

**PUBLIC OFFERING STATEMENT
PURSUANT TO TITLE 27A, ARTICLE 4 OF
THE VERMONT STATUTES ANNOTATED**

Adopted 6/25/04

1. (a) NAME AND PRINCIPAL ADDRESS OF DECLARANT:

Haystack Highlands, LLC
c/o John Redd
PO Box 2569
W. Dover, VT 05356

(b) ADDRESS OF COMMUNITY:

Mann Road
Wilmington, VT 05363

(c) TYPE OF COMMUNITY:

Condominium

2. GENERAL DESCRIPTION OF THE COMMON INTEREST
COMMUNITY:

Property consists of 16.73 acres of land located on Mann Road in Wilmington, Vermont adjacent to the Haystack Golf Course (the "Condominium Property") owned by the Declarant and acquired by the Warranty Deed of Myrick Mason, LLC dated December 29, 2000, recorded at Book 177, Page 246 of the Wilmington, Vermont Land Records. The project is known as "**Haystack Highlands**" and shall consist of 40 condominium units in 20 buildings.

The buildings will be two and three-story townhouses, each to be split vertically into two condominium units (hereafter, "Unit" or "Units"). Each Unit will have approximately 2000 square feet of finished living space on two floors. Some Units will also have an additional 1225 square feet in an unfinished lower level.

The Declarant anticipates constructing buildings A, B and C in Phase 1 in 2004; buildings H, I, and L through T in Phase 2 in 2004 or 2005; and buildings D, E, F, G, J and K in Phase 3 in 2005 or 2006, although this schedule is subject to change in the sole discretion of the Declarant. There is no obligation of the Declarant to construct all of the Units or buildings. The Units will be served by municipal water and sewer systems.

The Declarant owns a two-acre parcel adjacent to the Condominium Property on which two tennis courts are presently located and on which it may construct, but is under no obligation to construct, a Community Sports Center. The Declarant intends on leasing the tennis court and the Community Sports Center, if built, to the condominium owners' association on a non-exclusive basis.

3. THE NUMBER OF UNITS IN THE COMMON INTEREST COMMUNITY:

The number of Units in Haystack Highlands shall be up to forty (40).

4. SIGNIFICANT FEATURES OF THE DECLARATION:

A summary of the significant features of the Declaration of Condominium of Haystack Highlands, LLC adopted on June 8, 2004, follows. A complete copy of the Declaration is included in this Public Offering Statement, as Exhibit A, along with a copy of the Condominium By Laws of Haystack Highlands, which were also adopted on June 24, 2004. Purchasers are urged to refer to Exhibit A, which shall control in the event of any inconsistency with this summary.

The Declaration is the document by which, under Title 27A of the Vermont Statutes Annotated (hereafter, the "Act") the Condominium Property was created and submitted to the Act. The Declaration provides that real property interests referred to in the Declaration and in this Public Offering Statement as Units may be created. Haystack Highlands, LLC, is the Declarant of the Declaration.

Article 1 of the Declaration provides for the submission of the Property described in Exhibit A to the Declaration as a Condominium under the Act. Exhibit A s attached to the Declaration contains a legal description of the land, which the Developer has submitted to the Declaration.

Article 2 of the Declaration contains the definition of certain terms used in the Declaration.

Articles 3, 4, 5 and 6 of the Declaration describe the site plans and floor plans, the boundaries of the Units, the responsibility for maintenance of the Units and Common Areas and Facilities, and describes the Limited Common Areas and Facilities and Common Areas and Facilities. Unit boundaries generally run along the Unit inside the surface of the floor and the outside surface of the dry wall or plaster, which forms the walls and ceilings. The Unit boundaries run along the Unit inside the surface of doors, windows and windowpanes and their sills and hardware.

Certain portions of the Buildings have been designated as Limited Common Areas and Facilities in the Declaration and the Floor and Site Plans. In addition, Limited Common Areas and Facilities also include certain Common Areas and Facilities, which serve less than all of the Units in the Buildings, including, among other things, balconies and/or patios that are a part of the Units on the date of initial sale. All portions of the Building which are not contained within a Unit and which are not otherwise designated as Limited Common Areas and Facilities are deemed to be Common Areas and Facilities.

Article 4 also provides that the Units shall be occupied, leased or rented solely for residential purposes, and no Unit shall be used for any commercial or business purpose, except for any occupation which can be operated out of a home.

Article 7 describes Community and Recreational Facilities, consisting of two existing tennis courts on a two-acre parcel owned by the Declarant adjacent to the Condominium Property. The Declarant may, in its sole discretion, decide to construct a Community Sports Center on the two-acre parcel for the non-exclusive use of the Unit owners and others. The Declarant may enter into a lease with the Haystack Highlands Condominium Owners' Association (hereafter, the "Association"), a non-profit corporation to be organized by the Declarant, in the future, for the use of the tennis courts and the Community Sports Center, if built.

Article 8 describes the Percentage Interests of each Unit Owner in the Common Areas and Facilities, and how they might change as Phases of Haystack Highlands are built.

Article 9 of the Declaration describes the Association, its formation and the makeup of its Board of Directors and its duties and authority. The Board of Directors will consist of three (3) members selected by Unit Owners at the annual meeting of the Association. Initially, the Declarant will appoint the members of the Board of Directors. This Article also provides for the transition from the Developer-appointed Board of Directors to a Board of Directors elected by the Unit Owners and requires that every Unit Owner shall be a Member of the Association.

Article 10 discusses the functions, responsibilities and enforcement authority of the Association.

Article 11 sets out the guidelines for the Association to adopt budgets for Common Expenses and provides for the procedures to be followed to fix assessments and collect assessments in the event that the Unit Owner fails to pay them. The Association's budget may also contain capital reserve funds, which will be by assessments of Common Expenses to the Owners.

Article 12 of the Declaration describes maintenance and also provides for a limitation on the Association for certain property damage and personal injury claims.

Article 13 describes how real estate and other taxes will be assessed to Unit Owners.

Article 14 of the Declaration sets forth the insurance program for the Association. See Paragraph 13 at Page 8 herein for a complete discussion of insurance.

Articles 15 and 16 of the Declaration deal with damage, repair, reconstruction and condemnation of the Common Areas and Facilities.

Article 17 describes Reservations in favor of the Declarant and others, including its right of first refusal, rights of way and easements through the property for purposes of construction access to other properties, alteration of Common Areas and Facilities and Exclusive Use Areas, use of Units for storage, models, sales and other similar purposes, and other rights affecting title to the property.

Article 18 provides that the use, occupancy and enjoyment of the Units and the Common Areas and Facilities are subject to the condominium documents, easements, permits and certain exceptions to title.

Article 19 outlines the procedure for amendments of the Declaration by the Declarant and by the Association. With certain exceptions, the Declaration may be amended by vote of agreement of at least a simple majority of all Unit Owners in the Association. The Declarant's right to amend is specified and, in most cases, requires no consent or approval from others.

Article 20 sets out several general provisions dealing with the construction and application of the Declaration.

Article 21 describes the limited warranties provided by the Declarant with respect to the Units, the Common Areas and Facilities, and the Limited Common Areas and Facilities. It also explains the statute of limitations applicable to the warranties.

Except for the Declaration, the By Laws, and the Lease of the Community and Recreational Facilities, the Declarant is aware of no material contracts, the term of which will or may extend beyond the period of Declarant control of the Association. At the present time, except for the Lease of the Community and Recreational Facilities, there are no contracts that will or may be subject to cancellation by the Association under Section 4 of Title 27A of the Vermont Statutes Annotated.

5. PROJECTED BUDGET FOR THE ASSOCIATION

The Association will be organized as a non-profit corporation prior to the sale of the first Unit. It has no assets and no balance sheet at this time.

A Projected Budget for the first year of the Association is attached as Exhibit B to this Public Offering Statement. It was prepared by the Declarant, and it assumes that the Common Expenses consist of road maintenance, sewer system assessments, snowplowing, maintenance, and other appropriate costs of operating and maintaining Haystack Highlands. The projected monthly Common Expense assessment for each Unit built in the first year is Two Hundred Dollars (\$200). This assessment includes a small reserve in the budget for repairs and replacement of the Common Elements. In preparing the Budget, the Declarant has presumed that only the first construction phase of Units will be occupied during the year covered by the Budget and has not presumed any inflation factor.

6. DECLARANT SERVICES

There are no services not reflected in the budget that the Declarant provides nor expenses that the Declarant pays.

7. INITIAL OR SPECIAL FEES

Upon the initial conveyance of each Unit by the Declarant, the purchaser will be required to pay, at closing, the Common Expenses allocated to that Unit for the fiscal year quarter in which the closing occurs. No matter when in a fiscal year quarter the closing occurs, the Purchaser will be required to pay his or her pro rata share of that fiscal quarter's assessment of the Common Expenses accruing on and after the date of Closing.

8. LIENS, DEFECTS OR ENCUMBRANCES

Upon the sale of each Unit by the Declarant, the Unit will be released from the lien of any mortgage(s) granted by the Declarant to any lender.

The Condominium Property is subject to the terms of the Declaration, as recorded and as amended from time to time, including without limitation, the Reservations in Favor of Declarant and Others in Section 17 and the Rights Affecting Title to Property specified in Section 18.

Maintenance easements are provided for the benefit of the Association over, under and through the Condominium Property, including the Units, pursuant to Article 12 of the Declaration. In addition, the Declarant has retained an easement over, under and through the same property for the purpose of completing all Phases of Haystack Highlands and the Private Recreational Facilities, if any.

The Condominium Property is also subject to the By Laws, Rules and Regulations, if any, and land use permits, as recorded, as well as the exceptions to title discussed in detail in Section 18.4 of the Declaration and summarized as follows:

(a) Easements, rights of way, covenants, and restrictions, for the provision of water and sewer services as set forth in paragraphs "H" and "I" of a deed from Haystack Associates, A Joint Venture to Cold Brook Fire District No.1 dated March 16, 1988 and recorded at Book 117, Page 509 of the Wilmington Land Records.

(b) Utility easements for the benefit of Green Mountain Power Corporation and/or New England Telephone and Telegraph Company, as recorded in the Wilmington Land Records, for the provision of electrical and telephone services.

(c) Terms and conditions of the Declaration and Covenants, Conditions, and Restrictions for the Haystack Master Plan, dated March 16, 1984, and recorded in Book 95, Page 325 of the Wilmington Land Records.

(d) Terms and conditions of the By Laws of the Association of Haystack Property Owners, dated April 26, 1984, recorded in Book 95, Page 313 of the Wilmington Land Records.

(e) Terms and conditions of the Findings of Fact, Conclusions of Law and Order *In Re: Association of Haystack Property Owners, Inc., et al vs. All Other Owners of Lots and Undivided Interests in the Haystack Subdivision, et al*, dated March 16, 1984, and recorded at Book 95, Page 309 of the Wilmington Land Records.

(f) Declaration of Haystack Townhouse Trust dated March 16, 1984 and recorded at Book 95, Page 354 of the Wilmington Land Records.

(g) Terms and conditions of an amendment to the Order in sub-paragraph (e) above by virtue of an Order *In Re: Stratfield Associates, L.P. v. Association of Haystack Property Owners, Inc.*, Windham Superior Court, Docket No. S449-11-97 WmC, dated January 9, 1998, and recorded at Book 165, Page 105, of the Wilmington Land Records.

(h) Upper and lower riparian rights in and to the waters of any stream or brook flowing through the Condominium Property.

9. FINANCING IS NOT OFFERED BY DECLARANT

Declarant is not offering any financing in connection with the purchase of Units at Haystack Highlands.

10. LIMITED WARRANTIES OF DECLARANT

(a) Express Warranty of Quality with Respect to Units. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF THE INITIAL CONVEYANCE OF A UNIT, THE DECLARANT SHALL AT NO COST TO THE UNIT OWNER REPAIR OR REPLACE (IN THE DECLARANT'S DISCRETION) ANY PORTIONS OF THE UNIT (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS, DEALERS OR INSTALLATION CONTRACTORS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP. THIS LIMITED WARRANTY SHALL BE IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DECLARANT SHALL DISCLAIM ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES. THE LIABILITY OF THE DECLARANT SHALL BE EXPRESSLY LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DECLARANT SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR NEGLIGENCE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION. EACH OWNER, IN ACCEPTING A DEED FROM THE

DECLARANT OR ANY OTHER PARTY TO A UNIT, SHALL EXPRESSLY ACKNOWLEDGE AND AGREE THAT THIS WARRANTY ESTABLISHES THE SOLE LIABILITY OF THE DECLARANT TO THE OWNER OF THE UNIT RELATED TO DEFECTS IN THE UNIT AND THE REMEDIES AVAILABLE WITH REGARD THERETO.

(b) Express Warranty of Quality with Respect to Common Areas and Facilities and Limited Common Areas and Facilities. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF RECORDATION OF THE DECLARATION IN THE WILMINGTON TOWN CLERK'S OFFICE AS IT RELATES TO THIS PROJECT, THE DECLARANT SHALL, AT NO COST TO THE ASSOCIATION, REPAIR OR REPLACE (IN THE DECLARANT'S DISCRETION) ANY PORTIONS OF THE COMMON AREAS OR LIMITED COMMON AREAS IN THE PROJECT (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS, DEALERS OR INSTALLATION CONTRACTORS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP. THIS LIMITED WARRANTY SHALL BE IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DECLARANT SHALL DISCLAIM ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE LIABILITY OF THE DECLARANT SHALL BE EXPRESSLY LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DECLARANT SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR NEGLIGENCE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION. EACH OWNER, IN ACCEPTING A DEED FROM THE DECLARANT OR ANY OTHER PARTY TO A UNIT, SHALL EXPRESSLY ACKNOWLEDGE AND AGREE THAT THIS LIMITED WARRANTY ESTABLISHES THE SOLE LIABILITY OF THE DECLARANT TO THE ASSOCIATION AND THE OWNERS RELATED TO DEFECTS IN THE COMMON AREAS AND/OR LIMITED COMMON AREAS AND THE REMEDIES AVAILABLE WITH REGARD THERETO.

(c) Reduction in Statute of Limitations. Pursuant to 27A V.S.A. §4-116(a) of the Act, the period of limitation on actions for breach of any obligations arising under the limited warranties to be provided by the Declarant shall be reduced from six (6) years to two (2) years with respect to all claims.

11. JUDGMENTS AND PENDING SUITS

There are no outstanding judgments or pending suits against the Association, the Declarant, or which are material to the Condominium Property to the best knowledge of the Declarant.

12. RESTRAINTS ON ALIENATION AND RESTRICTIONS ON USE

The use of the Units are restricted in Article 4 of the Declaration to residential use. Article 5 of the Declaration prohibits severance of each Unit Owner's undivided interest in the Common Areas and Facilities from the Unit. Article 10 of the Declaration empowers the Association to pledge the Common Areas and Facilities as security for borrowings.

Article 16 of the Declaration provides that if any part of the Common Areas and Facilities shall be taken by condemnation, the proceeds of the condemnation award shall be paid to the Association as trustee for the Units Owners, and used by it for purposes as the Association shall determine.

Article 17 provides that if the initial Purchaser of a Unit desires to sell his or her Unit, the Declarant shall have the first right, but not the obligation, to repurchase any Unit by matching the terms set forth in any subsequently executed Purchase and Sale Agreement pursuant to the terms specified therein until three years after the date of closing on the initial sale of a Unit.

13. INSURANCE

The Association is obligated by the terms of the Declaration to maintain as a common expense the following types of insurance:

(a) Blanket "all-risk" property insurance for all improvements comprising the Common Areas and Facilities and on other portions of the Condominium Property to the extent the Association bears responsibility for maintenance, repair and/or replacement in the event of a loss.

(b) If blanket "all-risk" coverage is not generally available at reasonable cost, then the Association shall obtain fire and extended coverage, including coverage for vandalism and malicious mischief. The face amount of the policy shall be sufficient to cover the full replacement cost of the insured property.

(c) A public liability policy on the Common Areas and Facilities, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents or contractors while acting on its behalf.

(d) Worker's compensation insurance and employer's liability insurance, if and to the extent required by law, as well as directors' and officers' liability coverage, if reasonably available.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry blanket "all-risk" property insurance on his or

her full Unit to the full extent of his or her insurable interest therein, and providing full replacement cost coverage less a reasonable deductible.

14. FEES FOR USE OF COMMON AREAS AND FACILITIES

Unit Owners shall pay those expenses established and assessed by the Association for the management and administration of the Association, for the improvement, maintenance, repair and replacement of the Common Areas and Facilities, and for the use of any Community or Recreational Facility, via common assessments as provided in the Declaration and By Laws.

15. FINANCIAL ARRANGEMENTS FOR COMPLETION OF IMPROVEMENTS BY THE DECLARANT

The Declarant has applied to Banknorth for a construction loan to construct Phase 1 of Haystack Highlands and hopes to receive a conditional commitment to provide such financing in the near future. The Declarant has not requested the extension of financing for other Phases at this time.

16. ZONING AND OTHER LAND USE REQUIREMENTS

The Declarant has received nearly all of the regulatory approvals needed for it to commence construction, including the following:

- (a) Town of Wilmington Development Review Board PUD and Subdivision Permit #874 dated April 15, 2004;
- (b) Town of Wilmington Zoning Permit #3353-874 dated May 3, 2004;
- (c) Act 250 Land Use Permit #700002-10D-EB dated June 19, 2003;
- (d) Public Water System Permit #WSID 5313 dated August 17, 2001;
- (e) Wastewater Permit #WW-2-0067-3 dated August 24, 2001;
- (f) Wastewater System and Potable Water Supply Permit # WW-2-0067-3R1 dated June 8, 2004;
- (g) Stormwater Discharge Permit #1-209 dated December 27, 2001; and
- (h) Construction Permit for Buildings A, B and C issued by the Vermont Department of Labor and Industry dated May 20, 2004.

The Declarant expects to receive all permits needed for it to commence construction in the near future.

NO PERSON HAS BEEN AUTHORIZED BY THE DECLARANT TO MAKE ANY STATEMENT, REPRESENTATION OR WARRANTY NOT SPECIFICALLY CONTAINED HEREIN, AND NOTHING IN THIS PUBLIC STATEMENT MAY BE CHANGED OR MODIFIED ORALLY. ANY INFORMATION OR DATA REGARDING THE PROPERTY WHICH IS NOT INCLUDED IN THIS WRITTEN STATEMENT SHOULD NOT AND MUST NOT BE RELIED UPON.

HAYSTACK HIGHLANDS, LLC

Dated: June 25, 2004

by: _____
John Redd, Duly Authorized Member