

PUBLIC OFFERING STATEMENT

FOREST GLEN TOWNHOUSES

A Planned Community

Georgia, Vermont

by Stuart Homes, Inc.

Dated _____, 2006

**PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES**

LIST OF EXHIBITS

Exhibits

- A Declaration of Covenants, Easements, Restrictions and Liens for Forest Glen Townhouses, A Planned Community, Georgia, Vermont by Stuart Homes, Inc.
- A-1 Description of Lands
- A-2 Table of Allocated Interests
- A-3 Plans
- A-4 The Bylaws of Forest Glen Townhouse Association, Inc., A Vermont Nonprofit Corporation
- B Sample Purchase and Sale Contract Addendum
- C Certificate of Incorporation for Forest Glen Townhouse Owners Association, Inc. and Certificate of Amendment for Forest Glen Townhouse Association, Inc.
- D Projected Budget for Year 2007
- E Project Permits
- State of Vermont Permits: Land Use Permit No. 6FO558 dated October 9, 2003 issued by the District #6 Environmental Commission along with the Findings of Fact and Conclusions of Law dated October 9, 2003 and recorded in Volume 158 at Pages 570-573 of the Town of Georgia Land Records, as amended by Land Use Permit No. 6FO558-1 dated July 22, 2005 and recorded in Volume 174 at Pages 252-255 of said Land Records; Wastewater System and Potable Water Supply Permit Case No. WW-6-0302-1 dated July 14, 2003 and recorded in Volume 155 at Pages 286-290 of said Land Records, as amended by Wastewater System and Potable Water Supply Permit No. WW-6-0302-1-R dated March 25, 2004 and recorded in Volume 162 at Pages 733-735 of said Land Records and Wastewater System and Potable Water Supply Permit No. WW-6-0302-2 dated June 13, 2005 and recorded in Volume 173 at Pages 295-298 of said Land Records; Conditional Use Determination Section 8 Vermont Wetland Rules File No. 2001-334 dated September 23, 2003; Agency of Natural Resources Department of Environmental Conservation Discharge Permit No. 1-1552 dated October 15, 2002; and Public Water System Permit to Construct Project No. E-1613, WSID No. 5121, PIN No. EJ04-0411 dated March 7, 2005.
- Federal Permits: Department of the Army Regulatory Division CENAE-R-61 Corps Permit No. 2003 01/32 dated August 15, 2003; and Department of the Army General Permit No. 6P-58 State of Vermont effective October 15, 2002
- Town of Georgia, Vermont Approvals: Town of Georgia, Vermont Planning Commission Decision, Finding of Fact in Re: Application of Joe Stuart, Applicant and Roger and Judy Fuller, Property Owner, Final Plat Hearing for Phase I of a Planned Residential Development PC 31-03 dated October 28, 2003 and Town of Georgia, Vermont Planning Commission Decision Regarding Application of Joe Stuart / Joe Stuart Homes, Inc. for Final Plat/Site Plan Approval and Findings of Fact dated May 27, 2005
- F “An Act Relating to Common Interest Ownership”
- G Agreement and Waiver; Road Agreement; and Wastewater Service Agreement, Waiver and Easement

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1. (a) Declarant: Stuart Homes, Inc.
350 Woods Hollow Drive
Milton, Vermont 05468
- (b) Declarant's Counsel: Guy L. Babb, Esq., Ward & Babb
3069 Williston Road, South Burlington, VT 05403
Telephone 863-0307; Facsimile 863-4587.
E-mail: babb@wkblawyers.com

(c) Name, Address and Type of Common Interest Community:

Name: Forest Glen Townhouses
Address: Ledgewood Lane, Georgia, Vermont
Type: Forest Glen Townhouses is a planned community

2. (a) Description of the Common Interest Community: Forest Glen Townhouses consists of twenty-three (23) Units which are located within the planned community of Forest Glen Townhouses. The Units share common areas as described in the Declaration of Covenants, Easements, Restrictions and Liens for Forest Glen Townhouses dated _____, 2006 and recorded in the Town of Georgia Land Records.

(b) Types and Numbers of Lots and Residential Structures: Initially Forest Glen Townhouses consists of twenty-three (23) Units. Declarant has reserved the right to build additional Units.

(c) Construction Materials and Building Types: Construction materials will be comprised of wood frame with clapboard or vinyl siding and asphalt tile roof. The specifications provisions of the construction agreement between the builder and the Unit Owner shall control. Declarant may not build the townhouses.

The Common Elements, which will include the common landscaped areas and the private road and cul-de-sac serving the Townhouses, will be maintained by the Association, and each Unit shall be charged equally for these Common Expenses. The roads identified as Woods Hollow Drive and Ledgewood Lane serving the Units and set forth on the Plans initially will be private roads maintained by Forest Glen Townhouse Association, Inc. and Forest Glen Homeowners Association, Inc. They may be accepted as town roads by the Town of Georgia. They have been built pursuant to permit specifications and dedicated to the Town of Georgia.

(d) Schedule of Commencement and Completion of Buildings and Amenities: Construction shall commence by November 2005 and shall be completed when all Units are sold.

3. Number of Units:

Initially Forest Glen Townhouses will consist of twenty-three (23) Units and common areas as described on the Plans (Exhibit A-3) and in the property description (Exhibit A-1).

4. Documents:

Unless otherwise noted, the following documents are attached to this Public Offering Statement and are incorporated by reference. All these documents are subject to amendment by the Declarant:

(a) Declaration: The Declaration of Covenants, Easements, Restrictions and Liens for Forest Glen Townhouses is attached as Exhibit A. The Description of Lands, Table of Allocated Interests, Plans and Bylaws are attached to the Declaration.

(b) Recorded Covenants, Conditions, Restrictions and Reservations Created by Declarant: Since Declarant has not created any recorded covenants, restrictions or reservations other than those contained in the Declaration, no copies are attached as an exhibit to this Public Offering Statement.

(c) Bylaws: A copy of the Bylaws of Forest Glen Townhouse Association, Inc. is attached to the Declaration of Covenants, Easements, Restrictions and Liens as Exhibit A-4.

(d) Rules: There are no rules at this time.

(e) Contracts and Leases to be Signed by the Purchasers at Closing: There are no leases or contracts to be executed by purchasers at closing.

(f) Contracts or Leases That Will or May Be Subject to Cancellation by the Association: There is no written management contract between the Forest Glen Townhouse Association, Inc. and a property manager at this time. It is anticipated the Unit Owners shall manage the Association.

(g) Other Contracts: At this point in time it is too soon to determine the extent to which the Association will be contracting for various services to the Common Interest Community. However, it is anticipated that contracts will be entered into for snowplowing services for Unit Owners' driveways and minimal maintenance of the common areas. As the nature and amounts of these contract obligations become known they will be made available. State permits require environmental monitoring and reporting and contracts shall be entered to fulfill those obligations.

(h) Purchase and Sale Contract: Concurrently with receiving the Public Offering Statement, purchasers shall be required to sign an addendum to any Purchase and Sale Contract, the form for which is attached as Exhibit B.

(i) Escrow Agreement: Declarant is required by the Common Interest Ownership Act to place all deposits in escrow with an escrow agent. The terms of the escrow are described in Exhibit B.

(j) Certificate of Incorporation: The Certificate of Incorporation and related corporate documents proposed for the Association are set forth in Exhibit C.

(k) Instruments and Documents of Record: The Declaration of Covenants, Easements, Restrictions and Liens for Forest Glen Townhouses contains, or will contain as same becomes available, reference to those land title instruments which may affect the planned community and which Declarant believes to be noteworthy. Also included are references to local and state permits relevant to the project and which the Declarant has been required to obtain for the project: : State of Vermont Land Use Permit No. 6FO558 dated October 9, 2003 issued by the District #6 Environmental Commission, of record in Volume 158 at Pages 570-573 of the Town of Georgia Land Records, as amended by Land Use Permit No. 6FO668-1 dated July 22, 2005, of record in Volume 174 at Pages 252-255 of said Land Records; State of Vermont Waste Water System and Potable Water Supply Permit No. WW-6-0302-1 dated July 14, 2003, of record in Volume 155 at Pages 286-290 of said Land Records, as amended by Wastewater System and Potable Water Supply Permit No. WW-6-0302-1-R dated March 25, 2004, of record in Volume 162 at Pages 733-735 of said Land Records and Wastewater System and Potable Water Supply Permit No. WW-6-0302-2 dated June 13, 2005, of record in Volume 173 at Pages 295-298 of said Land Records; State of Vermont Conditional Use Determination Section 8 Vermont Wetland Rules File No. 2001-334 dated September 23, 2003; State of Vermont Agency of Natural Resources Department of Environmental Conservation Discharge Permit No. 1-1552 dated October 15, 2002; State of Vermont Public Water System Permit to Construct Project No. E-1613, WSID No. 5121, PIN No. EJ04-0411 dated March 7, 2005; Town of Georgia, Vermont Planning Commission Decision, Finding of Fact in Re: Application of Joe Stuart, Applicant and Roger and Judy Fuller, Property Owner, Final Plat Hearing for Phase I of a Planned Residential Development PC 31-03 dated October 28, 2003 and Town of Georgia, Vermont Planning Commission Decision Regarding Application of Joe Stuart / Joe Stuart Homes, Inc. for Final Plat/Site Plan Approval and Findings of Fact dated May 27, 2005.

5. Projected Budget for the Association:

The projected budget for one (1) year after the first conveyance to a purchaser, based on one (1) year of operation with twenty-three (23) Units developed is attached in Exhibit D. It assumes annual assessments of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00). However, the payments may be made quarterly or on some other periodic payment schedule.

It is anticipated that the Units will be built over a number of years and assessments shall become due and payable on the first day of the month following completion of a Townhouse Unit. Initially it is anticipated that the monthly assessment may be lower than the payments set forth in the projected budget.

When the Unit Owners other than Declarant control the Board of Directors of the Association, monthly assessments will be based upon the actual expenses of the planned community. Declarant shall contract for snowplowing and lawn care until that time in its own name until written notice to the Association otherwise. Reserves must be allocated from this fee for the repair, upkeep and replacement of the limited common areas, including sewer areas, as stated in the Declaration, and to monitor and report as required by the project permits

The budget is based on estimates of operation under initial occupancy. It does not constitute a representation that the Association will allocate services and activities in accordance with that budget, or choose to maintain this level of maintenance and management services. It merely indicates a possible method of allocating the monthly maintenance charges initially established by Declarant, and a level of service that could be undertaken within this budget.

The monthly Common Expenses applicable to each Unit are derived by dividing the total monthly budget by each Unit's obligation for the Common Expenses.

All projected budgets were prepared by Declarant. At this time the Association has no debts, no income and no reserves to show on its balance sheet.

All budgets are based on estimates in current 2006 dollars. Inflation is estimated to be three percent (3%) per annum.

6. Services Not Reflected in the Budget:

Declarant is not providing any services or paying any expenses with regard to the Common Interest Community as described in the Declaration that it anticipates to be Common Expenses of the Association at any subsequent time. The Association shall control the extent of the services provided and costs of the same.

IMPORTANT: The Budget does not show any insurance premiums for casualty insurance on the Units as they are individually owned.

7. Initial or Special Fees:

(a) Capital Contribution at Closing: Declarant will collect from each purchaser at closing, a working capital contribution in an amount equal to Two Hundred and 00/100 Dollars (\$200.00) per Unit. This fund will be held by Declarant in escrow at passbook interest until a majority of the Executive Board elected by the Unit Owners takes office, at which time it will be paid over to the Association. This contribution is not returnable to purchasers under any circumstances. The purpose of these fees is to create an operating reserve for the Association to help alleviate potential cash flow problems at the time of turnover of control from Declarant to the Unit Owners at any other time. The basis for this operating reserve is Declarant's opinion that it is a reasonable amount to be assessed against Units for this purpose. Because of differing opinions on the philosophy of accumulation of reserves, whether to pay now or pay later, the exact amount of reserves must be determined by the elected representative Board based on its then available, actual experience, and its own standards. These initial reserves will not replace or repurchase the capital improvements of the property pursuant to the present estimated useful life and cost of replacement. It is anticipated that a portion of these costs will be paid by special assessment or borrowing. Therefore, no representation is made as to adequacy of reserve amounts.

(b) Document Preparation Fee: At closing purchasers will be required to pay \$0.00 to Declarant to defray the cost of providing the extensive amount of documentation you they receive in this transaction.

8. Liens, Defects or Encumbrances:

Title to the Property and each Unit therein is subject to all applicable regulations and laws of the Town of Georgia and the State of Vermont and the following:

(a) Residential water shall be supplied by the South Georgia Fire District. Each Unit Owner shall be responsible for payment to the Fire District.

(b) Residential electrical distribution system easement;

(c) Residential sewer distribution system as shown on the plans referenced in the project permits;

(d) Cable television easement;

(e) Drainage easements as shown on the Plans;

(f) The rights reserved by Declarant, its successors and assigns, to prepare, construct, grant and record easements and rights of way as may from time to time be necessary for the installation of roadways, sidewalks and pathways and utility lines, including but not limited to telephone, electric, gas, water, sanitary sewer, television and cable lines to serve the declared land, and any future sections of Forest Glen Townhouses.

(g) The rights reserved by Declarant, its successors and assigns, to pass and repass over all roadways, sidewalks and pathways presently existing or to be constructed for the purpose of free passage on, across and over said roadways, sidewalks, and specifically including the passage of construction equipment and vehicles thereon to and from future sections of Forest Glen Townhouses.

(h) The right reserved by Declarant to connect to any utility lines within the planned community and to enter therein for such purposes in favor of future sections of Forest Glen Townhouses.

9. Financing Offered or Arranged by Declarant:

Declarant is not offering any financing to Unit purchasers at this time. Local lenders have expressed interest in financing homes in this project and Declarant can provide information.

10. Warranties:

A. STATUTORY WARRANTIES PROVIDED BY THE ACT ARE AS FOLLOWS:

I. Express Warranties of Quality -27A V.S.A. § 4-113.

(a) Express warranties made by a seller to a purchaser of a Unit are created as follows:

(1) Any affirmation of fact or promise which relates to the Unit, its use, or rights appurtenant thereto, area improvements to the Common Interest Community that would directly benefit the Unit, or the right to use or have the benefit of utilities not located in the Common Interest Community, warranties conformity of the Unit and related rights and uses;

(2) Any model or description of the physical characteristics of the Common Interest Community, including plans and specifications for improvements, warranties conformance of the Common Interest Community to the model or description;

(3) Any description of the quantity or extent of the real estate comprising the Common Interest Community, including plats or surveys, warranties conformity of the Common Interest Community to the description, subject to customary tolerances; and

(4) A provision that a purchaser may put a Unit only to a specified use warranties the legality of the specified use;

(5) Neither formal words, such as “warranty” or “guarantee”, nor a specific intention to make a warranty are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real property or its value does not create a warranty.

(6) A conveyance of a Unit transfers to the purchaser all express warranties of quality made by previous sellers.

II. Implied Warranties of Quality - 27A V.S.A. § 4-114.

Declarant intends to sell the lots to various builders and any warranties are from the builder except as to the Common Elements.

(a) Any builder warrants that a Unit will be in at least as good condition at the time of conveyance or delivery of possession, whichever is earlier, as it was at the time of contracting, reasonable wear and tear excepted.

(b) Declarant impliedly warrants that the Common Elements in the Common Interest Community are suitable for the ordinary uses of real property of its type and that any improvements made or contracted for by it, or made by any person before the creation of the Common Interest Community, will be (1) free from defective materials; and (2) constructed in accordance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner.

(c) In addition, any builder warrants to a purchaser of a Unit that may be used for residential use that an existing use, continuation of which is contemplated by the parties, does not violate applicable law at the time of conveyance or delivery of possession, whichever is earlier.

(d) Warranties imposed by this section may be excluded or modified as specified in §4-113 of the act.

(e) For purposes of this section, improvements made or contracted for by any affiliate of Declarant are made or contracted for by Declarant.

(f) A conveyance of a Unit transfers to the purchaser all of Declarant's implied warranties of quality.

(g) The warranties provided to a purchaser by Declarant pursuant to this section with respect to Common Elements shall also extend to the Association.

III. Exclusion or Modification of Implied Warranties of Quality - 27A V.S.A. § 4-115.

(a) Except as limited by subsection (b) of this section with respect to a purchaser of a Unit that may be used for residential use, implied warranties of quality; (1) may be excluded or modified by agreement of the parties; and (2) are excluded by expression of disclaimer, such as "as is", "with all faults" or other language that in common understanding calls the purchaser's attention to the exclusion of warranties.

(b) With respect to a purchaser of a Unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but Declarant may disclaim liability in an instrument signed by the purchaser for a specified defect or class of defects or specified failure to comply with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.

IV. Statute of Limitations for Warranties - 27A § 4-116.

(a) Unless a period of limitations is tolled under § 3-111 of the Act, a judicial proceeding for breach of any obligation arising under §§ 4-113 or 4-114 of the Act shall be commenced within six (6) years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than two (2) years. An agreement to reduce the six (6) year period shall be evidenced by a separate instrument executed by the purchaser.

(b) Subject to subsection (c) of this section, a cause of action for breach of warranty of quality, regardless of the purchaser's lack of knowledge of the breach accrues: (1) As to a Unit, at the time the purchaser to whom the warranty is first made enters into possession if a possessory interest was conveyed or at the time of acceptance of the instrument of conveyance if a nonpossessory interest was conveyed; and (2) as to each Common Element, at the time the Common Element is completed, or if later, as to (i) a Common Element that may be added to the Common Interest Community or portion of it, at the time the first Unit is conveyed to a bona fide purchaser; or (ii) a common element within any other portion of the common interest community, at the time the first Unit is conveyed to a bona fide purchaser and first used by a bona fide purchaser.

(c) If a warranty of quality explicitly extends to future performance or duration of any improvement or component of the Common Interest Community, the cause of

action accrues at the time the breach is discovered or at the end of the period or which the warranty explicitly extends, whichever is earlier.

B. LIMITATIONS ON WARRANTIES.

DECLARANT WILL INCLUDE IN ITS PURCHASE AND SALE CONTRACT A PROVISION THAT THE FOLLOWING WARRANTIES DESCRIBED ABOVE ARE EXCLUDED:

NO ADDITIONAL EXPRESS OR IMPLIED WARRANTIES, UNLESS REQUIRED BY LAW, ARE MADE BY DECLARANT.

ALL WARRANTY WORK TO BE PERFORMED SHALL BE DONE DURING NORMAL BUSINESS HOURS, AND PURCHASER WILL MAKE EVERY REASONABLE EFFORT TO COOPERATE IN ALLOWING THE PERFORMANCE OF SUCH WARRANTY WORK BY DECLARANT OR ITS DESIGNEE.

C. EXCLUDED WARRANTIES.

PURSUANT TO § 4-115 OF THE ACT, THE FOLLOWING WARRANTIES DESCRIBED ABOVE ARE EXCLUDED.

(a) No warranties are made as to the condition of any hot water heater, kitchen equipment or appliance or other items considered consumer products under the Magnusen-Moss Federal Trade Commission Improvement Act. Any builder warrants, however, that all such equipment will be installed new and that the builder will deliver to the purchaser all manufacturers' warranties that are both applicable to such equipment or appliances and for the sole benefit of the consumer purchaser in accordance with the act.

(b) Improvements and appliances installed by Declarant or any builder at the purchaser's request and expense, if any, shall be covered by the manufacturer's or contractor's warranty, if any.

(c) Declarant or the builder makes no representations for warranties as to the condition or health of any shrubs, trees or plantings located on the areas surrounding the buildings. Declarant or the builder will deliver to the Association any nursery's warranties that are both applicable to such vegetation and for the sole benefit of the Unit Owner's Association.

(d) No additional express or implied warranties, unless required by law, are made by Declarant.

(e) All warranty work to be performed shall be done during normal business hours, and purchaser will make every reasonable effort to cooperate in allowing the performance of such warranty work by Declarant or the builder or their designees.

11. Unsatisfied Judgments or Pending Suits:

There are no unsatisfied judgments or pending suits effecting this Common Interest Community at this time.

12. Escrow:

Any deposit made in connection with the purchase of a Unit will be held in an escrow account until closing and will be returned to the purchaser if the purchaser cancels the contract pursuant to the Vermont Common Interest Ownership Act.

The name and address of the escrow agent shall be as set forth in the Purchase and Sale Contract.

13. Restrictions on Use, Alienation or Occupancy:

The following use restrictions apply to all Units and to the Common Elements:

(a) The structures on each lot, and the entire Unit, is restricted to residential use as a single-family residence including home professional pursuits not requiring regular visits from the public or unreasonable levels of mail, shipping, trash or storage. No sign indicating commercial or professional uses may be displayed. A single-family residence is defined as a single housekeeping unit, operating on a non-profit, non-commercial basis, between its occupants, cooking and eating with a common kitchen and dining area, with no more overnight occupants than two (2) per bedroom as designated on the plans on file with the building official of the Town of Georgia.

(b) Garages are restricted to use by the Units to which they belong as storage and as a parking space for vehicles and other common personal residential garage uses such as personal equipment repair and shop work. Commercial vehicles are not permitted, except on a case by case basis with prior Board approval and so-called recreational vehicles must be parked in locations designated from time to time by the Executive Board of the Association.

(c) The use of the Units and Common Elements is subject to the Bylaws and the Rules of the Association.

(d) A Unit may not be conveyed pursuant to a time-sharing plan as defined in 32 V.S.A. §3619(a).

(e) Notwithstanding the foregoing, as long as Declarant is a Unit Owner, Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by Declarant or any portion of the Common Elements as a model Unit or sales office. Declarant may also maintain management offices and signs and displays advertising the Common Interest Community anywhere in the planned community.

14. A Description of the Insurance Coverage Provided for the Benefit of Unit Owners:

The following is only a general description of the initial policies.

NOTICE: INITIALLY, NO CASUALTY INSURANCE COVERAGE WILL BE PROVIDED FOR ANY UNIT OR UNIT OWNER BY THE ASSOCIATION AND NONE IS REQUIRED TO BE PROVIDED TO ANY UNIT OR UNIT OWNER. UNLESS THE BOARD VOTES AT A LATER TIME TO COLLECTIVELY INSURE THE UNITS, EACH UNIT OWNER SHALL BE SOLELY RESPONSIBLE FOR ANY AND ALL INSURANCE FOR THAT OWNER'S UNIT. DECLARANT STRONGLY URGES THAT SUCH INSURANCE BE CARRIED AT ONE HUNDRED PERCENT (100%) OF REPLACEMENT COST.

(a) Fire, Extended Coverage, etc: Coverage in amounts adequate to cover the replacement cost of the various equipment and structures which are part of the Common Elements will be provided for all such equipment and structures within the Common Elements ONLY, including:

- (i) The Common Elements; and
- (ii) All personal property owned by the Association.

(b) Liability: Liability insurance, including medical payments insurance, for at least One Million Dollars (\$1,000,000.00) must be carried, insuring the Association and each Unit Owner with respect to liability arising out of or in connection with the use, ownership or maintenance of the Common Elements. However, a Unit Owner will not be insured against liability for accidents which are the Unit Owner's own fault such as may occur within his or her Unit or Limited Common Elements, or for accidents with respect to which liability does not arise out of or in connection with the use, ownership or maintenance of Common Elements.

The liability insurance coverage of the Association will be secondary and the Unit Owner's liability insurance will be primary.

(c) Specific Insurance Requirement: Each Unit Owner is encouraged to obtain a homeowners insurance policy which provides liability coverage for his or her Unit and Limited Common Elements allocated exclusively to his or her Unit as described in Section 5.1 of the Declaration. This is a standard homeowners policy which is available through most insurance companies. Other requirements may be imposed by a Unit Owner's lender.

Purchasers are urged to study these provisions and to consult with their own insurance advisor to assure themselves that they are aware of the extent of coverage provided by the Master Insurance Policy and to make arrangements for appropriate additional coverage, if additional coverage is necessary.

15. Fees or Charges for the Use of the Common Elements:

The Executive Board has the authority to impose other charges for the use, rental or operation of Common Elements, other than certain Limited Common Elements, in accordance with Subsection 25.2(1) of the Declaration. Fees are anticipated for Unit Owners, particularly reserves and operating costs relative to the sewer system and monitoring and reporting requirements under the project permits.

16. Financial Arrangements for Completion of Improvements:

Declarant does not presently plan on financing any Unit improvements.

17. Zoning and Other Land Use Requirements:

Project Approval was obtained from the Town of Georgia Planning Commission which authorized construction of the Common Interest Community in accordance with the approved Plans attached to or referenced in the Declaration. Any substantial changes in the Plans may require an application for approval of the changes to the same body.

18. Unusual and Material Circumstances and Characteristics:

(a) Adjacent Landowner: In the past an adjacent landowner has discharged firearms on his property. This landowner has also used all terrain vehicles (ATVs) on the property. There is no ordinance in the Town of Georgia which prohibits the discharge of firearms on private property.

(b) The Declaration of Covenants, Easements, Restrictions and Liens of Forest Glen Townhouses restricts the use of the property to residential use and limited home occupations as may be allowed by the Declaration and Town ordinances and regulations. The Declaration also prohibits the expansion of Units (unless the owner secures the approval of the Executive Board for any alteration or change in the appearance of the exterior of a structure) with the exception of plantings. (See Article XII, Section 12.1 of the Declaration.)

(c) Each purchaser of a Unit at Forest Glen Townhouses will be responsible for obtaining insurance for personal liability and for loss of the Unit due to fire or other perils. THE ASSOCIATION DOES NOT INSURE THE UNITS. The Unit Owner will receive a non-exclusive easement in and to the Common Elements granting the right to use the Common Elements, for all uses permitted by the Association and these instruments.

(d) The Common Elements will consist of the open space Areas. No recreational facilities such as tennis courts, swimming pools, or club houses will be built at Forest Glen Townhouses

(e) Finally, Declarant has imposed significant design restrictions at Forest Glen Townhouses which initially vest design approval and approval of the exterior appearance of Units in Declarant, regardless of whether or not Declarant is the person building a structure on a lot. THESE APPROVAL RIGHTS COULD SIGNIFICANTLY INTERFERE WITH A UNIT OWNER'S USE OR DESIGN OF HIS OR HER UNIT. After Declarant ceases to own any Units or hold any development right in Forest Glen Townhouses, the continuing right of design approval will be vested in the Executive Board.

19. Transfer of Title to Units:

The transfer of title to Units will be in fee simple. The proposed format of the Warranty Deed should be provided prior to closing. Prospective purchasers will be required to sign the

Purchase and Sale Contract which is attached to this Public Offering Statement as Exhibit C. The Purchase and Sale Contract prohibits any purchaser from recording it in the Land Records of the Town of Georgia. An attempt to record it will render the Contract void. Prospective purchasers who will require financing will also be required in most cases to obtain title insurance. Declarant is not presently providing any title insurance program but may have a program available prior to closing. At the time of closing Declarant will require all payments by the purchaser to be by certified check or cashier's check.

20. Access to the Common Interest Community:

Access to the Common Interest Community will be from roads named Woods Hollow Drive and Ledgewood Lane. Access to these roads is from Old Stage Road, Georgia, Vermont.

21. Utilities:

The site will be served by the South Georgia Fire District, private community sewer, electricity, telephone service and cable telephone service. Electrical power shall be provided through Central Vermont Public Service. Television services shall be provided by Adelphia Cable. Telephone service shall be provided through Verizon. Propane tank fuel storage and supply is anticipated for this project.

22. Financial Information Regarding the Project:

See other sections of this Public Offering Statement.

23. Local Services:

Fire protection to the site is provided by the Georgia Volunteer Fire Department. The main fire department headquarters is located on Georgia Plains Road, Georgia, Vermont. The Town of Georgia Board of Education is the governing body for the public schools for the Town.

24. Recreational Facilities:

The Forest Glen Townhouses Common Interest Community offers no passive recreational areas, except for limited walking and nature areas as described in the project permits. Reference is made to the Declaration for an explanation regarding recreational areas.

25. Common Interest Community Characteristics and Climate:

The Common Interest Community is located within the Town of Georgia. Subject to the requirements of governmental agencies and the construction of various aspects of the project, Declarant is attempting to preserve as much of the tree cover and conservation areas as possible in developing the Common Interest Community. Declarant will be providing erosion and sedimentation control as directed by the Town of Georgia and the project permits in the execution of the development of the site.

26. Miscellaneous Information:

The real estate tax structure of the Common Interest Community will change as the site is developed. Unit Owners can anticipate “interim” tax bills from the Town of Georgia tax collector whereby the tax collector will make adjustments on a pro rata basis to reflect the increase in value between the undeveloped value of the Unit and its fully developed state.

27. Maximum Number of Units:

Declarant has reserved the right in the Declaration to create up to a total twenty-three (23) Units.

28. Number or Percentage of Units That May be Created That Will be Restricted Exclusively to Residential Use:

While the Declaration permits home professional pursuits pursuant to the restrictions of Article IX of the Declaration, the principal use of all the Units will be residential.

29. Development Rights and Conditions or Limitations on Exercise:

The Declarant has reserved the right to create up to a total of twenty-three (23) Units.

30. Maximum Extent to Which Each Unit’s Allocated Interests May be Changed by the Exercise of Any Development Right:

The allocated interests of each existing Unit have been calculated using the following formulas:

(a) Common Expenses: Each Unit’s percentage share of the liability for the Common Expenses is and will be equal.

(b) Votes: Each Unit in the common interest community shall have one (1) equal vote.

31. Compatibility of Buildings or Other Improvements to Existing Buildings and Improvements:

Declarant makes no assurances in this respect.

32. Other Improvements and Limited Common Elements That May be Created Pursuant to Any Development Right:

Declarant has retained development rights to complete the project and bring in additional lands at its election, as described herein and as set forth in the Declaration.

33. Limitations as to the Location of Any Building or Other Improvement That May be Made:

All Units and Common Elements, if constructed, will be located within the project Plans approved by the Town of Georgia Planning Commission, as those Plans may be amended in the future, and any new site plan approved.

34. Similarity of Limited Common Elements Created Pursuant to Any Development Right to Limited Common Elements Within Other Parts of the Common Interest Community:

No assurances are made in those regards.

35. Equality of Proportion of Limited Common Elements to Units Created Pursuant to Any Development Right to the Proportion Existing in Other Parts of the Common Interest Community:

No assurances are made that the proportion of Limited Common Elements, if any, to Units that may be created will be equal to the proportion existing in other parts of the Common Interest Community.

36. Applicability of Restrictions in the Declaration Affecting Use, Occupancy, and Alienation of Units to Any Units Created Pursuant to Any Development Right:

The restrictions in the Declaration regarding the use, occupancy and alienation of Units will apply to all Units created in the Common Interest Community.

37. Applicability of Assurances Made Pursuant to 27A V.S.A. § 4-103 of the Act in the Event that Any Development Right is Not Exercised by Declarant:

Declarant has reserved development rights to complete the project as described herein and to bring in additional lands.

38. Time Share Restrictions:

Time sharing is prohibited.

39. A copy of Vermont's Act relating to Common Interest Ownership is attached hereto as Exhibit F.

THE STATEMENTS SET FORTH ABOVE ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO THE ENTIRE SET OF DISCLOSURE MATERIALS AND HIS OR HER SALES CONTRACT. ALL DISCLOSURE MATERIALS AND CONTRACTS ARE IMPORTANT DOCUMENTS AND IF NOT UNDERSTOOD, THE PROSPECTIVE PURCHASER SHOULD SEEK COMPETENT ADVICE.

Dated at South Burlington, Vermont this ____ day of _____, 2006.

STUART HOMES, INC., Declarant

By: _____
Joseph Stuart, Its Duly Authorized Agent

**PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES**

EXHIBIT A

**Declaration of Covenants, Easements, Restrictions and Liens for
Forest Glen Townhouses, A Planned Community
Georgia, Vermont**

BYLAWS

OF

FOREST GLEN TOWNHOUSE ASSOCIATION, INC.

A Nonprofit Corporation

BYLAWS
OF
FOREST GLEN TOWNHOUSE ASSOCIATION, INC.
A Nonprofit Corporation

ARTICLE I
Name and Principal Office

Section 1.1. The name of the Corporation is “Forest Glen Townhouse Association, Inc.” Its principal office shall be at 350 Woods Hollow Drive, Milton, Vermont, or at such other place as may be determined by the Board of Directors from time to time.

ARTICLE II
Purposes

Section 2.1 The Association exists: to promote the health and welfare of the residents of the "Forest Glen Townhouses" residential development in Georgia, Vermont; to acquire, own, build, manage, operate, maintain and care for those portions of the Development which are dedicated for community and recreational use; to enforce and administer covenants, easements, restrictions and agreements applicable to the Development, including, in particular, those set forth in the Declaration and/or these Bylaws. It shall have the power and authority to engage in any activity which is not unlawful.

ARTICLE III
Definitions

Section 3.1 The following words, when used in these Bylaws shall, unless the context otherwise prohibits, have the meanings set forth below:

- (a) “Act”: Uniform Common Interest Ownership Act, Title 27A of the Vermont Statutes Annotated.
- (b) “Association”: Forest Glen Townhouse Association, Inc., a Vermont nonprofit corporation.
- (c) “Bylaws”: These Bylaws, as amended from time to time.
- (d) “Common Areas”: Those portions of the Development, or rights or interests therein, that are conveyed to and owned by the Association for the benefit and enjoyment of the Members of the Association, and their family, guests, invitees, and/or tenants.

(e) "Common Facilities": Any structure, system, amenity, improvement, or item of personal property dedicated solely to the use and enjoyment of any one or more specific Units.

(f) "Declaration": The Declaration of Covenants, Easements, Restrictions, and Liens of Forest Glen Townhouses, A Planned Community, Georgia, Vermont, encumbering the Development, as amended from time to time.

(g) "Developer" or "Declarant": Stuart Homes, Inc., a Vermont corporation, and its successors and assigns.

(h) "Development": The land and premises subject to the Declaration referred to as Forest Glen Townhouses.

(i) "Executive Board": The Board of Directors referenced in the statute referred to interchangeably herein.

(j) "Member": The record owner(s) of a Unit.

(k) "Plan": The plan entitled "Plan of Lands of Forest Glen, Old Stage Road, Georgia, Vermont, A Common Interest Ownership Community, Phase 2", Sheet 20, dated December 12, 2003, last revised August 11, 2005, prepared by Lamoureux & Dickinson Consulting Engineers, Inc.

(l) "Rules and Regulations": The provisions, covenants and limitations contained in the Declaration or adopted from time to time by the Executive Board of the Association governing the use and occupancy of the Units and Common Areas and Common Facilities, and governing the behavior and obligations of the Unit Owners.

(m) "Statute": The Vermont Nonprofit Corporation Act (Chapter 19 of Title 11 of the Vermont Statutes Annotated).

(n) "Unit": A physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described in the Section 4.3 of the Declaration. In Forest Glen Townhouses, each Unit consists of a Lot as shown on the Plan and any improvements on that Lot.

(o) "Unit Owner": The Declarant or other person who owns a Unit. Unit Owner does not include a person having an interest in the unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by the Declaration.

ARTICLE IV

Applicability

Section 4.1 Each Unit Owner shall be bound by and subject to these Bylaws and to the Rules and Regulations issued by the Association governing the conduct of its Members, immediately upon such

Owner's acceptance of the delivery of an instrument transferring to such Owner any interest in a Unit in the Development.

ARTICLE V

Use of Common Areas and Common Facilities

Section 5.1 Any reference to the Common Areas of the project shall pertain only to the duration of time when such areas are owned by the Association.

Section 5.2 The use and enjoyment of the Common Areas and Common Facilities shall be limited to Unit Owners, members of their families residing in their household, and their invitees and guests, provided, however, a Unit Owner who leases or permits another to occupy his or her Unit may assign to such lessee or occupant the right to use and enjoy the Common Areas and Common Facilities subject to the same restrictions and limitations as the Unit Owner. Each Unit Owner, and such family members, invitees, guests, lessees and occupants shall comply with the provisions of the Declaration, these Bylaws and the Rules and Regulations adopted by the Association with respect to the use and enjoyment of the Common Areas and Common Facilities, and their right to use the Common Areas and Common Facilities is subject to suspension as provided in the Declaration or in these Bylaws.

ARTICLE VI

Membership and Voting Rights

Section 6.1 Membership. Membership in the Association shall be as follows:

(a) Each Unit Owner shall be a Member of the Association whether such ownership is joint, in common or by the entirety.

(b) Each Unit Owner shall file with the secretary of the Association a copy of the executed instrument by which such Member has acquired an interest in a Unit. Until such filing is made, such Unit Owner shall not be entitled to notice of, or to vote at, any meeting of the Association, but failure or neglect to make such filing shall not limit or reduce the Unit Owner's obligations under these Bylaws and/or the Declaration.

(c) On each matter upon which the Members of the Association are entitled to vote, each Unit Owner shall be entitled to one (1) vote for each Unit owned by such Owner. When a Unit Owner consists of more than one individual or entity, the Unit Owner shall designate a single individual to cast the vote of such Unit Owner.

ARTICLE VII

Meetings of the Members

Section 7.1 Quorum. The quorum for the transaction of business at a meeting of Members shall be twenty-five percent (25%) of the votes entitled to be cast, except to the extent a larger quorum is required by the Act, the Statute, the Declaration, the Articles of the Association or these Bylaws. If, however, such quorum shall not be present or represented at any meeting of the Association, a majority of the Members entitled to vote there at, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least five (5) days written notice of such adjourned meeting shall be given to all Members. At such adjourned meeting any business may be transacted which might have been transacted at the meeting originally called.

Section 7.2 Vote Required to Transact Business. When a quorum is present at any meeting of the Members, the vote of a majority of the voting power present in person or represented by written proxy (provided such proxy authorized casting of a vote on a specifically enumerated motion) shall decide any question brought before such meeting and such vote shall be binding upon all Members, unless the question is one upon which, by express provision of the Statute, the Articles of Association, or of these Bylaws, a different vote is required, in which case such express provisions shall govern and control.

Section 7.3 Proxies. Members entitled to vote may vote either in person or by proxy at any meeting of the Members. An appointment shall not be valid for more than eleven (11) months from its date of execution unless a different period is expressly provided in the appointment form. No proxy shall be valid for more than three (3) years from its date of execution. All proxies shall be in writing and shall be filed with the secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting. 11B V.S.A. § 7.24.

Section 7.4 Action by Written Consent. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if the action is taken by all the Members entitled to vote on the action. Each action must be evidenced by one or more written consents setting forth the action so taken, signed by all of the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Members provided that the written consent is inserted in the corporate minute book.

Section 7.5 Voting Entitlement. The Members shall acquire voting rights upon the earliest of: (a) the sale of the twentieth (20th) Unit; (b) such earlier date on which the Board of Directors acts to establish such voting rights; or (c) ten (10) years after the organization of the Association. Until the Members have so acquired voting rights, all voting rights shall be vested solely in its Board of Directors.

Section 7.6 Annual Meeting. An annual meeting of the Members shall be held in the month of June of each year, beginning with the year 2006, unless a different time is specifically set forth in the notice of meeting with the change in time being duly noted. If the day fixed for the annual meeting shall be a legal holiday in Vermont, such meeting shall be held on the next succeeding business day. At the annual meeting: (a) the president and chief financial officer shall report on the activities and financial condition of the Corporation; (b) the Members shall consider such other matters as were properly noticed, if required;

and (c) Members who have acquired voting rights in accordance with the provisions of Section 7.5, shall elect Directors. 11B V.S.A. §§ 7.01 and 8.04

Section 7.7 Special Meetings. The Corporation shall hold a special meeting of Members: (a) on call of its Board or the person or persons authorized to do so by these Bylaws; or (b) if the holders of at least five percent (5%) of the voting Members in good standing sign, date, and deliver to any officer one or more written demands for the meeting describing the purpose or purposes for which it is to be held. 11B V.S.A. § 7.02.

Section 7.8 Place of Meeting. The Board of Directors may designate any place within the State of Vermont as the place for the holding of any annual or special meeting. If no designation is made, the place of meeting shall be the registered office of the Association in the State of Vermont.

Section 7.9 Notice of Meeting. After the Members have acquired voting rights in accordance with the provisions of Section 7.5, written or printed notice stating the place, day, and hour of each meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to each Member not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at his or her address as it appears on the membership books of the Association.

Section 7.10 Rights of Members to Notices and to Vote. For the purpose of determining the Members entitled to notice of any meeting of the Association and to vote at such meeting, the secretary of the Association shall determine from the records of the Association, as of a date not less than twenty (20) nor more than forty-five (45) days prior to the date of the regular or special meeting for which the voting list is being prepared, the names of the Unit Owners who have filed a copy of the instrument by which they acquired an interest in the Unit as provided in Section 6.1(b) of Article VI.

Section 7.11 Meeting by Telecommunications. The annual or special meeting may be conducted by means of any telecommunications mechanism, including video conferencing telecommunications.

Section 7.12 Voting List. The secretary of the Association shall prepare a list of the names of the Members entitled to vote at any meeting of the Association, and such voting list shall be kept on file and shall be available for inspection at the office of the Association. The voting list for any meeting shall be available at such meeting.

Section 7.13 Order of Business. The order of business at all meetings, unless amended by the Members at a meeting, shall be as follows:

- (a) Roll call;
- (b) Proof of notice of the meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;

- (d) Report of officers;
- (e) Report of committees;
- (f) Election of Directors (in the event there is an election);
- (g) Unfinished business; and
- (h) New business.

Section 7.14 Voting by Written Ballot. Any action that is proper for a special meeting may be conducted by written ballot in lieu of a meeting. 11B V.S.A. § 7.08.

Section 7.15 Waiver of Notice; Attendance at Meeting. A Member may waive any notice required by law or these Bylaws before or after the date and time of the meeting that is the subject of such notice. The waiver shall be in writing, signed by the Member entitled to the notice, and delivered to the Corporation's secretary for inclusion in the Corporation's corporate records book.

A Member's attendance at a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at a meeting, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

ARTICLE VIII

Board of Directors/Executive Board

Section 8.1 General Powers. The business and affairs of the Association shall be managed by its Board of Directors/Executive Board.

Section 8.2 Number, Tenure, and Qualifications. The number of Directors shall be three (3) or, after the date on which the Members have acquired voting rights in accordance with the provisions of Section 7.5, such larger number as may be determined by the Members at any annual or special meeting called for that purpose. Each Director shall hold office until his or her successor shall have been elected and qualified. From and after the date on which Members have acquired voting rights in accordance with the provisions of Section 7.5, but not before, each member of the Board of Directors must be a Member, the spouse of a Member, or the designated agent of a Member that is a corporation or other business entity.

Section 8.3 Regular Meetings. A regular meeting of the Board of Directors shall be held without any other notice than this provision, immediately after, and at the same place as, the annual meeting of the Members. The Board of Directors may provide, by resolution, the time and place, either within or

without the State of Vermont, for the holding of additional regular meetings without other notice than such resolution. Additional regular meetings shall be held at the principal office of the Corporation in the absence of any designation in the resolution.

Section 8.4 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president of the Association or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Vermont, as the place for holding any special meeting so called.

Section 8.5 Notice. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally or mailed to each Director at his or her residence. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage prepaid. Any Director may waive notice of any meeting before or after the date and time stated in the notice. The waiver must be in writing, signed by the Director entitled to the notice, and filed with the minutes in the corporate records. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 8.6 Quorum, Voting and Consent. A majority of the number of authorized Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Any action consented to in writing by each and every Director shall be as valid as if adopted by the Board of Directors at a duly warned and held meeting of the Board, provided such written consent is inserted in the minute book. If less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 8.7 Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. After the date on which the Members have acquired voting rights in accordance with the provisions of Section 7.6, any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose.

Section 8.9 Compensation. Directors shall not be compensated for their services as Directors.

Section 8.10 Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 8.11 Executive Committee. The Board of Directors may establish an executive committee of two (2) or more Directors. The creation of a committee and appointment of members to it must be approved by a majority of all the Directors in office when the action is taken. The executive committee may meet at stated times, or on notice to all by any one of the members of the executive committee. During the intervals between meetings of the Board of Directors, such committee, if so established, shall advise and aid the officers of the Association in all matters concerning its interests and the management of the Association, and generally shall perform such duties and exercise such powers as may be directed or delegated to the executive committee by the Board of Directors from time to time. Vacancies in the membership of the committee shall be filled by the Board of Directors at a regular meeting or at a special meeting called for that purpose. The executive committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

Section 8.12 Removal of Directors. After the Members have acquired voting rights in accordance with the provisions of Section 7.5, at a meeting of Members called expressly for that purpose, any Director or the entire Board of Directors may be removed, with or without cause. When the purpose of the meeting is removal of the Director or Directors, the meeting notice must state the purpose of the meeting.

Section 8.13 Meetings by Conference Telephone Call, etc. Members of the Board of Directors and members of any committee designated by the Board may participate in any regular or special meeting of the Board or any committee by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear and speak with all of the other participants. Participation in a meeting pursuant to this Section 8.13 shall constitute presence in person at such meeting.

ARTICLE IX

Officers

Section 9.1 Number and Qualification. The officers of the Association shall be a president, a secretary, a treasurer, and such vice presidents, assistant secretaries and assistant treasurers, if any, as the Board of Directors may determine, each of whom shall be appointed by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of president and secretary.

Section 9.2 Election and Term of Office. The officers of the Association shall be appointed annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his or her successor is appointed and qualified or until his or her death, resignation, removal or failure to be qualified to serve as an officer in accordance with these Bylaws.

Section 9.3 Removal. Any officer appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association would be served thereby.

Section 9.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 9.5 President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He or she shall, when present, preside at all meetings of the Members and of the Board of Directors. He or she may sign any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed in the name of and on behalf of the Association, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9.6 Vice Presidents. In the absence of the president or in the event of his or her death, disability, inability, or refusal to act, the vice president, if any (or in the event there shall be more than one vice president, the vice presidents in the order designated at the time of their election or in the absence of any designation, then in order of their appointment) shall perform the duties of the president, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the president. A vice president shall perform such other duties as from time to time may be assigned to him or her by the president or by the Board of Directors.

Section 9.7 Secretary. The secretary, in addition to statutory duties: (a) shall keep the minutes of the Members and the Board of Directors' meetings in one or more books provided for that purpose; (b) shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) shall be custodian of the Association records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents the execution of which, on behalf of the Association under its seal, is duly authorized; (d) shall keep a register of the mailing address of each Member which shall have been furnished to the secretary by each Member; and (e) in general shall perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the Board of Directors.

Section 9.8 Treasurer. If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The treasurer: (a) shall have charge and custody of and be responsible for all funds and securities of the Association; (b) shall receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article X of these Bylaws; and (c) in general shall perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the president or by the Board of Directors.

Section 9.9 Assistant Secretaries and Assistant Treasurers. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board of Directors.

Section 9.10 Salaries. The officers of the Association shall receive for their services such compensation, if any, as may be determined by the Board of Directors, but no compensation shall be payable to the officers at a time preceding the date on which the Members have acquired voting rights in accordance with the provisions of Section 7.6. There shall be no right to salary and a salary may not be paid unless the Board of Directors so orders.

ARTICLE X

Contracts, Loans, Checks and Deposits

Section 10.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 10.2 Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 10.3 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 10.4 Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE XI

Association Finances

Section 11.1 Annual Budget. The Board of Directors shall prepare an annual budget for the operation of the Association based upon estimates of the income and expenditures of the Association for the next succeeding fiscal year. The board shall endeavor to prepare such budget not later than March of each year, commencing with 2006, and to send a copy of the budget to each Member by February of each year; but failure to so adopt or send any budget shall not in any way limit or modify the obligation of Members to pay assessments made by the Board of Directors. The annual budget shall include, in particular, provisions for: all wages and payroll expenses to operate and maintain the Common Areas and Common Facilities; premiums for required insurance; taxes; fees for professionals retained by the

Association; reasonable operating capital; mortgage payments; and reserve accounts for replacement of the Common Areas and Common Facilities.

Section 11.2 Regular Assessments. Based upon the annual budget, the Board of Directors shall establish assessments to be paid by the Members for the costs of owning, operating, maintaining, repairing and replacing the Common Areas and Common Facilities and for such other matters as are included within such budget, to the extent such costs exceed any user fees or other available net income reasonably projected by the Board of Directors. The total amount of assessments to be paid by the Members shall be apportioned among the Members as specified in Section 11.5. All such assessments shall be payable in equal quarterly installments, on the first day of each calendar quarter in advance, or on such other schedule as the Board of Directors may determine.

Section 11.3 Determination of Special Assessments. The Board of Directors shall, from time to time, establish special assessments to be paid by the Members when it determines that regular assessments are not sufficient to meet the obligations of the Association. The total amount of special assessments to be paid by the Members shall be apportioned among the Members as specified in Section 11.5. The Association shall send to each Member, not less than thirty (30) days prior to the date any special assessment is due, a statement of the amount, purpose, time and manner of payment of the same. Each Member shall pay the amount of such special assessment at the times and in the manner specified in such notice.

Section 11.4 Liability for Assessment. Each Member, and the Unit owned by such Member, shall be liable for each assessment made and apportioned to such Member by the Association in accordance with these Bylaws. No financial institution whose sole interest in any Unit is a first mortgage lien securing purchase money financing or any refinancing thereof, shall be obligated to pay any regular or special assessment until such time as the financial institution becomes the owner of such Unit through foreclosure or a conveyance in lieu of a foreclosure.

Section 11.5 Apportionment of Assessments. Assessments will be apportioned among the Members on the basis of the total number of Units.

Section 11.6 Reserves. The annual budget shall include specific provision for the accumulation of such reserve funds as may be determined appropriate by the Board of Directors. The reserve funds shall be used for construction and reconstruction of Common Areas and Common Facilities, payment of deductibles on any insured casualty loss, unexpected expenditures, emergency situations and such other Association purposes as may be determined to be appropriate by the Board of Directors. The annual budget for any year in which expenditures are made from the reserve fund may provide for the accumulation of sufficient funds to restore the reserve fund to a level deemed appropriate by the Board of Directors. Income from the investment of the general reserve fund may be accumulated or used for any Association purpose, as determined by the Board of Directors.

Section 11.7 Failure to Adopt a Budget. The failure of the Board of Directors to adopt a budget as specified in this Article XI shall not in any way release or modify any Member's obligation to pay all assessments made by the Board of Directors.

Section 11.8 Obligation of Members. No Member shall be released or excused from the obligation to pay any assessment by waiving an interest in or right to the use of all or any portion of the Common Areas or Common Facilities.

Section 11.9 Lien for Unpaid Assessments. Any assessment not paid within ten (10) days after it becomes due shall bear interest at the rate of one percent (1%) per month or such other rate as may be fixed by the Board of Directors from time to time, or, in either event, at such lesser rate as is the maximum rate permitted by law. The Board of Directors may authorize the treasurer or the president to record a notice of a claim of past due assessments in the Land Records of the Town of Georgia. Unpaid assessments shall be collectible in an action against the Member who fails to pay the same. If the Association prevails in its claim against a Member for delinquent assessments, the Member shall reimburse the Association for all costs and fees of collection, including reasonable legal fees incurred by the Association in connection with such action. Reference is made to the Declaration and the Act for rights and remedies beyond what is set forth herein.

Section 11.10 Additional Remedies. The Board of Directors shall have the power to terminate or restrict the right to use the Common Areas and Common Facilities in whole or in part, including use of the septic system, for any Member who is delinquent in the payment of any regular or special assessment. Prior to terminating service, the treasurer or other designated officer of the Association shall send to the Member who is delinquent written notice of such delinquency, by certified mail, return receipt requested, at the mailing address, if any, on file with the Association. The note shall specify the amount of the delinquency and shall specify that the Member shall have not less than ten (10) days to cure the same. The notice also shall specify the date on which the use of the Common Areas and Common Facilities will be terminated, if the Member fails to correct the delinquency. The Association shall have the right to take such actions as are necessary to terminate or restrict the Member's use of the Common Areas and Common Facilities.

ARTICLE XII

Insurance

Section 12.1 Obligation to Insure. The Association shall procure for the benefit of the Association, from one or more insurance companies licensed in Vermont:

(a) One or more General Liability Insurance Policies providing coverage for the Association of not less than One Million Dollars (\$1,000,000.00) for injury to or death of any one person and One Hundred Thousand Dollars (\$100,000.00) for damage to property in any one incident.

(b) Casualty Insurance including the risks generally included in an "all risk" policy with a full amount equal to the replacement cost of all Common Facilities which are insurable.

(c) Fidelity Bonds for Directors and officers of the Association in a face amount equal to one hundred ten percent (110%) of the total amounts of money in the control of the Association. The fidelity bond shall not exclude or limit coverage with respect to persons who serve without compensation.

(d) Worker's Compensation Insurance and Unemployment Compensation Insurance for any employees hired by the Association.

Section 12.2 Additional Insurance. The Board of Directors may acquire such additional types or amounts of insurance as the Board of Directors deems reasonable or prudent.

Section 12.3 Waiver of Subrogation. Each insurance policy procured by the Association shall include, where applicable and when available at reasonable cost, a waiver by the insurer of all rights of subrogation against the Association, Members, Unit Owners, or guests or invitees of the Members and Owners, in connection with any loss or damage thereby insured against. The unavailability of a waiver of subrogation clause with respect to any required or additional insurance policy shall not excuse the Association from acquiring such policy. If the waiver is available, but only at substantial extra cost, the Board of Directors, in its sole discretion, shall determine whether to pay such additional premium for the waiver.

ARTICLE XIII

Maintenance

Section 13.1 General Obligations. The Association shall be responsible for all maintenance and repairs to the Common Areas and Common Facilities. Each Unit Owner shall promptly report to an officer or Director of the Association any condition or occurrence in the Common Areas and Common Facilities brought to the attention of such Unit Owner and requiring maintenance or repairs.

ARTICLE XIV

Miscellaneous

Section 14.1 Management Services. The Board of Directors may, at its discretion, employ one or more professionals for any one or more of the following duties:

- (a) Assistance in preparation of the annual budget, provided, however, the Board of Directors shall have final responsibility to adopt and approve any budget;
- (b) Determination of the amounts of and the collection of all regular and special assessments;
- (c) Operation, care, upkeep and maintenance of the Common Areas and Common Facilities;
- (d) Engaging and discharging of employees;
- (e) Bookkeeping and record keeping tasks; and
- (f) Preparation and filing of all tax returns, reports, disclosures and statements required to be filed by or on behalf of the Association.

Any contract for such services shall expressly provide that it may be terminated by the Association, without penalty, on not more than ninety (90) days notice.

Section 14.2 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 14.3 Audits. The Board of Directors, in its discretion, may procure an independent audit of the books and records of the Association by a certified public accountant. The Association's financial statements shall be available to each Member, each Unit Owner and to the holders of mortgages on any Unit.

Section 14.4 Statements. Upon written request by an Owner, Member or the holder of a mortgage on any Unit, the treasurer shall provide such Member, Unit Owner or mortgage holder with a statement specifying any unpaid regular and special assessments due from such Member or Unit Owner. Upon request submitted in writing by a holder of a mortgage lien on any Unit, the president or other designated officer shall provide such mortgage holder with a statement specifying the existence, if any, of any default by such Unit Owner or Member with respect to obligations expressed in the Bylaws or the Declaration.

Section 14.5 Amendment. These Bylaws may be amended by the Board of Directors upon the affirmative vote of two-thirds (2/3) of the Directors then in office under these Bylaws or, after the Members are entitled to vote as provided in Section 7.6 hereof, by the Members upon affirmative vote of eighty percent (80%) of the voting power of all Members entitled to vote on the issue. With respect to certain proposed amendments to these Bylaws which could have significant impact upon the rights and security of First Mortgagees (as defined in the Declaration), in addition to such an amendment receiving the approval of the Board of Directors or Unit Owners required in this Section 15.5, the amendment also shall require the approval in writing by the required number of First Mortgagees (as defined in the Declaration). The amendments which would be deemed to have a significant impact upon the rights and security of a First Mortgagee are as set forth in Section 9.3 of the Declaration. These Bylaws may be amended by the Board of Directors; provided, however, that the number of Directors, composition of the Board, term of office of Directors, the method or way in which Directors are elected or selected or the provisions of Articles VI or VII, concerning Members, shall not be amended without approval of two-thirds (2/3) of the voting power of the Members.

Section 14.6 Corporate Seal. If required, the Board of Directors shall adopt a corporate seal for the Association.

Section 14.7 Waiver of Notice. Any notice of any meeting required to be given to any Director, Member or Owner by the provisions of these Bylaws, the Articles of Association or the Statute may be waived in writing by the party entitled to such notice, whether before or after the time stated therein and such waiver shall be deemed the equivalent of such notice.

Section 14.8 Indemnification. Any present or future Director, officer or employee, or executor, administrator or other legal representative of any such Director, officer or employee, hereinafter referred to as "such person" shall be indemnified by the Corporation against reasonable costs and expenses (exclusive of any amount paid or incurred in connection with any action, suit, or proceeding to which any such person may hereafter be made a party by reason of his or her being or having been a Director, officer, or employee) to the full extent permitted or required by applicable law. The foregoing right of indemnification shall not be exclusive of any other rights to which any such person may be entitled as a

matter of law or which may be lawfully granted to him or her and the indemnification hereby granted by the Corporation shall be in addition to and not in restriction or limitation of, any other privilege or power which the Corporation may lawfully exercise with respect to the indemnification or reimbursement of Directors, officers or employees.

(a) To the extent permitted by law, upon final resolution of a proceeding, whether by judgment, order, settlement, conviction, plea or otherwise, the Association shall indemnify any person who was or is a party to any suit or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the Association) by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association or its Members, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful; except that there shall be no indemnification in connection with a proceeding by or in which the individual is adjudged liable to the Corporation, or in connection with any other proceeding charging improper personal benefit to the individual, whether or not involving action in his or her official capacity, in which the individual is adjudged liable on the basis that personal benefit was improperly received by the individual. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) To the extent permitted by law, the Association may advance or reimburse expenses prior to final resolution of a proceeding, to any person who was or is a party to or is threatened to be made a party to any threatened, pending action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she (i) furnishes the Corporation a written affirmation of his or her good faith belief that he or she has met the standard of conduct required by statute for such indemnification, (ii) furnishes a written undertaking, executed personally or on the individual's behalf, to repay the advance if it is ultimately determined that the person did not meet the standard of conduct, and (iii) a determination is made that the facts then known to those empowered by statute to make the determination would not preclude indemnification under law.

(c) If a Director, officer, employee or agent of the Association has been successful on the merits or otherwise as a party to any action, suit or proceedings referred to in Sections (a) or (b) of this Section, or with respect to any claim, issue or matter therein (to the extent that a portion of his or her

expenses can be reasonably allocated thereto), he or she shall be indemnified against expenses (including attorneys' fees) reasonably incurred by him in connection therewith.

(d) The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of Members or disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 14.9 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, Board of Directors and committees having and exercising any of the authority of the Board of Directors, and shall keep at the principal office a record giving the names and addresses of the Members entitled to vote.

Section 14.10 Dissolution of Sale of Assets. A two-thirds (2/3) vote of the membership shall be required to sell or mortgage assets of the Corporation not in the regular course of business or to dissolve the Corporation.

Upon the dissolution of the Corporation, assets shall be distributed to its Members or, if it has no Members, to those persons whom the Corporation holds itself out as benefitting or serving.

Dated at _____, Vermont, this ____ day of _____, 2006.

**FOREST GLEN TOWNHOUSE
ASSOCIATION, INC.**

By: _____
Joseph B. Stuart, its President and
Duly Authorized Agent

**PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES**

EXHIBIT B

Sample Purchase and Sale Contract Addendum

**PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES**

EXHIBIT C

Certificate of Incorporation for Forest Glen Townhouse Owners Association, Inc.

and

Certificate of Amendment for Forest Glen Townhouse Association, Inc.

**PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES**

EXHIBIT D

Projected Budget for the Year 2007

**PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES**

EXHIBIT D

Proposed Budget

Assuming complete occupancy and three percent inflation, the proposed budget for the year 2007 is as follows:

Master Insurance	\$ 9,200.00
Liability Insurance	\$ 728.00
Capital Reserve	\$ 2,919.00
Electricity for Pump	\$ 648.00
Sewer Service	\$ 2,825.00
Stormwater Management (Engineering Fees)	\$ 400.00
Professional Fees	\$ 280.00
Winter Maintenance	\$ 8,500.00
Summer Maintenance	\$ 9,000.00
TOTAL	\$34,500.00

The Association has no debts and no assets as of the time of the execution of the Declaration. At the time of the sale Declarant shall collect **\$200.00** from each purchaser, to be turned over to the executive Board, according to the terms of this Public Offering Statement.

These budget figures assume completion of all Units. The actual figures will vary as Units are completed.

PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES

EXHIBIT E

Permits

State of Vermont Permits:

Land Use Permit No. 6FO558 dated October 9, 2003 issued by the District #6 Environmental Commission along with the Findings of Fact and Conclusions of Law dated October 9, 2003 and recorded in Volume 158 at Pages 570-573 of the Town of Georgia Land Records, as amended by Land Use Permit No. 6FO558-1 dated July 22, 2005 and recorded in Volume 174 at Pages 252-255 of said Land Records; Wastewater System and Potable Water Supply Permit Case No. WW-6-0302-1 dated July 14, 2003 and recorded in Volume 155 at Pages 286-290 of said Land Records, as amended by Wastewater System and Potable Water Supply Permit No. WW-6-0302-1-R dated March 25, 2004 and recorded in Volume 162 at Pages 733-735 of said Land Records and Wastewater System and Potable Water Supply Permit No. WW-6-0302-2 dated June 13, 2005 and recorded in Volume 173 at Pages 295-298 of said Land Records; Conditional Use Determination Section 8 Vermont Wetland Rules File No. 2001-334 dated September 23, 2003; Agency of Natural Resources Department of Environmental Conservation Discharge Permit No. 1-1552 dated October 15, 2002; and Public Water System Permit to Construct Project No. E-1613, WSID No. 5121, PIN No. EJ04-0411 dated March 7, 2005.

Federal Permits:

Department of the Army Regulatory Division CENAE-R-61 Corps Permit No. 2003 01/32 dated August 15, 2003; and Department of the Army General Permit No. 6P-58 State of Vermont effective October 15, 2002

Town of Georgia, Vermont Approvals:

Town of Georgia, Vermont Planning Commission Decision, Finding of Fact in Re: Application of Joe Stuart, Applicant and Roger and Judy Fuller, Property Owner, Final Plat Hearing for Phase I of a Planned Residential Development PC 31-03 dated October 28, 2003 and Town of Georgia, Vermont Planning Commission Decision Regarding Application of Joe Stuart / Joe Stuart Homes, Inc. for Final Plat/Site Plan Approval and Findings of Fact dated May 27, 2005

PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES

EXHIBIT F

“An Act Relating to Common Interest Ownership”

PUBLIC OFFERING STATEMENT
FOREST GLEN TOWNHOUSES

EXHIBIT G

Agreement and Waiver

Road Agreement

Wastewater Service Agreement, Waiver and Easement