

INTRODUCTION

ON JULY 25, 1974 SIGMA-CONTINENTAL CORP. FILED A PLAN AND THIS REFILEING CONSTITUTES A RESTATEMENT OF THE SAID PLAN IN ITS ENTIRETY.

The Developer, KMS PROPERTIES COMPANY, intends to subdivide 84 acres of land in the Town of Southampton, Suffolk County, New York, into 70 Lots on a Modified Cluster Zoning Plan to form a Development to be known as Whalebone Landing. Purchasers can buy undeveloped Lots but it is anticipated that most purchasers will buy Lots on which a home shall have been constructed. Whalebone Landing is located on little Peconic Bay and is about 6-1/2 miles from the central shopping area of Southampton. The surrounding property is zoned for single family residences and is partially developed.

All Purchasers of Lots in the Development will take title subject to a Declaration which is set forth at length as Exhibit A annexed hereto. The Declaration provides, in summary as follows:

Each Purchaser will be responsible for payment of his proportionate share (one-seventieth) of the cost of maintaining or improving approximately 11.5 acres of land to be used for walk-ways and a Beach Front area on which will be located a Beach Facility and two tennis courts (the "Common Areas"), which all Purchasers shall have the right to use. The Common Areas are hereafter more particularly described. In addition, the Declaration establishes certain regulations with respect to the use of the Lots, all of which are aimed at maintaining the integrity of the community for use for single family occupancy.

Upon the sale of the first Lot title to the Common Areas will be conveyed to a Property Owner's Association which

will be organized by the Developer as a not-for-profit corporation and each owner of a Lot shall be a member of the Association. When 20 Lots shall have been sold the Developer may relinquish management of the Common Areas to the Property Owner's Association. When 50 Lots have been sold or two years shall have elapsed, whichever shall be the sooner, the Developer shall relinquish management of the Common Areas to the Property Owner's Association which will assume responsibility for management thereof. However, at all times each owner of a Lot shall be liable for payment of one-seventieth of maintenance and operation costs from and after the date that he obtains title to a Lot.

The assessment each year is a lien against the Lot and the owner of the Lot is also personally liable for the payment of it. If not paid on time interest will be charged on the assessment and it may ultimately be collected by sale of the owner's Lot at public auction.

The Property Owner's Association shall be governed by a Board of 3 to 7 Trustees each of whom shall be elected by a majority vote for a one-year term. Each owner of a Lot shall have one vote and the owners shall decide how many Trustees there shall be. The Trustees shall have responsibility for management and preservation of the property of the Association, that is, the Common Areas. They have the responsibility to adopt an operating budget for each year, to be assessed against the members, but may not adopt a Capital Budget unless ratified by 47 of the members.

The Certificate of Incorporation and By-Laws of the Property Owner's Association are annexed as Exhibits B and C. Exhibit D describes the background and experience of the principal officers of the Developer and the proposed contract of sale to be entered into with purchasers of Lots is annexed

as Exhibit E. The contract provides that the Seller will arrange for purchasers having a satisfactory credit standing a mortgage equal to 90 percent of the purchase price of the Lot payable over a period of 30 years with interest at the rate of 7-3/4 percent per annum. In addition to the usual title closing costs such as the mortgage tax and premium for a title insurance policy for the mortgagee there will be a fee of \$250 payable to the attorney for the mortgagee for preparing the mortgage papers and closing the loan. Finally, the form of bargain and sale deed with covenant against grantor's acts to be used for conveyance of Lots to owner's is annexed hereto as Exhibit F.

ALL DOCUMENTS REFERRED TO IN THIS OFFERING PLAN ARE IMPORTANT. IT IS SUGGESTED THAT YOU CONSULT WITH YOUR OWN ATTORNEY OR FINANCIAL ADVISOR BEFORE SIGNING ANY CONTRACTS AND ALSO PROVIDE HIM WITH A COPY OF THIS OFFERING PLAN. ALL PURCHASERS OF LOTS SHOULD BE AWARE THAT IF THEY RESELL THEIR LOT, THOSE WHO PURCHASE FROM THEM WILL AUTOMATICALLY BE SUBJECT TO THE DECLARATION.

PROJECTED SCHEDULE OF RECEIPTS AND
EXPENSES FOR JUNE 15, 1978 TO SEPTEMBER 15, 1978

The estimated cost of maintaining and operating the Common Areas during the first year of operation is as follows:

EXPENSES:

Taxes (Note 1)	\$1,200.00
Insurance (Note 2)	1,000.00
Electrical Charges, Rubbish Removal and Cleanup (Note 3)	600.00
Management (Note 4)	<u>-0-</u>
TOTAL:	\$2,800.00

Payment of \$40.00 by 70 Lot Owners equals \$2,800.00.

- Note 1: Taxes on the land are estimated to be \$700 and taxes on the Beach Facility and tennis courts are estimated to be \$500. Customarily, the value of, and taxes attributable to, Common Areas are reflected in the assessment of the properties benefitted by them.
- Note 2: A policy insuring the Association in the limits of \$1,000,000 Bodily Injury Limits and \$10,000.00 Property Damage Limits, and a Fire Insurance Policy with extended coverage endorsement for the full replacement cost of the Beach Facility.
- Note 3: Electrical charges for pump for well and lights in Cabana calculated for 3 months at \$25 per month, rubbish removal calculated at 3 months at \$25 per month and cleanup calculated at 1 hour daily at \$5 for 90 days.
- Note 4: The Developer shall collect assessments, pay expenses and manage the Common Areas, without fee, until it relinquishes control of the Homeowner's Association and thereafter the Association, through its members, will have to assume these obligations.

It should be noted that each owner of a Lot would have to be assessed \$40.00 for the year. Any purchaser should assume that this charge shall increase in subsequent years; since the charge involves insurance premiums and real estate taxes the amount of the increase cannot reasonably be predicted.

LETTER OF ADEQUACY

Landmark Development Company
26 West High Street
Somerville, New Jersey 08876

KMS Properties Company
c/o Meadow Real Estate
Southampton, New York 11968

Gentlemen:

The undersigned firm has been engaged in the development and management of real property for more than 10 years.

We have reviewed for inclusion in the Offering Plan of Whalebone Landing the foregoing schedule of estimated receipts and expenses for the year June 15, 1978 to September 15, 1978 and, based on our experience and on talking to local people to confirm the prevailing prices for the items indicated, believe the estimates are reasonable and adequate and that the estimated receipts indicated will be sufficient to meet said expenses. Because of the possibility of unforeseeable changes in the economy or increases or decreases in the expenses of operation our estimates are not intended to be taken as representations, guarantees or warranties of any kind whatsoever or as any assurance that the actual expenses or income may not vary from the amounts shown.

Very truly yours,

LANDMARK DEVELOPMENT COMPANY

By _____

DESCRIPTION OF COMMON AREAS TO BE OWNED BY THE
ASSOCIATION AND SUBJECT TO COMMON USE BY OWNERS
OF LOTS AND DESCRIPTION OF SURROUNDING AREA

COMMON AREAS

The land to be owned by the Association is indicated by shading on the Subdivision Map of WHALEBONE LANDING annexed hereto as Exhibit G and consists of approximately eleven and one-half (11.5) acres of walk-ways and Beach Front area; the Beach Front area having approximately 950 feet of shore line. The walk-ways will be open natural pathways. The walk-ways and Beach Front area will be left in a natural state, to be drained by natural percolation and neither will have any surfacing or lighting, except that a wood frame Beach Facility (Cabana) will be built by the Developer in the Beach Front area, to consist of a storage area and men's and women's shower rooms, with a total area of approximately 500 square feet. Two fenced in all weather hard surface tennis courts will also be constructed in that area.

Other than those which are now in existence and visible, there will be no landscaping, trees, gates, fences or walls installed by the Developer.

SURROUNDING AREA

The Surrounding Area is zoned for single family residences and is partially developed. Exhibit H annexed hereto indicates areas in the immediate proximity. The central shopping area of Southampton is approximately 6-1/2 miles away.

OBLIGATIONS OF DEVELOPER

The Developer will construct a Beach Facility (Cabana) in the Beach Front Area to consist of a storage area and men's and women's shower rooms, with a total area of approximately 500 square feet. The Developer shall also construct two fenced in all weather tennis courts in that area. All required permits or certificates of occupancy for these facilities shall be obtained by the Developer and delivered to the Property Owner's Association together with a one year warranty. The Common Areas (with said facilities) shall be deeded to the Association by a bargain and sale deed with covenant against grantor's acts in the form of Exhibit F annexed hereto and the Association shall also be given, at Developer's expense, a title policy for \$40,000 from a title company selected by the Association insuring title subject only to the matters mentioned in the Declaration. Until 20 Lots have been sold the Developer shall collect assessments, pay expenses and manage the Common Areas, without fee. Thereafter, the Association, through its members, will have to undertake these obligations.

The Developer plans, if the sale of Lots proceeds satisfactorily, to complete the Cabana and tennis courts by the summer of 1978 and the Developer shall, in any event, complete the same before June 30, 1979.

DOCUMENTS ON FILE

In accordance with Section 352-e-(9) of the New York General Business Law, copies of the Plan and all Exhibits and/or documents referred to therein shall be available for inspection by prospective purchasers at the offices of:

Richard Pellicane, Esq.
1380 Roanoke Avenue
P.O. Box 209
Riverhead, New York 11901

and shall remain available for such inspection for a period of six (6) years. The Attorneys for the Developer in the matter of the Development are:

Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005

GENERAL

This Plan does not knowingly omit any material fact or contain any untrue statement of any material fact. Exact copies are contained herein of the Declaration as well as the Filed Map and the Plan of the proposed Common Areas.

There are no law suits or other proceedings now pending or any judgments outstanding either against the Developer or against any other person, firm or corporation connected with the development of the Property which might become a lien against the Property or which materially affects this Offering.

This Plan is offered only to persons over eighteen (18) years of age and may be offered to persons who are residents outside the State of New York.

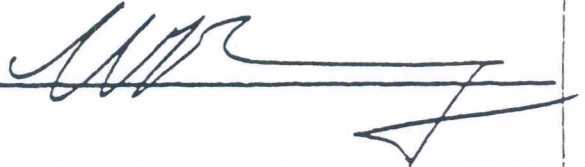
In accordance with the provisions of the Law of the State of New York and of the United States, the Developer represents that the Developer, and any agent employed by the Developer, will not discriminate against any person because of race, creed, color, national origin or ancestry in the sale of Lots.

No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

Three (3) Lots have been sold as of the date hereof.

As restated hereby, the Plan is ratified and confirmed in all respects and there are no other material changes thereto.

KMS PROPERTIES COMPANY
By: LANDMARK DEVELOPMENT COMPANY

By 

Dated as of November 16, 1977