OFFERING PLAN

PARK SQUARE SOUTH HOMEOWNERS ASSOCIATION, INC.

This offering states the Offering Plan for membership in the Park Square South Homeowners Association, Inc., and to the Declaration of Covenants, Conditions and Restrictions applicable to all homes sold in the Park Square South Homeowner's Association project.

Park Square South Homeowners Association, Inc.
Jefferson Road, Town of Pittsford,
County of Monroe, State of New York

Approximate amount of offering: $2,000.00

The cost of membership in the Park Square South Homeowners Association is included in the purchase price of the homes. There are thirty-two (32) homes being offered in this development.

Name and address of sponsor: Cannon Development, Inc.
30 State Street
Pittsford, New York 14534

Name and address of selling agent: Cannon Development, Inc.
30 State Street
Pittsford, New York 14534

Date of the offering plan: February 3, 1988

This plan may not be used after February 2, 1989, unless extended by amendment.

SEE PAGE (a) FOR SPECIAL RISKS TO PURCHASERS

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

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SPECIAL RISKS

The Sponsor has the option to retain control of the Board of Directors of the Association until either July 1, 1992 or when 90% of the homes have been closed and title transferred, whichever is earlier. This means that an owner of a home in the project will have no say in the operation of the Association until such date occurs. See page 18 for details. In the Sponsor's discretion, the Sponsor may relinquish control of the Board of Directors of the Association when more than fifty percent (50%) of the homes have been sold and closed. In this event, the owners of homes in the Project will be obligated to take control of the Board.

The Sponsor will construct two (2) public roads, entitled Sutton Point and St. Andrews Hill, which will be dedicated to the Town of Pittsford. As security for the completion of these roads the Sponsor has posted a letter of credit with the Town of Pittsford. In order to serve the project the Sponsor will also construct four (4) private roads and driveways. No letter of credit nor other security will be furnished by the Sponsor to secure the completion of the private roads and driveways. Consequently, prospective purchasers must rely upon the financial status and integrity of the Sponsor, for if the Sponsor dissolves or liquidates, these improvements may not be completed. See page 25 for details.

INTRODUCTION

This Offering Plan states and summarizes in full the Offering Plan governing ownership in the Park Square South Homeowners Association, Inc. A prospective purchaser need only refer to this Offering Plan for relevant information about ownership in the Park Square South project and for membership in the Park Square South Homeowners Association, Inc.

CANNON DEVELOPMENT, INC., a New York corporation (the "Sponsor"), with its offices at 30 State Street, Pittsford, New York 14534, is the owner of acres of land located south of Jefferson Road in the Town of Pittsford, Monroe County, State of New York. The Sponsor acquired title to the land to be developed as the Park Square South Homeowners Association, Inc. on February 17, 1984. Title to substantially all of the Common Area was conveyed by the Sponsor to the Association by deed recorded December 31, 1986.

Cannon Development, Inc. is a New York corporation consisting of two shareholders: Gilbert J. Veconi and Barbara E. Veconi. The Sponsor and its principals have been in the homebuilding business in the Rochester community for over 10 years.

As shown on the plot plan attached hereto as an exhibit, the Sponsor shall construct and shall offer for sale thirty-two (32) homes in this homeowners association project.

Park Square South Homeowners Association, Inc. (the "Association"), shall own all of the property within the project except for building lots numbered 1 through 32 and any dedicated roads which are shown on a subdivision map filed in the Monroe County Clerk's Office. Each owner of a home in the project will own the land under which the home building is located. Sutton Point and St. Andrews Hill will be public roads and these roads will serve the

project by providing access from Stone Road. The four (4) private roads (Doral Court, Linden Court, Dartmouth Court and Hogan Court) will service the project from Sutton Point and St. Andrews Hill. One of the responsibilities of the Association will be to maintain the Common Area, including these private roads and any separate driveways which service the individual homes. The purpose and function of the Association shall be to insure that the Common Area is maintained, refuse is collected, private roads and driveways are maintained and snowplowed, that the exterior of the homes are maintained, and that a uniformity of architecture exists within this association project. The expenses of the Association in providing such maintenance shall be shared equally among all of the homeowners and is included in the budget on Schedule A. If a homeowner sells his home, the purchaser shall automatically become a member of the Association. The price of the home includes the cost of membership in the Association. Prices shall be set by the Sponsor alone and are not subject to review or approval by the Department of Law of the State of New York or any other governmental agency. There are no limitations on who may purchase any of the thirty-two (32) homes being offered in the Park Square South Homeowners Association.

Services to be provided to members of the Association by various local agencies or governments include police and fire protection, water service, and sanitation/sewer service. Snow removal and road repair on the two (2) public roads will be provided by the Town of Pittsford.

The purpose of this Offering Plan is to set forth all of the terms of the Offering concerning ownership in the Park Square South Homeowners Association. This Plan may be altered from time to time by filing amendments with the Department of Law of the State of New York. All amendments will be served on current Park Square South Homeowners as well as any prospective

purchasers of the thirty-two (32) homes in the Park Square South Homeowners Association.

This Plan contains all of the detailed terms of the transaction as it relates to the Park Square South Homeowners Association. Parts A, B, and C of the Exhibits delivered to the Department of Law contain all the documents referred to in this Plan. Copies of this Plan and Parts A, B, and C of the Exhibits are available for inspection without charge to prospective purchasers and their attorneys at the office of the Sponsor.

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

Concerning the thirty-two (32) homes being built by the Sponsor, there is no minimum number that must be sold before the Sponsor is obligated to commence conveying title.

PARK SQUARE SOUTH

SCHEDULE A

PROJECTED SCHEDULE OF RECEIPTS
AND EXPENSES FOR FIRST YEAR OF OPERATION
COMMENCING 01 NOVEMBER 1988

			Notes
Projected Income			
Maintenance charges ($159.00 per home per month based on 32 homes)		$61,056	1
Estimated receipts from other sources		0	2
	Total:	$61,056	
Projected Expenses			
Water		0	3
Management		6,144	4
Road Maintenance (included in Other Grounds Repair and Reserve)			
Repairs and Maintenance		28,274	
Landscape Care	19,214		5
Snow Removal	6,500		6
Other Grounds: Repair/Maint	640		7
Buildings: Repair/Maint	1,920		8
Services and Supplies (Administration)		1,417	
Inspector	642		9
Recording Secretary	175		10
Copies, Postage, Supplies	600		11
Snow Removal (see Repairs and Maintenance)			
Refuse Removal		2,425	12
Insurance		3,000	13
Accounting (Audit/Tax Returns)		550	14
Legal		300	15
Taxes		450	
Real Estate	200		16
Franchise	250		17
Corporate Income	0		18
Reserve Fund Contribution		18,432	19
Contingencies, Petty Cash		64	20
	Total:	$61,056	

NOTES TO SCHEDULE A (BUDGET)

INCOME

1. Maintenance Charges. The budget projects monthly maintenance charges (assessments) of $159.00 per home for a first full year of operations (based on 32 completed homes). The estimates and quotes are based on prices in November 1987. The actual costs for a first full year of operation may exceed these costs based on market fluctuations depending on when such first full year of operations occurs.

While the Sponsor controls the Board of Directors, it will either pay full assessments on unsold lots or, alternatively, will fund Association deficits; surpluses will remain within the Association (although surpluses may be applied against deficits in subsequent years). For the purpose of determining the obligation of the Sponsor for deficits, the contributions to the Reserve Fund shall be considered as expense.

In addition to payment of the monthly maintenance charges, an initial working capital contribution of $318.00 is to be made by each of the original purchasers of homes at closing. This contribution provides working capital for the Association (Operations Fund). Although the budget is balanced and it is anticipated that working capital will not be used to offset expense, the Board of Directors may treat this working capital as a secondary contingency in the Operations Fund (except that this may only be done after the Sponsor no longer controls the Board of Directors).

The Sponsor is not responsible for future changes in the monthly charges resulting from changing market conditions, changes in the level of service which the Board of Directors chooses to effectuate, or increased costs due to aging of the buildings, growth of plant material, etc. Although the Sponsor believes the initial contribution to the Capital/Major Maintenance (C/MM or Reserve) Fund provides an excellent start for the Association, it is not represented that such a contribution need only be increased by inflation in order to fund all future major repairs and replacements. Future homeowner-elected Boards of Directors should cause studies to be made from time to time in order to anticipate the long-term financial needs of the Association. The Sponsor believes that such planning can help avoid precipitous increases in the monthly assessments or special assessments as the Association matures.

2. Estimated receipts from other sources. No such receipts are budgeted although it is anticipated that the Association will be able to earn modest amounts of interest on its future deposits.

EXPENSE

The initial bookkeeping for the Association shall distinguish two Funds: The Operations Fund and the Capital/Major Maintenance (C/MM) Fund (or Reserve Fund). Expenses which can be expected to recur annually are budgeted in the Operations Fund; other, more irregular (and often larger) expenses are budgeted in the C/MM Fund. Although the contribution to the C/MM Fund is shown as though it is an expense in order to simplify the presentation of this budget, it is expected that in the first years of the operations of the

Association there will be considerably less expense than income in this Fund the result of which will be to build the balance available for future major repair. Although the Sponsor believes it is in the interest of the Association to maintain a Fund accounting system in the future, the Board of Directors may change the use and even number of such Funds as it deems appropriate in the future.

3. Water. Each home has a water meter and members pay directly for water use in their homes. Although the Association will use water from the outside spigots on individual homes in order to water the lawns, it is deemed impractical to reimburse the members for such use and the right of the Association to use such water is established in the Declaration.

4. Management Fees. The Sponsor intends to have the Board of Directors enter into an agreement with Rockhurst Management Corporation ("Rockhurst Corporation"), 500 Helendale Road, Rochester, New York 14609, for the provision of management services to the Association. A copy of the agreement can be found in Part II of this Plan.

The management agreement provides for the provision of a range of management services including bookkeeping, budget preparation, rendering advice to the Board of Directors, recordation of the requests of members for service and information, limited assistance in the enforcement of Rules and Regulations, preparation of specifications for contracted services, and solicitation of bidders for contracted work. The agreement specifies a fee of $16.00 per home per month (minimum of $200.00 per month) in the first year and $16.48 per home per month in the second year for these services. The agreement also provides for the provision of repair and inspection service at an additional cost on a time and materials basis.

5. Landscape Care. The following items are included in this category of expense:

Lawn cutting and trimming: $9,990.16, based on price quote from McLaughlin's Lawn and Landscape, ($359.10 per cutting plus tax for 26 cuttings).

Lawn Treatment: $4,044.61 based on price quote from Valley View Nurseries of 6135 Webster Road, Orchard Park, New York 14127 for three (3) applications of fertilizer, one application of grub control, and one (1) application of weed control.

Bed and Tree Care: $3,252.80: based on price quote from Valley View Nurseries, 6135 Webster, New York 14127 for four (4) maintenance trips (weeding, edging, trimming trees and shrubs in common area beds), two (2) applications of insect-repellant spray to such shrubs and young trees.

Groundskeepers: $1,926.00: employees of Rockhurst Corporation, 500 Helendale Road, Rochester, New York 14609 to work an average of 10 person-hours/week for 20 weeks of the growing season at an average cost to the Association of $9.00 per person-hour plus sales tax. The groundskeepers pull weeds, edge walks, and/or water lawns and beds according to conditions existing at the time.

The Sponsor believes that proper care of the landscape is important to

the future appreciation of property values. Although the program outlined in these notes should be adequate to maintain the grounds properly initially, as the shrubs and trees mature, the cost for their proper maintenance will increase considerably. Other factors in the care of the landscape cannot be completely anticipated; as examples, the spraying program would not be adequate for an unusual infestation (such as was the case a few years ago for gypsy moths) and if soil tests after the lawn has been established indicate a need to alter the pH, these would require added expense.

6. Snow Removal. The following items are included in this line of the budget:

Contract for removal of snow from asphalt surfaces and sidewalks - based on a price quote from Rockhurst Corporation, 500 Helendale Road, Rochester, New York 14609. The contract price of $6,240.00 includes removal from asphalt surfaces (roads and driveways) whenever the depth of snow reaches three (3) inches and removal of snow from the sidewalks whenever the depth of the snow reaches one and a half (1 1/2) inches, both of these services to be provided for this price for a total season snowfall of between eighty-five (85) and one hundred (100) inches, as measured by the National Weather Service at the Rochester-Monroe County Airport. The average season snowfall in Rochester is ninety (90) inches. If the snowfall is light (0-70 inches) the contractual price is $4,992.00 so that in this case there would be a savings of $1,248.00 compared to budget. Snowfall between 70 and 85 inches is prorated between $4,992.00 and $6,240.00. If the snowfall exceeds 100 inches, Rockhurst charges $49.92 per inch for the additional amount and this cost would have to be met in one of the following ways: (1) by savings in other areas of the budget; (2) use of the contingency line, (3) by temporarily using working capital, the additional cost could be taken into account when determining the following year's budget, or (4) the Board of Directors could recommend a special assessment to cover all or a part of the additional expense.

Estimate of $180.00 to cover the cost of salt for the asphalt surfaces in case of severe conditions - at a cost of approximately $3.50 per bag). Members should carefully take into account the conditions of the sidewalk and asphalt surfaces prior to use by themselves, their families, and visitors. It is anticipated that the Association will not apply salt to the sidewalks in order to avoid damage to the concrete and lawns. It is not reasonably possible in the Rochester area to keep asphalt and sidewalks totally clear of snow and ice during the cold season.

Estimate of $80.00 for purchase of 50 stakes to be used to mark the property in order to minimize damage as a result of snow-plowing operations. Hardwood stakes are available at a cost $1.50 each (plus tax).

7. Other Grounds: Repair. Estimate by Rockhurst Corporation, 500 Helendale Road, Rochester, New York 14609 of routine repair expense for grounds other than the landscape: asphalt, sidewalks, drainage and electrical. The initial expenses in this and the following category (Buildings Repair) are likely to be less than budgeted in the first year because of the Sponsor's warranty but are likely to increase in future years above the initial budget amount because of normal wear and tear on such items.

8. Buildings: Repair. Estimate by Rockhurst Corporation, 500 Helendale Road, Rochester, New York 14609 of routine repair expense for the exterior portions

of the buildings for which the Association is responsible: carpentry/siding, paint/caulk, roofs/vents, gutters/downspouts. See note on Other Grounds Repair above. The repairs budgeted for in this and the prior repair category are not for major work which would be paid for from the Reserve Fund.

9. Inspector. The budgeted amount is for an average of one hour per week at a cost to the Association of $11.50 per person-hour plus sales tax for an employee of Rockhurst Corporation, 500 Helendale Road, Rochester, New York 14609. The inspector is charged with touring the Property to investigate repair needs, evaluate performance of service contractors, and assist in the resolution of Rules and Regulations violations issues.

10. Recording Secretary. The recording secretary is an employee of the Sponsor. The budgeted amount is for $35.00 per meeting for quarterly meetings of the Board of Directors and the Annual Meeting of members. Although initially the Board of Directors may not meet this frequently, it is anticipated that this will occur at least when control of the Board passes to the homeowners. (Prior to transition to homeowner control, any savings in this line in the budget will serve as an additional contingency.) Sponsor believes that proper recordation of the minutes is important and advises against volunteer service for this function.

11. Copies, Postage, Supplies. Estimate based on the experience of Rockhurst Corporation, 500 Helendale Road, Rochester, New York 14609 in the management of many similar properties in the Greater Rochester area. Under the management agreement with Rockhurst, copies are charged at a rate of 10 cents for letter or legal size sheets and 15 cents for ledger size sheets; postage and supplies are charged to the Association at cost with any discounts benefitting the Association. These estimated costs can be affected by various factors, for example, special occurrences requiring greater than average communication with members.

12. Refuse Removal. Based on a price quote from Clean-Way Disposal Service, Inc., P.O. Box 17670, Rochester, New York 14617. Price is $5.90 (plus tax) per home per month for weekly pick-up within garages.

13. Insurance. Individual homeowners will be billed separately for the property portion of the Association's insurance policy. Included in this budget is the cost of the liability portion of this policy. Based on a price quote from Liberty Mutual Insurance Company, 211 White Spruce Boulevard, Rochester, New York 14623 for coverage as follows:

Coverage:	"All Risk."
Buildings:	$5,280,000 Blanket, Replacement Cost, No Coinsurance, $250.00 Deductible.
Liability:	$2,000,000 Aggregate, $1,000,000 per occurrence Coverage: Broad Form including libel, slander, false arrest, invasion of privacy, contractual liability, additional interest of employees, host liquor liability, and directors' and officers' liability.

All of the above: Annual Premium: $10,660.

Also included in the budget is $1,200 for a $1,000,000 Umbrella Liability policy, also as estimated by Liberty Mutual.

The cost to the Association is $1,200 for the Umbrella Liability, $600 for the Directors' and Officers' portion of the liability in the master policy, and $1,200 for the general liability portion of the master policy. The remaining premium of $8,860 is based on 32 homes at $165,000 property coverage each (= $0.178/$100 of value). Actual invoices to homeowners by Liberty Mutual will depend on the amount of property value chosen for their particular home.

14. Audit Fee. Based on a price quote from Boychuk & Hayes, Certified Public Accountants, 50 University Avenue, Rochester, New York 14605, for a certified year-end audit and preparation of a Federal Income Tax Form 1120H.

15. Legal Fees. Estimate based on letter from Harter, Secrest & Emery, 700 Midtwon Tower, Rochester, New York 14604 covering a very limited amount of legal work, most likely for proper establishment of collection procedures.

16. Real Estate Taxes. Based on information provided by the Assessor for the Town of Pittsford.

17. Franchise Tax. The minimum New York State Franchise tax is $250.00 per year. It is not anticipated that the Association will incur any liability greater than the minimum except in the distant future if the level of reserves allows for substantial income from interest on deposits.

18. Corporate Income Tax. It is not anticipated that the Association will incur an obligation for Federal Income Tax in the first year of operation. Any such obligation would be based on interest income (30% of such income after a $100.00 exclusion) and no such income has been budgeted.

19. Reserve Fund Contribution. The Capital/Major Maintenance (C/MM) or Reserve Fund contribution is based on the following:

The major items of major maintenance projected for the first twenty years are staining of the siding, sealing and resurfacing of the asphalt surfaces, and reshingling the roofs. The following are estimates of these expenses used in determining the initial contribution to the C/MM Fund.

Staining of the siding estimated at $1,284 (including tax)/home. Re-staining every five years requires $21.40/home/month

Sealing of asphalt: there is approximately 131,200 square feet of asphalt per home. Resealing every four years at $0.07/square foot (including tax) would require $5.98/home/month.

Resurfacing of asphalt: At $0.50/square foot (no tax, capital improvement) in the twentieth year, the requirement is $8.54/home/month.

Reshingling of roofs: there is 118,400 square feet of roofing (1,184 "squares"); at a cost of $65.00/square, reshingling in the twentieth year requires a contribution of $10.02/home/month.

The reserve contribution in this budget is $48.00 per cluster home per month. The four items above amount to $45.94 per home per month. The difference is intended for other replacements, e.g., sidewalks. Any excess shall be retained and applied against longer-term needs.

Longer-term needs of the Association, as mentioned at the beginning of these notes on Expense, must be evaluated from time-to-time by the Board of Directors in order to avoid surprises for the membership. Major items which will require substantial expenditures include replacement of underground utility facilities.

20. Contingency. For unanticipated expense. If this amount is not used, it is anticipated that it will not be refunded to the members but will serve to augment the working capital of the Association.

COMMENCEMENT OF BUDGET YEAR. If the projected commencement of the budget year differs by six months or more from the anticipated closing date of the first home, the offering plan will be amended to include a revised budget. If the amended budget exceeds the current budget by 25% or more, all purchasers will be offered the right to rescind their contracts.

HARTER, SECREST & EMERY

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OPINION OF COUNSEL

February 3, 1988

RE: Park Square South Homeowners Association, Inc.
Jefferson Road, Town of Pittsford
County of Monroe, State of New York

TO WHOM IT MAY CONCERN:

We have acted as counsel for the Sponsor with regard to preparation of the Offering Plan for Park Square South Homeowners Association, Inc. As counsel for the Sponsor, we render an unqualified opinion that under present law, regulations, rulings and decisional law and based upon the terms of the Offering Plan:

1. The Declaration of Covenants, Conditions and Restrictions when recorded in the Monroe County Clerk's Office will be legal and valid.

2. Members of the Park Square South Homeowners Association, Inc. will not be entitled to deduct any portion of Association charges for Federal or State Income Tax purposes.

3. The Park Square South Homeowners Association, Inc. will qualify as a tax-exempt organization under Section 528 of the Internal Revenue Code of 1986, as amended (the "I.R.C."), provided: (1) it makes the annual election required by I.R.C. Section 523(c)(1)(E); (2) at least 60% of its income consists of Association charges imposed on members who are homeowners; (3) at least 90% of its expenditures are for the management, maintenance and care of Association property; and (4) the Association is operated in accordance with its Certificate of Incorporation. The tax exemption will not apply to income from other sources other than Association dues, fees or assessments from owners of real property.

4. The homes sold in conjunction with the Park Square South Homeowners Association, Inc. will conform to applicable zoning ordinances and statutes as promulgated by the Town of Pittsford.

5. The Association will be liable for yearly corporate or franchise taxes pursuant to New York State Law.

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

We hereby authorize the inclusion of a copy of this letter into the Offering Plan for the Park Square South Homeowners Association, Inc.

Very truly yours,

HARTER, SECREST & EMERY

William N. La Forte

WNLF/ac

DESCRIPTION OF COMMON AREA TO BE MAINTAINED

BY THE HOMEOWNERS ASSOCIATION

SITE

Park Square South Homeowners Association, Inc. owns real property in the project, which consists of all the land within the boundaries of the project except for the individual building lots as will be shown on resubdivision maps which will be filed in the Monroe County Clerk's Office (the "Common Area"). The Association will be responsible for managing and maintaining this Common Area which will consist of grass, shrubbery, trees, the private roads known as Doral Court, Linden Court, Dartmouth Court and Hogan Court, and all the driveways. The Association will also be responsible for maintaining the exterior of the homes, including the roof, gutters and downspouts. The Association will have the responsibility for maintaining the private roads and the driveways in good repair and insuring that there is adequate snow removal during the winter season. The Association shall be responsible for snowplowing a private road when title to the first home served by that private road has been conveyed. The Association will maintain all plantings outside the planting beds adjacent to the homes as shown on the landscape plans for each home, and shall be responsible for shrubs and arborvitae plantings by the private road and any dedicated road when the first home has been conveyed in an area served by that private road. Sidewalk snow removal will also be provided by the Association. The Association will also be responsible for maintaining the landscaping that the Sponsor will initially install, unless such damage has been caused by the Sponsor. A general landscape plan is available for inspection by prospective purchasers at the Sponsor's office.

The Association will also be responsible for maintaining the storm water conductors and repairing the water, sanitary and storm sewer laterals connecting the individual homes to the mains from the foundation walls of the homes to the easement boundary.

A final subdivision map was filed in the Monroe County Clerk's Office in Liber 243 of Maps at Page 79. The Town of Pittsford approved the subdivision development for the Park Square South Homeowners Association project on March 26, 1987.

The roads known as Sutton Point and St. Andrews Hill will be built according to standards set by the Town of Pittsford for public roads and they will be dedicated to the Town. The four (4) private roads will be built according to Town specifications for private roads and they will not be dedicated to the Town. A letter of credit has been furnished to the Town to secure completion of the two (2) roads to be dedicated. No letter of credit will be furnished to the Town to secure the completion of the private roads. There will be driveways from the private roads built to service the homes and these driveways will be built to the Town of Pittsford standards for private roads. There will be no street lighting of any kind.

THE ASSOCIATION

The Sponsor will record a Declaration of Covenants, Conditions and Restrictions in the Monroe County Clerk's Office prior to the conveyance of title to any home in the project. The Declaration provides that every homeowner in the project becomes a member of the Park Square South Homeowners Association, Inc. with all of the rights and duties of membership. The purpose of the Park Square South Homeowners Association is to provide maintenance for the common benefit of all homeowners in the project, to

provide maintenance for the private roads and driveways, to provide maintenance for the lawns, shrubs, and arborvitae, to provide exterior maintenance for the homes, including the roofs, gutters and downspouts, storm water conductors, roofing and siding to include trim, soffets, brick, staining and/or painting, concrete sidewalks and front porches, but excludes glass replacement, door and window handles and lock maintenance and exterior light fixtures, and planting bed maintenance adjacent to the homes. The Association shall be responsible for the electrical lines from the transformer to the individual homes unless the utility company assumes the responsibility for maintenance. Membership in the Association is mandatory for anyone who obtains title to a home in the project. Thirty-two (32) homes will be constructed in the project and thus there will be thirty-two (32) members of the Association.

The Covenants, Conditions and Restrictions of the Declaration shall run with and bind the land and shall inure to the benefit of the Association and its members for a period of thirty (30) years from the date the Declaration is recorded in the Monroe County Clerk's Office. The Covenants, Conditions and Restrictions shall automatically be extended after the expiration of the initial term of the Declaration for successive periods of ten (10) years each unless an instrument signed by 75% of the then owners of the homes has been recorded agreeing to change the Covenants, Conditions and Restrictions in whole or in part.

There are no restrictions on who may become a member of the Association other than the restriction that one must own a home in the project to be a member. There are no restrictions as to renting, mortgaging or conveying any of the homes, but the property must be used solely and only for single family residences with no commercial or industrial activities being permitted. The

Declaration prohibits alterations to the planting beds or to the exterior structure of the homes without first obtaining the consent of the Architectural and Property Review Committee and/or the Board of Directors of the Association.

Except for fish or birds kept in a cage, and no more than two (2) cats or two (2) dogs which do not exceed thirty (30) pounds in weight each, no animals shall be kept or maintained in any home or other portion of the Property except with the consent of the Board of Directors which may, from time to time, set reasonable rules and regulations. Outside storage or parking of commercial or residential vehicles, camper bodies, boats and trailers shall be prohibited. No outside clotheslines shall be permitted.

Any development or construction loan mortgage on any part of the project for the development of these 32 homes shall be subordinate to the Declaration.

Park Square South Homeowners Association will obtain and maintain in full force and effect for each home a policy of fire and other casualty insurance in an amount and with such coverage as is acceptable to the Association, the cost of which will be billed separately to each homeowner, and payable to the Association. Such coverage will be adequate to cover the full replacement cost of any structural exterior repair or reconstruction of a member's home. The Board shall, on an annual basis, review the amount of insurance coverage in order to insure that the Association and its members are fully protected with regard to damage or destruction to the Buildings. Certificates of Insurance Coverage will be issued to each homeowner showing the limits of the owner's coverage for his home in accordance with the master, all-risk, policy. In accordance with the master, all-risk policy, the buildings and some of the personal property initially installed, or replacements thereof, in the home (in accordance with the original plans and

specifications) shall be considered as part of the described buildings within the unfinished interior surfaces of the perimeter walls, floor and ceilings of the units. The following items, if installed in the homes, will also be included finished interior walls initially installed, finished interior of perimeter walls initially installed, permanent fixtures initially installed in accordance with the original plans, to include kitchen cabinets, bathroom fixtures, kitchen appliances (except refrigerators and freezers), and wall to wall carpeting initially installed. Such insurance will be initially obtained from the Liberty Mutual Insurance Company. See Schedule A for more specific information on the insurance coverage. Homeowners should be aware that insurance coverage is not afforded for the personal property of the owner nor for the owner's personal liability for claims arising within the owner's home.

The cost of comprehensive general liability insurance on the Common Area is to be paid by the Association and is included in the Budget as part of Schedule A.

Management, Operation and Membership in the Park Square South Homeowners Association, Inc.

Park Square South Homeowners Association, Inc. is a duly filed Not-For-Profit corporation organized under the Not-For-Profit corporation laws of the State of New York. A copy of the Certificate of Incorporation is attached to this Offering Plan as an Exhibit. The Association will be managed by a Board of Directors composed of not less than three (3) Directors nor more than five (5) Directors who must be members of the Association. At the first meeting of the Board of Directors which will be held not later than six (6) months from the date of the first closing, the members shall elect either two (2) or three

(3) directors for a term of one (1) year and either one (1) or two (2) directors for a term of two (2) years. Thereafter, the members shall elect either two (2) or three (3) directors in even numbered years for two (2) year terms and either one (1) or two (2) directors in odd numbered years for two (2) year terms. Any Director may be removed from the Board, with or without cause, by a voting majority of the members of the Association.

The Association shall have two classes of voting membership. Class A members shall be all members, with the exception of the Sponsor, and any other person or entity which acquires all or a substantial portion of the property being developed for the purpose of developing this homeowner association project. Each Class A member shall be entitled to one vote for each membership. If more than one person holds an interest in any one home, such persons shall constitute an organization which shall be a member entitled to cast one vote alone. The vote for such home shall be exercised as the persons who constitute the organization shall among themselves determine, but in no event shall more than one vote be cast with respect to any one membership. Class B members shall be the Sponsor and it shall be entitled to one (1) vote for each membership. The Class B membership shall cease and be converted to Class A membership on July 1, 1992 or when 90% of the homes within the Association have closed and record title transferred, whichever is earlier. Prior to such date, Class A members shall not be entitled to vote for membership on the Board of Directors. However, in the sole discretion of the Sponsor, the Sponsor has the option of relinquishing the control of the Board to the homeowners in the Association after more than fifty percent (50%) of the homes in the project have been sold and closed. In this event, the homeowners in the project will be obligated to assume the control of the Association. The filing of the subdivision map in the Monroe County Clerk's

Office shall be determinative of the creation of the thirty-two (32) homes for the purposes of voting. The Declaration of Covenants, Conditions and Restrictions which shall be applicable to all homes in Park Square South Homeowners Association shall be recorded prior to the conveyance of the first home. This Declaration defines the rights, duties and obligations of all homeowners in the Park Square South Association project. The Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than 90% of the then owners of the homes. After the first thirty (30) year period of the Declaration's existence, the Declaration may be amended by an instrument signed by not less than 75% of the then owners of the homes. To be effective, any amendment must be recorded in the Monroe County Clerk's Office.

The By-Laws of Park Square South Homeowners Association, Inc. may be amended at a regular or special meeting of members by a vote of a majority of a quorum of the members present in person or by proxy. No special vote need be obtained in order for extraordinary items such as capital improvements to be undertaken. The names and business addresses of the initial officers and directors of the Park Square South Homeowners Association, Inc. are as follows:

Gilbert J. Veconi, President
30 State Street
Pittsford, New York 14534

Barbara E. Veconi, Vice President & Treasurer
30 State Street
Pittsford, New York 14534

Douglas Allen, Secretary
30 State Street
Pittsford, New York 14534

Two (2) of these initial directors are shareholders of the Sponsor.

Beginning with the conveyance of title to the first home, the Association has the right to levy assessments against all Class A members. The initial assessment has been established and reference is made to Schedule A for more information concerning the assessment and the current budget. Maintenance assessments for each of the homes will be fixed at a uniform rate. The Board of Directors of the Association shall annually fix the amount of the annual assessment against each home and shall notify each home owner at least thirty (30) days in advance of the annual assessment. The annual assessment shall be due in twelve (12) equal monthly installments on the first day of the month in advance.

Every owner of a home in the project, by acceptance of a deed for the home, whether or not it shall be expressed in the deed, is deemed a member of the Association and covenants and agrees to pay to the Association annual maintenance assessments or charges. The annual maintenance assessment, together with any late charges, interest at the current legal rate, costs and reasonable attorneys fees, shall be a charge on the land and shall be a continuing lien on the property against which each assessment is made. Each such assessment, together with late charges, interest, costs and reasonable attorneys fees shall also be the personal obligation of the person(s) who was the owner of such property at the time the assessment fell due. The lien of the assessment shall be subordinate to the lien of any first mortgage. However, in no event may voting rights be suspended for nonpayment of assessments. At present no fines or other penalties are contemplated for violation by members of the rules and regulations which are promulgated from time to time by the Association. However, the Board of Directors shall have the power to promulgate rules and regulations and to impose fines and other

penalties for violations, and these fines shall also be a lien on the homeowner's unit until fully paid.

A reserve fund will be established by the Association into which each homeowner will be required to contribute Two Hundred Dollars ($200.00) at the time the homeowner takes title to a home. Of this amount, $100.00 will each be put into the Association's operating account and the reserve account. The Sponsor will not contribute to this reserve fund. The Fund shall be used for capital expenditures and to cover working capital requirements and monthly cash deficiencies. The amount allocated to the reserve fund together with the continued collection of reserve funds in future years in accordance with the estimate of such funds as projected in the initial budget for the Association is sufficient to cover anticipated capital expenditures. While the Sponsor is in control of the Board of Directors, the reserve fund shall not be used to reduce projected Association charges (assessments). Neither the Department of Law nor any other government agency has passed upon the adequacy of the fund.

Unless the Sponsor has relinquished control, the Sponsor will be the only one entitled to vote for membership on the Board of Directors until the earlier of July 1, 1992 or when title has been transferred to more than 90% of the homes in the project. Prospective purchasers should be aware that until the Sponsor relinquishes control of the Board, members of the Association other than the Sponsor will have no say in the operation of the Association. However, after the fifteenth (15th) unit has closed, owners of homes in the project will be entitled to elect one (1) member to the Board, and after the twenty-fifth (25th) unit has closed, the owners shall be permitted to elect two (2) members to the Board. While the Sponsor is in control of the Board of Directors, no mortgage lien shall be placed on the property owned by the

Association without the consent of at least 51% of the homeowners, excluding the Sponsor and/or the Sponsor's nominees.

The Sponsor may not exercise its control of the Board of Directors to reduce the level of services described in this Offering Plan or to prevent expenditures required to comply with applicable laws or regulations. While the Sponsor is in control of the Board of Directors, certified financial statements will be provided each year to members of the Association.

After the Association first levies on one or more owners who have closed title to their homes, the Sponsor's obligation for Association charges for unsold homes shall be not less than an amount calculated in accordance with one of the following provisions: (1) Sponsor will be obligated for Association charges including supplemental charges on all unsold homes; or (2) Sponsor will be obligated for the cash difference between the actual association expenses, including the reserves applicable to completed improvements as provided for in the Association's budget, and the Association charges levied on owners who have closed title to their homes as projected in Schedule A of this Offering Plan plus any income which the Association may earn during that budget year. As long as the Sponsor has unsold homes which are offered for sale pursuant to this Offering Plan and remains in control of the Association, the Sponsor shall amend the Plan whenever there is a change in the budget or at least when one (1) year has passed since the last budget was updated and shall provide a copy of the prior year's certified financial statements to all homeowners.

LOCAL GOVERNMENT APPROVAL

Sponsor received final approval from the Town of Pittsford to develop the project on March 26, 1987. The subdivision map has been provided by the

Sponsor to the Association. The final subdivision map was filed in the Monroe County Clerk's Office on April 16, 1987.

OBLIGATIONS OF THE SPONSOR

The Sponsor intends to develop the project by constructing thirty-two (32) homes as shown on the plot plan attached hereto as an exhibit. The homes will be constructed in four (4) separate private drive areas. Prospective purchasers should refer to the plot plan and specific reference is made to this plot plan for the approximate location of specific homes. The Sponsor is obligated to improve or construct Sutton Point and St. Andrews Hill and the four (4) private roads which lead to the individual homes. However, the Sponsor will not commence construction of homes in a new private drive area until seventy-five percent (75%) of the homes in the previous private drive area have been sold. The Sponsor is not obligated to improve or construct any additional Association property. The timing of construction schedules is subject to many factors, many of which are outside the control of the Sponsor and therefore adherence to a construction schedule cannot be assured. However, the Sponsor reasonably anticipates that it will complete construction of the thirty-two (32) homes by July 1, 1992.

The Sponsor agrees to pay for any authorized and proper work involved with respect to the Common Area and agrees to cause any and all mechanics liens with respect to such work to be promptly discharged or bonded.

The Sponsor will file the Declaration of Covenants, Conditions and Restrictions prior to closing title to the first home in the project. At the time of a conveyance to a home, that home will be released from the lien provisions of any land or construction loan mortgage prior to closing title. The Sponsor will complete construction of the private roads and the driveways

serving the homes in the project which are vital to the owners health and safety prior to closing title to the first home. If the Town of Pittsford permits occupancy and the Sponsor is required to escrow funds pursuant to a requirement of a mortgage lending institution for completion of incomplete items in the home, closing of title to the home may occur if the incomplete items are not vital to the health and safety of the owner, as determined by the Town of Pittsford. While the Sponsor controls the Board of Directors, the Sponsor has an obligation to defend any suits or proceedings arising out of the Sponsor's acts or omissions and to indemnify the Board of Directors of the Association.

The Sponsor shall deliver to the Association on the closing of each home a final resubdivision map which shows the outside dimensions of the home on each lot. The map shall also show the location of the private roads and driveways in the project. The Sponsor shall provide a certification to the Association covering specifications of roads, sewers and/or water lines and shall represent that they are in substantial compliance with the terms of the Offering Plan. If these improvements, as built, are not in substantial compliance with the plans and specifications and the terms of this Offering Plan, the Plan must be amended and recission must be offered to all purchasers and Association members.

The Sponsor has posted a letter of credit with Chase Lincoln First Bank, N.A. as an assurance to the Town of Pittsford for the completion of the two (2) public roads and for other improvements required by the Town as a condition of granting approval for the project. However, no letter of credit will be furnished to secure the Sponsor's obligation to complete the private roads and the driveways.

The Sponsor has a right of access to complete construction of the thirtytwo (32) homes in the Park Square South Homeowners Association project as well as to complete construction of the private roads that will provide access to all the homes from Stone Road. The Sponsor has a right to interfere with the members' use of the private roads and the Common Area to the extent reasonably necessary to complete construction or make repairs. There are four (4) private road areas in the project. The Sponsor has an obligation to repair any and all damage to the private road and any driveways servicing that area where the Sponsor is working until the Sponsor transfers title to the final home in that specific area. The Sponsor shall repair any damage caused to the homes which is directly attributable to the Sponsor's use of the roads during construction.

In the event the Sponsor dissolves or liquidates, the project will nevertheless be completed by a responsible entity appointed by the Sponsor.

Title to the property owned by the Association will be insured at closing by a title company licensed to do business in the State of New York. The amount of coverage is $2,000.00

Any mortgages or liens which remain on the property after closing on the first home shall be subordinate to the Declaration of Covenants, Conditions and Restrictions. The Sponsor shall be obligated with respect to common charges and assessments on unsold homes in an amount calculated in accordance with one the following provisions: (1) The Sponsor will be obligated for Association charges including any supplemental charges on all unsold homes; or (2) The Sponsor will be obligated for the cash difference between the actual Association expenses including reserves applicable to completed improvements as provided for in the Association budget and the Association charges levied

on owners who have closed title to their homes as projected in this Offering Plan, plus any income which the Association may earn during that budget year.

There are private roads known as Doral Court, Linden Court, Dartmouth Court and Hogan Court which will service the project and which will be built in accordance with local government standards for private roads as set by the Town of Pittsford. The driveways which will service the individual homes will be built to the Town of Pittsford standards for private drives. The Sponsor will amend the Plan after completion of the roads, services and water lines, but prior to the final conveyance of the Common Area to the Association, to include a certification by an engineer or architect stating that the roads, services and water lines have, in fact, been constructed in accordance with the specifications shown on the filed map and stating the date of completion. In the alternative, or if the construction of the roads, services and water lines have not been completed prior to conveyance to the Association, the Sponsor must post a bond or escrow funds or provide other adequate security in an amount determined by a licensed engineer which amount shall not be less than the amount required to complete such construction to the required specifications.

TRUST FUND PROVISIONS

Any deposits made pursuant to a contract of sale between the Sponsor and prospective purchasers for homes shall be placed promptly in a special interestbearing escrow account at Chase Lincoln First Bank, N.A. entitled **The Park Square South Homeowners Association, Inc., Trust Account.** Interest earned on the deposit shall commence to accrue on the date of deposit and shall belong to the prospective purchaser. The funds may be released by signature of an attorney for Sponsor at the closing or prior to closing if a

purchaser rescinds or defaults, in compliance with the lot reservation agreement or the building contract. The Sponsor is responsible for complying with the escrow and trust fund provisions of General Business Law §352-e(2)(b) and §352-h. William N. La Forte, 700 Midtown Tower, Rochester, New York 14604 will be the attorney responsible for authorizing release of the funds.

MANAGEMENT AGREEMENT

The Sponsor has entered into a Management Agreement with Rockhurst Corporation for it to manage the project. Rockhurst Corporation has an office at 500 Helendale Road, Rochester, New York 14609. Rockhurst Corporation is a full service real estate management company which offers management and leasing services for office, residential, retail and commercial properties throughout Rochester and the surrounding area. A partial list of properties presently managed by Rockhurst Corporation follows:

Name of Project	Type of Project
Lyndon East Condominium East Rochester, NY	200 residential units
Churchville Greene Homeowners Assoc. Churchville, NY	212 residential units
Beacon Hill Homeowners Assoc. Pittsford, NY	149 residential units

William G. Tomlinson is the sole shareholder of Rockhurst Corporation, and is a licensed real estate broker in New York State.

Mr. Tomlinson has 11 years of experience in real estate management including construction, rehabilitation, and management of residential and commercial properties.

The Management Agreement with Rockhurst Corporation is for a period of two years commencing not later than December 1, 1988. The Managing Agent shall receive a management fee equal to $16.00 per home per month for its

services. The Managing Agent shall manage the Association and shall collect all monthly or other assessments and other charges due to the Association for the operation of the Association. The Association shall indemnify and save the Managing Agent harmless from all suits or claims in connection with the Association and against liability for acts properly performed by the agent pursuant to the Agreement. The Managing Agent has no right to assign its interest under the Agreement and the Agreement may be cancelled by the Board of Directors of the Association upon giving at least 30 days prior written notice to the Managing Agent. However, in no event shall the Management Agreement be cancelled by the Association prior to the Board of Directors entering into a new Agreement which must become operative immediately upon the cancellation of the old Agreement.

There is no relationship between the Sponsor and its principals and the Managing Agent.

There are no other contracts or leases that shall be binding upon the Association.

IDENTITY OF PARTIES

The Sponsor is Cannon Development, Inc., a New York corporation, which has its principal office and place of business at 30 State Street, Pittsford, New York 14534. Gilbert J. Veconi and Barbara E. Veconi are the sole shareholders of the Sponsor, with Mr. Veconi acting as President of the Sponsor and Mrs. Veconi serving as Vice-President/Treasurer. C. Richard Cole, 700 Midtown Tower, Rochester, New York 14604 is the Secretary of the Sponsor.

There are no prior felony convictions of Sponsor or the principals of Sponsor and there are no prior convictions, injunctions or judgments against

Sponsor or the principals of Sponsor that are relevant or material to the Offering Plan.

The following properties have been offered for sale by Sponsor within the past five (5) years:

1. Versailles Subdivision Section 3-LaDue Drive, Town of Pittsford, New York 1983.

2. Shelter Creek Subdivision-Shelter Creek Drive, Town of Perinton, New York 1983.

3. Black Watch Subdivision Section 9b-Briggsboro Drive, Town of Perinton, New York 1982.

4. Charter Oaks Subdivision-Stuyvesant Road, Fenimore Drive, Bay Colony Drive, Town of Pittsford, New York-1977-1980.

5. Versailles Subdivision Section 1-LePere Drive, Town of Pittsford, New York 1980.

6. Park Square Homeowners Association-Jefferson Road, Town of Pittsford, New York 1983 to present.

7. Park Square Sections 1 and 2, Jefferson Raod and Stone Road, Pittsford, New York 1983 to present.

The law firm of Harter, Secrest & Emery, 700 Midtown Tower, Rochester, New York 14604 has represented the Sponsor in all matters regarding the preparation of this Offering Plan. William N. La Forte, Esq. has prepared this Offering Plan and the documents contained herein. The Sponsor will not be represented by an attorney for closing on the homes.

Sear-Brown Associates, P.C. has been the consulting engineer and planner for the Sponsor with regard to this project. Sear-Brown Associates, P.C. maintains an office at 85 Metro Park, Rochester, New York 14623.

REPORTS TO MEMBERS

It is the obligation of Park Square South Homeowners Association, Inc., to annually give all its members a financial statement prepared by a certified public accountant or public accountant and to give its members prior notice of the annual meeting of members.

DOCUMENTS ON FILE

The Sponsor will keep copies of the Offering Plan and Parts A, B, C, and D of the exhibits and all documents related thereto and referred to in the Plan on file and available for inspection and copying (at the expense of the party making the request) at 30 State Street, Pittsford, New York 14534 for a period of six (6) years from the date of the first closing.

There will be no buildings constructed on the Common Area which shall be owned by the Association.

GENERAL

This Offering Plan does not knowingly omit any material fact or contain any untrue statement of any material fact.

There are no lawsuits, administrative proceedings or other proceedings, the outcome of which may materially affect the offering, the property, Sponsor's capacity to perform all of its obligations under the Plan, or the operation of the Association. This property has not been subject to any prior offerings and no preliminary non-binding agreements have been entered into nor has money been collected from prospective purchasers.

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that neither the Sponsor nor the Association will discriminate against any person because of race, creed, color, national origin or ancestry in the sale of homes at Park Square South Homeowners Association, Inc., or in the offering of memberships in the Association.

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

Dated: February 3, 1988

CANNON DEVELOPMENT, INC.

By: _____

Gilbert J. Veconi, President

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