The final design reports for the expansion have been submitted to the Suffolk County Department of Public Works for its third review, and in the opinion of Henderson and Bodwell, Consulting Engineers, should be acceptable. It is expected that the work to expand the STP will commence in September of 1994 and be completed within 12 months thereafter. The current quarterly sewer charges are \$42 per Home. It is anticipated that once the STP is expanded it will be deeded to the Suffolk County Sewer Agency and thereafter the costs of the STP will become part of the taxes on each Home.

REFUSE REMOVAL:

Refuse removal is on a private contract basis with an independent contractor chosen by the Association as described in Footnote No.3 to the current budget at page 8. The cost of collection is a common expense of the Association.

LANDSCAPING:

Landscaping for existing Homes and the Common Area that has been deeded to the Association has been completed and is currently being maintained by the Association. Landscaping on uncompleted Homes and Lots and Common Area in future Phases will be similar to the landscaping of existing Homes and Lots and the community.

COMMON FACILITIES:

The Development contains the following Common Area improvements and recreational facilities which were constructed by the Original Sponsor and are presently owned and maintained by the Association:

1. Storm Drainage System: The existing storm drainage system consists of a series of inlets connected by a pipe system to an existing recharge basin.

2. Roadways: The existing roadway pavement and curbs were constructed in general conformity with the original design plans as detailed in the original Description of Property Report contained in Part II of the Offering Plan as Exhibit H.

The proposed roadway pavement section and curb detail to be constructed are in conformance with Town of Brookhaven specifications as detailed in the original Description of Property Report contained in Part II of the Offering Plan as Exhibit H.

3. Gatehouse: Pursuant to Henderson and Bodwell, Consulting Engineers, the gatehouse appears to be constructed in general conformity as detailed in the original Description of Property Report contained in Part II of the Offering Plan as Exhibit H.

4. Existing Recreation Facilities:

- a. Swimming Pool and Jacuzzi:

Approximately 68' x 32' concrete swimming pool 3 1/2' to 5' deep and 12' diameter jacuzzi located adjacent to the pool.

- b. Poolhouse Building:

Located adjacent to the pool and houses the pool equipment, lifeguard room, first aid room and storage area.

- c. Tennis Courts:

Consist of two (2) asphalt courts approximately 120' x 108'. The courts are both fenced and lighted.

- d. Volleyball Court:

Approximately 31' x 61' x 4" deep sand court with wood edging.

- e. Shuffleboard Court:

Two (2) 6' wide concrete courts.

- f. Bocci Court:

Approximately 62' x 37' clay surfaced court.

g. Paseo:

Currently the paseo is a 5' wide concrete illuminated walkway which runs north to south connecting the existing sections of the project to the recreation area. It is proposed to extend this paseo into Phases IV and V.

h. Recreation Building and Courtyard:

The building is approximately 15,000 S.F. and contains such facilities as a meeting room with stage, dressing rooms, kitchen, solarium, library, exercise room, game room and storage facilities. The brick paved courtyard is adjacent to the recreation building.

5. Greenbelt: A naturally wooded and landscaped area of varying widths traversing the community in an east-west direction containing a well-lighted exercise path.

6. Site Lighting:

- a. Roadway - Lighting is provided at interval spacing of approximately 120' with 20' laminated wood poles and 250 watt mercury vapor lamp fixtures.
- b. Walkway - Pole lighting is provided at interval spacing as shown in drawings with 175 watt mercury vapor lamp fixtures.

The New Sponsor has included an Addendum to the original Description of Property Report which Addendum has been prepared by Henderson and Bodwell, Consulting Engineers, 120 Express Street, Plainview, New York. The Addendum has been incorporated into the Offering Plan as Exhibit H-1 and details the completed Common Area improvements and the Common Area improvements to be completed by the New Sponsor.

The existing improvements in the Development were all constructed by the Original Sponsor. The New Sponsor herein will only be liable as to the construction of the unsold Homes and Lots it acquires, the representations as to the conditions of the existing common area improvements and any required Common Area improvements in connection with the unsold Homes and Lots it acquires. The New Sponsor will not have any obligations as to the fulfillment of any obligations that may have been undertaken by the Original Sponsor both to existing sold Homes and Lots and existing Common Area improvements.

THE ASSOCIATION

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

The Development consists of an overall plot of land (hereinafter referred to as "the Properties") which may ultimately consist of approximately 106.771 acres as shown on in Exhibit F, the Site Plan. The Properties have been developed in phases with various permanent recreational lands, open spaces and other common facilities (hereinafter referred to as the "Common Properties" or "Common Areas") for the benefit of the residential development and the Home Owners therein. As of the date of this Restated Offering Plan, the properties consist of four (4) phases as follows:

Phase I consisting of 24.288 acres, with 120 completed Homes and Lots;
Phase II consisting of 22.833 acres with 148 completed Homes and Lots;
Phase III consisting of 17.824 acres with 94 completed Homes and Lots;
Phase IV consisting of 13.839 acres with 24 completed Homes and Lots; and
an additional 64 Homes and Lots to be completed in Phase IV.

In addition, the Common Area, including the recreational facilities described on page 30 within said phases have been conveyed by deed to the Association.

The Declaration of Covenants, Restrictions, Easements, Charges and Liens (hereinafter the "Declaration") and the By-Laws of the Association provide the framework and procedures by which the Association maintains and administers.

The Declaration of Covenants, Restrictions, Easements, Charges and Liens, and By-Laws of the Association were recorded in the Office of the Clerk of the County of Suffolk (see page 2). This Declaration and the By-Laws of the Association have been included in this Offering Plan as Exhibits A and C. In addition, Phases II through IV and the Homes and Lots therein were subjected to the Declaration by Supplemental Declarations of Covenants, Restrictions, Easements, Charges and Liens (hereinafter the "Supplemental Declarations"). Copies of the Supplemental Declarations are included in this Offering Plan in Exhibit A-1.

The New Sponsor herein is under contract or has already acquired twenty (20) unsold Lots in Phase IV and has contracted to acquire the balance of the unsold Homes and Lots that the Sponsor has the right but not obligation to construct in all existing Phases as well as subsequent phases. See Special Risk I, at page vi. In the event the Sponsor builds all the Homes and Lots on the Properties it is under contract to acquire, the Properties will consist of a total of 650 Homes and Lots.

The Declaration permits the Sponsor to record additional Supplemental Declarations in the Suffolk County Clerk's Office to encumber and subject the land and Homes and Lots

to the original Declaration and subject the Home Owners therein to the Association as automatic Members of the Association.

Sponsor will amend the Offering Plan prior to offering Homes and Lots for sale for the balance of the Homes and Lots in existing Phases and for subsequent phases.

Common Areas in future phases will be conveyed to the Association prior to the closing of title to the first Home or Lot in such Phase. However, the Sponsor reserves the right to subject the Homes and Lots in subsequent phases to the Declaration and the Association only as title to each Home and Lot in each phase is transferred to a Purchaser. As such, each time a Home and/or Lot is transferred to a Purchaser, an amendment to the Declaration of Covenants and Restrictions would be filed in the Suffolk County Clerk's Office bringing said Home and/or Lot into the scheme of the Declaration and making it subject to the Association and By-Laws.

Leisure Glen Home Owners Association, Inc. was incorporated on July 24, 1985 under the provisions of the New York Not-for-Profit Corporation Law, for the purpose of owning, maintaining and operating the gate house, recreational facilities, greenbelt area, roadways and parking areas comprising the Common Properties and painting or staining the exterior of the Homes, snow removal of roads, walkways, driveways and walks leading to each Home, roof repair and replacement to the Homes and buildings, and landscaping in the Development.

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

The Declaration of Covenants, Restrictions, Easements, Charges and Liens gives each Member of the Association an easement in and to the recreational facilities, roadways, parking areas and walks located on the Common Properties for himself and his guests. Each Member is also granted easements to connect with and make use of certain utility and sewer and drainage lines. The instrument also makes provision for various easements in favor of the Association and the Sponsor including, in the case of the Sponsor, the retention of easements necessary for the completion of construction and sale of all Homes and Lots in all Phases of the Development.

The Declaration of Covenants, Restrictions, Easements, Charges and Liens provides that the Association shall have architectural control over any exterior addition, change or alteration. In addition, the use of a Home and Lot and the Common Areas is subject to various covenants and restrictions. See Article VIII of the Declaration for a full description of such restrictions.

The Members' right to the use and enjoyment of the Common Properties, which expires on December 31, 2026, will be automatically extended for successive ten (10) year periods, unless 66 2/3% of the owners of homes constructed on The Properties agree to change the Declaration of Covenants, Restrictions, Easements, Charges and Liens in whole or in part.

B. Management and Operation of the Association

The affairs of the Association is governed by a Board of Directors, consisting of no less than three (3), nor more than seven (7) members, each of whom, other than those designated or elected by the Sponsor, must be a Member of the Association. The current members of the Board of Directors are as follows:

Cornelius J. Caufield	-	President
Vincent Giordano	-	Treasurer
Arthur Perlson	-	Secretary
Herbert Phillips	-	Assistant Secretary
Howard Riback	-	Vice-President
Bernard Williams	-	Assistant Treasurer
Joan Catapano	-	Sole Sponsor Representative

Cumulative voting is employed in the election of Directors. Each voting Member is entitled to cast as many votes as equal the number of Directors to be elected and a Member may cast all of such votes for a single Director or may distribute them among two (2) or more of them as he sees fit. Directors may be removed by the affirmative vote of a majority of the members.

C. Control by Sponsor

The Sponsor is no longer in control of the Board of Directors and relinquished control in September of 1991. However, the Sponsor has the right to designate one (1) Director for so long as it holds at least one (1) membership in any phase of the Development. The Sponsor may not cast its votes to elect any Directors in addition to the Directors it has the right to designate. When Sponsor no longer owns any membership interests it may no longer designate any Directors.

D. Expenses of Operating the Association

Pursuant to the terms of the recorded Declaration each Member of the Association shall pay a portion of the expenses of the Association, the numerator of which shall be one (1) and the denominator of which shall be equal to the number of Homes and Lots on the Properties subject to the Declaration and any additional Homes and Lots that may be brought into the scheme of this Declaration pursuant to its terms. Pursuant to the terms of the Declaration, the Sponsor's obligation for assessments on unsold Homes subject to the

Declaration is limited to the difference between the actual operating costs of the Association, including reserves on the Common Properties, and the assessments levied on Owners who have closed title on their Homes. In no event, however, is the Sponsor required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying equal assessments on unsold Homes. In the event Sponsor elects to bring additional Homes located on future Phases within the scheme of the Declaration, assessments against up to 264 additional Homes will commence when the Homes close in all Phases and in addition when a Supplemental Declaration is recorded for future Phases in the Suffolk County Clerk's Office bringing such homes within the scope of the Declaration. In the event all such homes are brought within the scheme of the Declaration, the Association, as presently contemplated, will have 650 ultimate members.

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

If an assessment is not paid on the date when due, as fixed by the Board of Directors, then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Member's Lot which shall bind such property in the hands of the Member, his heirs, devisees, personal representatives and assigns. Such lien shall be prior to all other liens except: (a) tax or assessment liens on the Lot by the taxing subdivision of any governmental authority, including but not limited to, State, Town, County, Village and School District taxing agencies, and (b) all sums unpaid on any first mortgage of record encumbering the Lot and/or all sums unpaid on any other blanket mortgage encumbering the Lot and held by a lending institution or its successors and assigns. The personal obligation of the Member who was the Owner of the Lot when the assessment fell due to pay such assessment, however, shall not pass to his successors in title unless expressly assumed by them.

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

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

Set forth at page 6 is a copy of the current operating budget of the Association.

At the closing of title to a Home a purchaser is required to contribute the equivalent of two (2) months maintenance to the Association as initial working capital. In view of the fact the Sponsor is no longer in control of the Association, Sponsor cannot make any representation that the reserve fund set forth in the budget is sufficient to cover foreseeable capital expenditures and no representation is or can be made that unforeseeable expenditures or additional capital expenditures desired by the Board of Directors in the future may not require the imposition of an additional assessment. Neither the Department of Law nor any other governmental agency has passed upon the adequacy of the fund.

E. Membership and Voting Rights in the Association

The Association shall have one class of membership interest. The Owner of each home in the Properties subject to the Declaration shall be a Member whether such ownership is joint, in common or tenants by the entirety. The Association currently has 386 voting members representing the total number of titled homes in Phases I through IV. In the event Sponsor brings all additional homes, presently contemplated, located in all existing Phases and future phases within the scheme of the Declaration, there will ultimately be a maximum of 650 voting members in the Association. The vote of sixty six and two thirds (66 2/3%) percent of the members is required to amend the Declaration or By-Laws.

Each Member is entitled to one vote irrespective of the number of Homes or Lots owned by such member. No member shall split or divide its votes on any motion, resolution or ballot other than in the cumulative voting procedure employed in the election of Directors as set forth above.

BROOKHAVEN PLANNING BOARD APPROVAL

As of the date of this Restated Offering Plan, the subdivision maps for Sections (Phases) I through IV have all been filed in the Suffolk County Clerk's Office as follows:

Section 1 - Map No. 8034, filed December 23, 1985.

Section 2 - Map No. 8258, filed September 23, 1986.

Section 3 - Map No. 8459, filed January 19, 1988.

Section 4 - Map No. 8632, filed October 17, 1988.

In addition, the subdivision map for Section 5 containing 158 Lots was filed in the Suffolk County Clerk's Office as Map No. 9392 on July 23, 1993.

The subdivision map for Section (Phase) 6 has not been filed as of the date of the Restated Plan. At such time as the Sponsor intends to offer Homes and Lots for sale in Section (Phase) 6, the Sponsor will amend the Plan to disclose whether or not the subdivision map has been filed and if not, will amend the Plan at such time as it is filed. In no event will any closing be held in Section VI until such time as the subdivision map is filed.

FIRE AND CASUALTY INSURANCE ON HOMES, RECONSTRUCTION

Article XI of the Declaration provides that each member shall be required to obtain and maintain adequate fire, flood (if required) and extended coverage insurance of his home which shall insure the property for its full replacement value, with no deductions for depreciation, against loss by fire or other hazards.

If such insurance has not otherwise been adequately obtained by each owner, then the Board shall obtain such insurance coverage and the cost of such premium will be an individual assessment against such owner. Insurance obtained by the Board of Directors shall be written in the name of the Association as Trustee for the benefit of each home owner. The proceeds of all insurance claims must be deposited in a lending institution subject to withdrawal only upon the signature of an authorized agent of the Board of Directors.

The Declaration further provides that repair or reconstruction of the damaged homes must commence within 30 days of receipt of the insurance proceeds. The sole obligation of a member is to either repair the damage or to remove the debris and clean up the affected area. In the event such reconstruction is not commenced for any reason (including the situation where a mortgagee of a home retains the insurance proceeds to reduce the mortgage as permitted by Section 254 of the Real Property Law), the Board of Directors is empowered to reconstruct the home and the cost thereof will be a special assessment against the owner of such home. Until such time as the owner pays the special assessment, the Board of Directors may be required to borrow funds or impose a special assessment against all Association members to pay for such reconstruction.

OBLIGATIONS OF SPONSOR

Prior to the conveyance of title to any home, the Sponsor will arrange for the home to be released from the provisions of any land or construction loan mortgage encumbering the development.

As previously noted, the Common Areas in Phases I through IV including the recreational facilities have been completed and conveyed to the Association. The Common

Areas in subsequent phases will be conveyed to the Association prior to the closing of title to any Home or Lot in said phase. The Common Areas in subsequent phases will be released from the lien of all mortgages prior to their conveyance by the Sponsor to the Association. The construction of all roadways and walkways directly serving a home will be substantially complete before conveying title to the home. Landscaping will be completed prior to the closing of title to the last home or the following planting season in each phase.

The Sponsor's obligations to complete the construction of the Common Properties in subsequent phases will survive their conveyance to the Association. **THE SPONSOR IS NOT REQUIRED NOR IS IT POSTING A COMPLETION BOND CONCERNING ANY IMPROVEMENT TO THE COMMON PROPERTIES IN SUBSEQUENT PHASES AND ITS ABILITY TO COMPLETE THE CONSTRUCTION OF THE COMMON PROPERTIES IN SUBSEQUENT PHASES WILL DEPEND SOLELY ON ITS FINANCIAL RESOURCES DURING THE PERIOD OF CONSTRUCTION.**

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

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

The Sponsor agrees to pay for the authorized and proper work involved in the construction, establishment and sale of all Association property to be completed. Sponsor is obligated to complete construction of all Common Area improvements under the Plan which have not been completed and which are subject to the Declaration of Covenants and Restrictions. Sponsor further agrees to cause all mechanics' liens with respect to such construction to be promptly discharged or bonded.

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

The Sponsor agrees to deliver a set of "as-built" plans of Common Property improvements of subsequent phases to the Board of Directors, including specifications of roads, recreation facilities, and/or water lines and a representation that the plans or specifications are in substantial compliance with the terms of the Offering Plan. If Sponsor has reserved an easement to complete construction of the Property to use the Common

Area facilities in connection with the sale of Homes, Sponsor will be obligated to repair any damage to the Common Area caused by its construction.

Sponsor is obligated to pay assessments to the Association in the manner set forth at page 35.

The Sponsor may be liquidated at any time after completion of the Common Area improvements, however, any such liquidation shall not diminish Sponsor's obligations as set forth in this Offering Plan.

In view of the fact Sponsor is no longer in control of the Board of Directors, it cannot require, nor can it guarantee that the Board of Directors of the Association provide, an Annual Certified Profit and Loss Statement and Balance Sheet of the Association prepared by an independent public accountant on an annual basis.

Sponsor has reserved the right to continue to use the Properties and any sales offices, model homes, signs, recreation facilities, club house, and parking spaces located on the Properties in its efforts to market homes constructed on the Properties so long as the Sponsor has any Homes or Lots left to sell.

All representations under the Restated Offering Plan, all obligations pursuant to the General Business Law, and such additional obligations under the Restated Offering Plan which are to be performed by the New Sponsor subsequent to the closing date will survive delivery of the deed.

PROCEDURE TO PURCHASE

A person desiring to purchase a Home in the Development will be required to execute a purchase agreement in the form set forth as Exhibit D of this Plan and to return it to the Sponsor together with a check in the amount set forth in the Purchase Agreement of up to ten (10%) percent of the purchase price plus extras. No purchase agreement may be entered into unless the purchaser has received a copy of the Offering Plan at least 3 full business days prior to the execution of the purchase agreement. The purchase agreement provides that the closing of title will not be scheduled on less than fifteen (15) days written notice to the purchaser and that the purchaser will have thirty (30) days to cure any default under the purchase agreement.

At closing, Purchaser shall pay, or reimburse to Sponsor if Sponsor has already made payment, in addition to all other sums payable or reimbursable elsewhere under the Purchase Agreement, all charges for (a) inspections; (b) appraisals; (c) survey and surveying services; (d) title examination and policy insuring the lender's interest; (e) lender's attorneys fees for preparation of all loan documents; (f) all commitment fees, points, origination fees and other fees and charges (howsoever characterized) imposed or exacted by the lender or

incurred by Sponsor in connection with the mortgage loan; (g) mortgage recording taxes; (h) governmental charges which may be assessed on account of the mortgage loan; (i) New York State real estate transfer tax on the deed (which is normally paid by Seller but by contractual arrangement, is to be paid by Purchaser); (j) all recording and filing charges payable to any public official; (k) an initial, non-reimbursable capital contribution equivalent to two (2) months' maintenance charges to the Association; (l) water and sewer tap and connection fees, water meter deposit, water vault, water meter reading equipment and water and sewer test fees; and (m) advance sewer use payments, if any.

The Purchase Agreement may not be assigned by Purchaser without the written consent of Sponsor.

The risk of loss or damage to the Home by fire or any other cause until the delivery of the deed or purchaser takes actual possession of the Home pursuant to written agreement is assumed by the Sponsor.

The Purchase Agreement may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law. Any conflict between the Purchase Agreement and the Plan will be resolved in favor of the Plan.

The Purchase Agreement may be subject to and contingent upon Purchaser obtaining, at its own cost and expense, a mortgage loan commitment from a Lender designated by Sponsor in the amount and pursuant to the terms set forth in Paragraph 8 of the Purchase Agreement. Purchaser shall be obligated to obtain renewals or extensions through the date of closing on such terms and at such interest rate as the Lender may require and shall pay any fees and charges required to renew and extend the Commitment.

ESCROW AND TRUST FUND PROVISIONS

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto.

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. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Offering Plan or in a Purchase Agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, downpayments, or advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five (5) business days after the Agreement is signed by all necessary parties, in a segregated special escrow account of Certilman Balin Adler & Hyman, the Escrow Agent, whose address is 90 Merrick Avenue, East Meadow, New York 11554 and whose telephone number is (516) 296-7000. The signatories on this account authorized to withdraw funds are: Richard Herzbach, Ira J. Adler, Dale Allinson, Herbert M. Balin, Morton L. Certilman, Murray Greenberg, David Herman, M. Allan Hyman, Bernard Hyman, Steve Kuperschmid, Fred Skolnik, Louis Soloway, Howard M. Stein and Brian Ziegler, all with an address 90 Merrick Avenue, East Meadow, New York 11554. The name of the account is "Certilman Balin Adler & Hyman/Leisure Glen IOLA Escrow Account", located in North Fork Bank, 532 Broad Hollow Road, Melville, New York 11747. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit. If an individual makes a downpayment in excess of \$100,000.00 for the purchase of a unit, it is a special risk of this offer that such deposit will not be federally insured in excess of \$100,000.00.

The account will be an Interest-On-Lawyer-Account ("IOLA"). Pursuant to Judiciary Law, Section 497, all interest earned on the IOLA account will be paid to the State of New York.

Purchasers should note as a special risk that although all funds received by Sponsor for upgrades or extras to a Home will initially be placed in the escrow account, such funds may be released from the escrow account without the requirements outlined below as long as the Sponsor uses the funds for such upgrade or extra. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds paid to the Sponsor for upgrades or extras.

All instruments shall be made payable to or endorsed to the order of Certilman Balin Adler & Hyman, as escrow agent and shall be accepted subject to collection.

Within ten (10) business days after the tender of the deposit submitted with the Purchase Agreement, the escrow agent will notify the purchaser that such funds have been deposited into the escrow account and will provide the account number. In the event the purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, the purchaser has a right to cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after the tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the purchaser in conformity with the Attorney General's regulations.

Purchasers should note that the deposit of a Purchaser's downpayment into the escrow account shall not be deemed acceptance by the Sponsor of the Purchase Agreement.

The Purchase Agreement shall be deemed accepted by the Sponsor only when countersigned by the Sponsor.

The escrow agent will hold funds in escrow until otherwise directed in:

- (i) a writing signed by both Sponsor and purchaser. Sponsor and/or the Escrow Agent may require a Purchaser to execute a writing authorizing release of the funds by the Escrow Agent as a condition of closing. Authorization in the Purchase Agreement of the release of funds at closing will be deemed such a writing; or
- (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (iii) a judgment or order of a court of competent jurisdiction; or

The Escrow Agent will also be permitted to release the escrow funds if:

- (i) the Escrow Agent is changed pursuant to the terms of the Escrow Agreement in connection with a transfer of funds to the new escrow agent; or
- (ii) funds which were deposited prior to the acceptance of the contract are returned to the purchaser because of rejection of the contract by the Sponsor; or
- (iii) any governmental authority imposes a ban on the construction or completion of residential dwellings or imposes restrictions on the manufacture, sale, distribution and/or use of materials from Sponsor's regular suppliers or from using same in the construction and/or completion of the Home making the construction or completion of the Development unlikely; or
- (iv) Sponsor is unable to obtain materials from its usual sources due to labor troubles, lockouts, war, military operations and requirements, civil unrest, acts of God or national emergencies making the construction or completion of the Development unlikely; or
- (v) the installation of public utilities is restricted or curtailed making the construction or completion of the Development unlikely; or
- (vi) until released in accordance with the next paragraph.

If there is no written agreement between the parties to release the escrowed funds, the escrow agent will not pay the funds to the Sponsor until the escrow agent has given the

purchaser written notice of not fewer than ten (10) business days. Notice shall be deemed given five (5) days after the date of mailing to the Purchaser at the address set forth in the Purchase Agreement. Thereafter, the funds may be paid to the Sponsor unless the purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the escrow agent in accordance with such provisions.

The Sponsor will not object to the release of the escrowed funds to:

- (i) a purchaser who timely rescinds in accordance with an offer or rescission contained in the Plan or an Amendment to the Plan;
- (ii) all purchasers after an Amendment abandoning the Plan is accepted for filing by the Department of Law.

Purchasers should note that it shall be an express condition of closing of title that the Purchaser sign the form contained in Part II which will enable the Escrow Agent to release the escrow funds, if not previously released as provided above.

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the downpayment. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is contained in Part II of the Plan as Exhibit "M." The party applying for a determination must send 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 an interim directive issued by the Attorney General.

A copy of the Escrow Agreement between the Sponsor and the escrow agent which incorporates the terms of the Attorney General's regulations is contained in Part II of the Plan as Exhibit "L".

MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

The Association currently has a labor service agreement with J.P.M. Management Corporation. Included in the services is the management and maintenance of all common areas, lawns, parking areas, roads, residential building exteriors, (except warranty items), and all recreational facilities. This includes minor materials required for the performance of their functions, including two fertilizations, lime, weed & crabgrass control, and tree spraying.

The cost of this service is currently \$109.40 per Home per month. The Board of Directors approved an additional extension of the contract to March 31, 1997 which has the result of no increase in this service for four (4) years, regardless of how many homes are ultimately built.

The Association also has an agreement for bus service to be supplied by Laidlaw Bus Co. The daily fee to the Association is at the rate of \$210.00 per full day of operation less a discount of \$60.00 per day. The agreement is for 21 hours of usage per week and includes a 10% additional charge for trips to New York City or Nassau County.

IDENTITY OF PARTIES

Sponsor/Selling Agent:

The Sponsor, Timber Ridge Homes at Leisure Glen, Inc., is a New York corporation with an address at 631 Commack Road, Commack, New York. The officers and directors of the Sponsor are Donald M. Eversoll, Peter Klein, Donald B. Cowdell and Karen A. Striegl all with the same business address as the Sponsor.

In 1976 Donald M. Eversoll and Peter Klein formed the firm of Klein & Eversoll, Inc. In the 18 years since its inception, Klein & Eversoll, Inc. has sold over 1,500 homes on Long Island.

Mr. Eversoll has served as President of both The Long Island Builders Institute and The New York State Builders Association. He currently serves as a director on both boards as well as the National Association of Homebuilders and is the Chairman of the Suffolk County Planning Commission. Additionally, he served as Vice Chairman of the Suffolk County Pines Barrens Review Commission and was one of the founders and is a member of the Board of Directors for the Sales and Marketing Council of Long Island. He has also been elected as a trustee of the Nature Conservancy.

Mr. Klein is a past President and Chairman of The Long Island Builders Institute and currently is an officer of the Long Island Association as well as Chairman of its Economic Development Committee. He is also a founding member of The Long Island Housing Partnership, Director of the National Association of Homebuilders and an Officer and Trustee of WLIW, Channel 21.

Mr. Cowdell became a partner of Klein & Eversoll, Inc. in October of 1993. Since 1982, he has managed and supervised all operations involving production of single family homes and commercial buildings. He is a member of the Long Island Builders Institute and has served as a member of the Long Island Lighting Company's, Long Island Builder's Institute Liaison Committee. He recently completed and obtained a certification for Klein & Eversoll, Inc. as NYSE Star Certified Builder.

Ms. Striegl is a Real Estate Broker and is Vice President of Sales and Marketing of Klein & Eversoll, Inc. She is Realtor Director of the Long Island Sales and Marketing Council and a member of the Long Island Board of Realtors.

Mr. Eversoll and Mr. Klein were principals of Timber Ridge Homes at Stony Brook, Inc. which was the Sponsor of unsold homes at Greenbrook Home Owners Association located in Coram, New York and the principals of the entity that was the Sponsor of Timber Ridge Homes at Commack, which was sold to another developer shortly after receiving a No-Action Letter from the New York State Department of Law. They were also the principals of Timber Ridge at Amityville Home Owners Association located in Amityville, New York, (H86-0014); Timber Ridge at Holbrook Home Owners Association (H88-0171) located in Holbrook, New York; Timber Ridge at Holtsville Condominium I, Holtsville, New York (CD92-0045); and Timber Ridge at Holtsville Condominium II, Holtsville, New York (CD93-0016). All of the above developments are completely sold out except for Timber Ridge at Holtsville Condominiums I and II in which the Sponsor in each condominium currently owns more than ten (10%) percent of the unsold homes.

Copies of the Offering Plans for said developments are on file with the New York State Department of Law, 120 Broadway, New York, New York 10271. The Sponsor of these developments are current in their obligations.

Neither the Sponsor, Mr. Cowdell nor Ms. Striegl have had any prior public offerings of cooperative interests in realty nor do they currently own ten (10%) percent or more of any unsold units or shares in any condominiums, cooperatives or home owner associations.

Attorneys:

All legal matters in connection with the tax opinion of counsel contained herein and the preparation of this Restated Offering Plan have been passed upon for the Sponsor by Certilman Balin Adler & Hyman, Esqs.

Certilman Balin Adler & Hyman will represent the Sponsor in connection with the individual Home closings and will act as the Escrow Agent as described on page 41.

Engineer:

The engineer who prepared the original specifications and report set forth in Part II for the Original Sponsor is Nelson & Pope, Melville, New York. The Sponsor herein engaged Henderson and Bodwell, Consulting Engineers, 120 Express Street, Plainview, New York 11803 to prepare the addendum to the original report which addendum is contained in Part II as Exhibit H-1.

REPORTS TO MEMBERS

The Association has operated under a fiscal year ending March 31. They are in the process of changing their fiscal year to end September 30. A copy of the financial statement for the fiscal year ending March 31, 1992 and 1993 is contained on page 12 of the Restated Offering Plan. Since Sponsor is not in control of the Board of Directors, Sponsor cannot guarantee that the Board of Directors will continue to provide Certified Financial Statements or that the Board of Directors will provide other types of Financial Statements to the members of the Association. The Board of Directors of the Association has also been providing its members with budgets for each upcoming fiscal year, however, Sponsor cannot guarantee when or if the Board will continue to provide the budgets. A copy of the Association budget for the period ending September 30, 1994 is contained at page 6. Although Sponsor believes the budget prepared by the Board of Directors is adequate, Sponsor cannot certify as to its adequacy. In the event it is not adequate, it is possible maintenance charges may increase.

Pursuant to the terms of the By-Laws, the annual meeting of the membership of the Association is to be held on such date as is fixed by the Board of Directors.

It is the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Members at least ten (10) but not more than thirty (30) days prior to such meeting.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Restated Offering Plan and the Exhibits and documents referred to herein will be available for inspection by prospective purchasers and by any person who has purchased a security offered by this Plan or who has otherwise participated in this Offering at the offices of the Sponsor at the address indicated on the front cover of this Restated Offering Plan, and will remain available for such inspection for a period of six (6) years.

GENERAL

This Restated Offering Plan contains a fair summary of the material facts of this Offering and does not knowingly omit any material fact or contain any untrue statement of any material fact.

There are no lawsuits or other proceedings now pending or any judgments outstanding, either against the Sponsor or the Association or any person or persons which might become a lien against the Development or which materially affect this Offering or

Sponsor's capacity to perform all of its obligations under the Plan or operation of the Association.

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his race, sex, age (except as permitted in this Planned Retirement Community), creed, color, national origin or ancestry in the sale of homes at Leisure Glen and in the simultaneous offering of memberships in the Association under this Restated Offering Plan.

As noted in Special Risk No. 1, the Sponsor herein has or will acquire unsold Homes and Lots in an existing Home Owners Association in which the Original Sponsor prepared the Original Offering Plan and offered and closed title on Homes and Lots in the Association. As of the date of this Plan, neither the New Sponsor nor any of its agents has raised funds or made any preliminary offering or binding agreement to or with prospective home owners for the Homes and Lots is has or will acquire.

Investor-purchasers of more than one (1) Home and/or Lot for resale rather than occupancy are required to register pursuant to General Business Law Section 352-e and to provide prospective purchasers with the Offering Plan and all amendments.

The Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Plan which adversely affects Purchasers, then anyone who has theretofore executed a Purchase Agreement shall be given not less than 30 days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor and any Selling Agent employed by the Sponsor to cancel the Purchase Agreement and to obtain a refund, in full, of the down payment made herewith.

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

**TIMBER RIDGE HOMES AT LEISURE
GLEN, INC.**

By: s/_____

Date of the Original Offering Plan: January 6, 1986

Date of Restated Offering Plan: May 13, 1994