

MONROE COUNTY CLERK'S OFFICE

ROCHESTER, NY

THIS IS NOT A BILL. THIS IS YOUR RECEIPT

Receipt # 1177037

Index DEEDS

Book 11484 Page 484

No. Pages : 4

Instrument AMENDMENT TO DECLARATION

Date : 12/24/2014

Time : 02:27:00PM

Control # 201412240373

TT # TT0000007895

Ref 1 #

Employee : AlanaM

Return To:
BOX 93

RIVERS RUN LLC
RIVERS RUN HOMEOWNERS ASSOCIATION

COUNTY FEE TP584	\$	5.00
MISCELLANEOUS COUNTY FEE	\$	0.00
COUNTY FEE NUMBER PAGES	\$	15.00
RECORDING FEE	\$	45.00
STATE FEE TRANSFER TAX	\$	0.00

Total \$ 65.00

State of New York

MONROE COUNTY CLERK'S OFFICE

WARNING - THIS SHEET CONSTITUTES THE CLERKS
ENDORSEMENT, REQUIRED BY SECTION 317-a(5) &
SECTION 319 OF THE REAL PROPERTY LAW OF THE
STATE OF NEW YORK. DO NOT DETACH OR REMOVE.

TRANSFER AMT

TRANSFER AMT \$1.00

CHERYL DINOLFO
MONROE COUNTY CLERK



RECORDED
2014 DEC 24 PM 2:27
MONROE COUNTY CLERK'S OFFICE

**CORRECTION
FIRST AMENDMENT TO DECLARATION
OF THE RIVERS RUN HOMEOWNERS ASSOCIATION, INC.**

This is the First Amendment to the Declaration of the Rivers Run Homeowners Association, Inc., which Declaration was originally filed in the Monroe County Clerk's Office on August 18th, 2006 in Liber of Deeds 10343 at page 514.

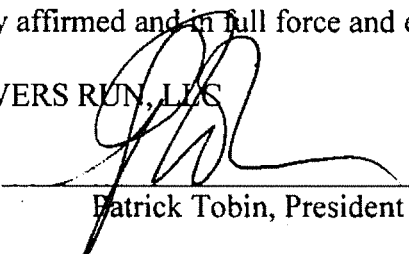
The Declaration of the Rivers Run Homeowners Association, Inc. is hereby amended to correct the legal description in order to eliminate what are now known as lots R-69 B and R-69 C from the description so they can be re-conveyed to Rochester Institute of Technology. A new Exhibit A is attached consisting of Lot R-69 A and Blocks 1-18 of the Rivers Run Subdivision, Section 2 and two easements, as shown on a map prepared by Erdman Anthony dated December 21, 2010 and filed in the Monroe County Clerk's Office in Liber 340 at Page 85.

Article VII concerning "Maintenance" is amended to add the following items to those to be maintained and paid for by the Association: (a) Roof repairs and replacements and (b) Exterior painting.

Except as otherwise amended, the Declaration of the Rivers Run Homeowners Association, Inc. is hereby affirmed and in full force and effect.

RIVERS RUN, LLC

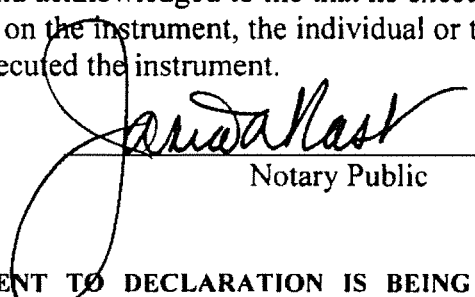
By _____


Patrick Tobin, President

STATE OF NEW YORK)
COUNTY OF MONROE) ss:

On this 15th day of December, 2014, before me the undersigned, a notary public in and for said state, personally appeared Patrick Tobin, personally known to me or approved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual or the person on behalf of which the individual acted, executed the instrument.

JANICE A. NAST
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01NA6272071
Qualified in Monroe County
Commission Expires November 13, 2016


Notary Public

* THIS CORRECTION FIRST AMENDMENT TO DECLARATION IS BEING RECORDED SOLELY TO INCLUDE EXHIBIT A WHICH WAS INADVERTENTLY OMITTED FROM THE FIRST AMENDMENT TO DECLARATION WHICH WAS RECORDED IN THE MONROE COUNTY CLERK'S OFFICE ON OCTOBER 11, 2011 IN BOOK 11050 OF DEEDS, PAGE 283.

I hereby certify that on July 28, 2011 at a meeting of members at which a quorum was present, the above amendment was approved by 80% of the homeowners.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

By: *Janice Fischer*
Secretary

EXHIBIT A

ALL THAT TRACT OF PARCEL OF LAND situate in the Town of Henrietta, County of Monroe and State of New York more particularly described as Lot R-69A and Blocks 1-18 of the Rivers Run Subdivision, Section 2, as shown on the map filed in the Monroe County Clerk's Office in Liber 340 at page 85.

TOGETHER with the right of ingress and egress over that part of lot 68 designated "50' wide ingress/egress easement" as shown on the same map.

ALSO, TOGETHER with the right of ingress and egress as set forth in the permanent easement from Rochester Institute of Technology to Rivers Run, LLC dated March 15, 2006 and recorded March 15, 2006 in the Monroe county Clerk's Office in Liber 10269 at page 562.

MONROE COUNTY CLERK'S OFFICE

ROCHESTER, NY

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Receipt # 1178735

Index DEEDS

Book 11485 Page 477

No. Pages : 4

Instrument AMENDMENT TO DECLARATION

Date : 12/30/2014

Time : 01:48:43PM

Control # 201412300479

TT # TT0000008016

Ref 1 #

Employee : TracyC

Return To:

JASON DIPONZIO
420 REYNOLDS ARCADE BUILDING
16 EAST MAIN STREET
ROCHESTER, NY 14614-

RIVERS RUN HOMEOWNERS ASSOCIATION INC

COUNTY FEE TP584	\$	5.00
MISCELLANEOUS COUNTY FEE	\$	0.00
COUNTY FEE NUMBER PAGES	\$	15.00
RECORDING FEE	\$	45.00
STATE FEE TRANSFER TAX	\$	0.00

Total \$ 65.00

State of New York

MONROE COUNTY CLERK'S OFFICE

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ENDORSEMENT, REQUIRED BY SECTION 317-a(5) &
SECTION 319 OF THE REAL PROPERTY LAW OF THE
STATE OF NEW YORK. DO NOT DETACH OR REMOVE.

TRANSFER AMT

TRANSFER AMT

\$1.00

CHERYL DINOLFO
MONROE COUNTY CLERK



3

**SECOND AMENDMENT TO DECLARATION OF
THE RIVERS RUN HOMEOWNERS ASSOCIATION, INC.**

This is the Second Amendment to the Declaration of the Rivers Run Homeowners Association, Inc., which Declaration was originally filed in the Monroe County Clerk's Office on August 18, 2006 in Liber 10343 of Deeds at page 514. A First Amendment to Declaration was filed in the Monroe County Clerk's Office on October 11, 2011 in Liber 11050 of Deeds at Page 283. A Correction First Amendment to Declaration was filed in the Monroe County Clerk's Office on December 24, 2014 in Liber 11484 of Deeds at Page 484. The Association is located at 50 Fairwood Drive, Town of Henrietta and a legal description of the property is attached as Exhibit A.

The Declaration of the Rivers Run Homeowners Association, Inc. is hereby amended to add the following paragraph, to be enumerated as Article VIII, Paragraph D(10):

No Owner may lease a Property in the development unless approval of the Board of Directors (the "Board") of the Rivers Run Homeowners Association, Inc. (the "Association") is obtained, and subject to the following restrictions:

- (a) No more than 10% of the homes in the Association may be leased at any one time;
- (b) An initial lease term must be written for at least 12 months;
- (c) Only the entire home (not rooms or portions of the home) may be leased;
- (d) Every lease must contain a clause by which the Tenant agrees to abide by the Offering Plan, Declaration, By-Laws and the Rules and Regulations of the Association;
- (e) The Unit shall be used for single family residential purposes only, by qualified occupants defined as a single person 55 years of age or older; a couple, one of which is 55 years of age or older. In addition, one adult child, 21 years of age or older may reside with a qualified parent;
- (f) A request for relief from the requirements of paragraphs (a) or (b) of this paragraph may be presented to the Board for consideration in accordance with the Rules

2014 DEC 30 PM 1:48
MONROE COUNTY CLERK

PFCNNPFFN

and Regulations of the Association and upon demonstration of extenuating circumstances.

Except as otherwise amended, the Declaration of the Rivers Run Homeowners Association, inc. is hereby affirmed and in full force and effect.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

By: Howard Maslich
Howard Maslich, President

STATE OF NEW YORK)
)
COUNTY OF MONROE) ss:

On this 10th day of December 2014, before me the undersigned, a notary public in and for said state, personally appeared Howard Maslich, personally known to me or approved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual or the person on behalf of which the individual acted, executed the instrument.

Jamce A. Mast
Notary Public

JAMCE A. MAST
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01NA6272071
Qualified in Monroe County
Commission Expires November 13, 2016

I hereby certify that on September 2, 2014, at a meeting of members at which a quorum was present, the above amendment was approved by 80% of the Owners.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

By: Wanda Fischer
Wanda Fischer, Secretary

EXHIBIT A

ALL THAT TRACT OF PARCEL OF LAND situate in the Town of Henrietta, County of Monroe and State of New York more particularly described as Lot R-69A and Blocks 1-18 of the Rivers Run Subdivision, Section 2, as shown on the map filed in the Monroe County Clerk's Office in Liber 340 at page 85.

TOGETHER with the right of ingress and egress over that part of lot 68 designated "50' wide ingress/egress easement" as shown on the same map.

ALSO, TOGETHER with the right of ingress and egress as set forth in the permanent easement from Rochester Institute of Technology to Rivers Run, LLC dated March 15, 2006 and recorded March 15, 2006 in the Monroe county Clerk's Office in Liber 10269 at page 562.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

AMENDMENT NO. 3

NYS DEPARTMENT OF LAW FILE NUMBER: H 050036

This is the Third Amendment to the Offering plan for the Rivers Run Homeowners Association, Inc. The purpose of the amendment is to extend the term of the offering.

1. The first closing, on Unit 304, took place on September 26, 2006 in Pittsford, New York.
2. The Declaration of Covenants was recorded on August 18, 2006 in Liber of Deeds 10343, page 514 in the Monroe County Clerk's Office.
3. A reserve account has been set up and is being funded monthly. There is no working capital fund.
4. All units except Unit 202, 304, 401, 501, 503, 504, 601 and 604 are owned by Sponsor. There is a purchase contract pending for Unit 1101.
5. The initial Board of Directors is Patrick Tobin, 71 Linden Street, Rochester, N. Y. 14620, Claudia Blumenstock, 407 Taylor Road, Honeoye Falls, New York 14472 and Julie Fenske, 44 Mill Valley Road, Pittsford, N. Y. 14534. Mr. Tobin is Vice President of Christa Construction, LLC, a principal of Sponsor; Ms. Blumenstock is Executive Vice President of Sponsor and Ms. Fenske is Vice President of Operations of Sponsor.
6. Sponsor is in control of the Board and will remain in control until all units are sold or five (5) years from September 26, 2006, whichever first occurs.
7. The first meeting of the homeowners will occur after the Sponsor's control period has ended.
8. The Sponsor remains liable for all Association expenses over and above those collected from the Unit owners.
9. The Sponsor has paid the most recent real property taxes for the current year. The 2007 County tax was \$9,760.59 and the 2006-7 School tax was \$15,448.81. Bills have not been rendered for individual units.
10. There are no homes occupied by tenants.
11. Sponsor's obligations to the homeowner's association which will become

due in the next twelve (12) months are payment of Association expenses and payments for completion of improvements.

12. All unsold units subject to the Offering Plan are subject to a mortgage with M&T Bank on which there is a current balance of \$4,800,000. It is a demand note, with monthly payments of interest only. When a townhome unit sells, there is a principal paydown.

13. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.

14. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage.

15. Pat Tobin and David Christa, principals of Sponsor, are also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York. They are current on all financial obligations pertaining to that project.

16. An updated budget for the calendar year 2007 is attached. No financial statements have been prepared yet as there has not been a complete year of operation.

17. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

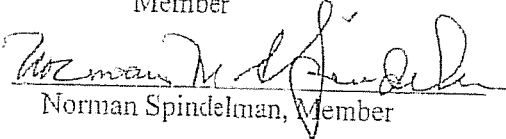
18. The purchase contract in the offering plan was not intended for use on newly built homes. A new form of purchase contract is attached as Schedule A.

IN WITNESS WHEREOF this Amendment has been signed this 30th day of May, 2007.

RIVERS RUN, LLC

By: Living Communities, L.L.C.
Sole Member

By: Living Communities of Rochester, LLC,
Member

By: 
Norman Spindelman, Member

SCHEDULE A

RIVERS RUN
 BUDGET 2007 FISCAL YEAR OF OPERATION¹
 BEGINNING JANUARY, 2007

Projected Income	
Maintenance Charges ²	\$24,448
TOTAL	\$24,448
Projected Expenses	
Electricity ³	\$ 1,200
Repairs, Maintenance and Supplies	\$ 0
Landscaping (mowing and trimming) ⁴	\$ 3,000
Snow removal ⁵	\$ 3,000
Refuse Removal ⁶	\$ 1,984
Insurance ⁷	\$ 3,900
Management Fee ⁸	\$ 4,500
Legal Fees ⁹	\$ 700
Accounting Fees ¹⁰	\$ 2,000
Taxes	
Real Property taxes ¹¹	\$ 3,392
Franchise and Corporate Taxes	
Reserves ¹²	<u>\$ 8,640</u>
TOTAL	\$32,316
Net Income ¹³	(\$7868)

FOOTNOTES TO SCHEDULE A

1. **BUDGET FOR HOA OPERATION** – Based on 8 cottages sold and occupied and 8 more being occupied by year end .2007
2. **MAINTENANCE CHARGES** - Monthly maintenance charges are budgeted to be \$191 per month per unit based on the budgeted expenses at full build out.
3. **ELECTRICITY** – Based on RGE average billing of \$100/month for street lighting
4. **LANDSCAPING** – Based on IFS contract for lawn cutting from PPS landscaping for lawn cutting, spring and fall fertilization and clean up and weed control.
5. **SNOW REMOVAL** – Based on previous year actual and contract from Alex Snow Removal snow plowing and salt supplies.
6. **REFUSE REMOVAL**- provided by Waste Management at \$15.50 per unit per month with 8 units occupied through 6/60/07 and adding 8 more units for balance of the year at average 4 months
7. **INSURANCE** – Based on cost per building from First Niagra and current cost.
8. **MANAGEMENT FEE** – Provided by IFS /month per building cottage for maintenance services and \$18.75/month per unit for administrative services that includes budgeting, AR, AP
9. **LEGAL FEES** – Provided by Fix, Spindelman, Brovitz and Goldman
10. **ACCOUNTING FEES** – Based on Rotenberg cost for annual audit
11. **TAXES** – Based on assessment dated May 1, 2007 from Town of Henrietta. Board of managers filing grievance to have lowered and will be meeting 6/4/07.
12. **RESERVES** – Calculated based on replacement cost provided by our architect and engineers and includes labor. Values based on 20 units built out to date and site improvements 1/3 complete.
13. **NET INCOME** - Developer to fund any negative variance.

Item	Cost	Life Cycle	Annual Contribution
Exterior Painting 5 buildings	\$5,555	5 yrs	\$1,111
Roofing - 5 building	\$48,855	30 yrs	\$1,629
Asphalt (60,000sf)			
Sealing @ .07/sf	\$4,200	3 yrs	\$1,400
Resurfacc@ .75/sf	\$45,000	10 yrs	\$4,500
		Total Reserves	\$8640

PURCHASE AND SALE CONTRACT
FOR
RIVERS RUN

TO: Rivers Run, LLC, 50 Fairwood Drive, Rochester, New York, 14623, "Seller"

FROM: _____, "Buyer"

RE: Lot ____, _____, New York
_____, New York
(Street Address)

OFFER TO PURCHASE

Buyer offers to purchase the property described below from Seller on the following Terms:

1. PROPERTY DESCRIPTION

A. Property known as Lot _____, in the Town of Henrietta, State of New York, including all improvements and all rights which the Seller has in or appurtenant to the property.

B. Townhome Unit to be constructed according to the plans and specifications designated Exhibit A attached hereto and initialed by Buyer and Seller.

C. HOMEOWNERS ASSOCIATION: Conveyance of the lot requires mandatory membership in Rivers Run Homeowner's Association, Inc.. The Homeowners Association has title to certain common areas designated on the foregoing subdivision map. Buyer understands that an estimated monthly fee of \$190.00 is currently required from members in the homeowners' association for maintenance of the common areas and services to individual lots including snow plowing, trash collection and common area liability insurance, all as detailed in Rivers Run Homeowner's Association Offering Plan. Buyer understands that this monthly fee may change.

2. PRICE AMOUNT AND HOW IT WILL BE PAID. The purchase price is _____ (\$ _____). Buyer shall receive credit at closing for the deposit made pursuant to paragraph 11 hereof. The balance of the purchase price shall be paid all in cash or certified check at closing.

3. MORTGAGE CONTINGENCY. This Contract: check one only

() (a) is not subject to Buyer obtaining mortgage financing

() (b) is subject to Buyer obtaining mortgage financing, satisfactory to Buyer in the minimum amount of \$ _____ no later than _____, 200__. In the event this contingency is not satisfied or waived by said date, either party may terminate the Contract by delivery of written notice to the other party, all deposits shall be returned to Buyer and neither Buyer nor Seller shall have any further liability under the Contract. If a mortgage commitment is obtained by Buyer and

it lapses or terminates for some reason other than a delay in closing caused by Buyer, and if Buyer has made a good faith effort to extend the commitment without success, Buyer may terminate this contract within five (5) business days following expiration of the commitment.

4. **CLOSING DATE AND PLACE.** The transfer of title to the property shall take place at the office of Seller's attorney or the office designated by Buyer's lender on or about the _____ day of _____, 200_____, provided, however, that if there is a delay in completion of the improvements which is out of Seller's control, then Seller shall be entitled to a reasonable adjournment in the closing date without being liable therefor. The transfer of title to the unit shall take place only after or concurrently with the issuance of a certificate of occupancy for the unit being conveyed.

5. **BUYER'S POSSESSION OF PROPERTY.** Buyer shall have possession of the property on the day of closing.

6. **TITLE DOCUMENTS.** Seller shall provide the following documents in connection with the sale.

A. **Deed:** Seller will deliver to Buyer at closing a properly signed and notarized Warranty Deed with lien covenant.

B. **Abstract, Bankruptcy and Tax Searches, and Instrument Survey Map:** Seller will furnish and pay for and deliver to Buyer or Buyer's attorney at least 10 days prior to closing, fully guaranteed tax, title and United States Court searches, and an instrument survey of the Lot with improvements, all to be dated or redated after the date of this contract. Seller will pay for continuing searches to and including the day of closing and for the instrument survey.

C. **Documents to be Furnished regarding the Homeowners Association:** Since the property carries with it mandatory membership in the homeowners association, Seller will also furnish the following items to Buyer or Buyer's attorney at least ten (10) days prior to closing:

- a. Copy of the Offering Plan and all Amendments.
- b. Name and address of insurance agent administering common areas insurance policy.

7. **MARKETABILITY OF TITLE.** The deed and other documents delivered by Seller shall be sufficient to convey good and marketable title in fee simple to the property, free and clear of all liens and encumbrances, but subject to the terms of the Declaration, By-Laws and Offering Plan. Buyer also agrees to accept title to the property subject to public utility easements as long as those easements do not interfere with any existing improvements. Buyer acknowledges that no improvements may be made to the premises without prior written architectural approval from the Association Board of Directors as set forth at length in the Declaration and By-Laws.

8. **OBJECTIONS TO TITLE.** If Buyer raises a valid written objection to Seller's title which means that the title to the property is unmarketable, Seller may cancel this contract by giving prompt written notice of cancellation to Buyer, and Buyer's deposit shall be returned immediately. However, if Seller gives written notice within five (5) days that Seller will cure the problem prior to the closing date, then this contract shall continue in force until the closing date, subject to Seller performing as promised. If Seller fails to cure the problem within such time, Buyer will not be obligated to purchase the property and his deposit shall be returned.
9. **RECORDING COSTS, MORTGAGE TAX, TRANSFER TAX AND CLOSING ADJUSTMENTS.** Buyer will pay for recording the deed and any mortgage and mortgage tax. Seller shall pay for any transfer tax. Water charges, sewer charges, and current taxes computed on a fiscal year basis, excluding any delinquent items, interest and penalties, will be prorated and adjusted between Seller and Buyer as of the date of closing. Buyer shall also pay at closing his prorated share of the common expenses assessment as provided for in Article VI of the Declaration and in the Offering Plan of the Homeowners Association.
10. **ZONING.** By signing this contract, Seller certifies that the property is in full compliance with all zoning or building ordinances for use as a single family residence.
11. **DEPOSIT BY BUYER.** Upon acceptance, Buyer will deposit Ten Thousand Dollars (\$10,000.00) with Seller, which deposit is to become part of the purchase price. The Seller will hold all funds received by it from purchasers directly, or through its agents or employees in trust until closing. Fix Spindelman Brovitz and Goldman, PC, attorneys at law, 295 Woodcliff Drive, Suite 200, Fairport, New York 14450, is Seller's escrow agent who will hold funds deposited by Buyer at any time prior to the closing of title in a special escrow account in M&T Bank, 255 East Avenue, Rochester, N.Y. 14604. These funds shall be held in trust in accordance with the provisions of Section 352-(e)(2)(b) and 352-h of the General Business Law of the State of New York and released only upon the authorization of Paula A. Lapin, attorney at Fix Spindelman, Brovitz and Goldman, PC. In the event closing does not occur for any reason except the Buyer's default under the terms of this Purchase Agreement, these funds shall be fully returned to Buyer. A complete explanation of the escrow provisions and Buyer's rights with respect to this escrow is set forth in Exhibit 9 of Part II of the Offering Plan.
12. **EXTRAS.** If Buyer selects any extras or upgrades, they will be paid for as follows: 50% upon selection, and 50% at closing.
13. **BUYER'S FAULT.** Seller may send Buyer notice of intention to cancel this Agreement if (i) Buyer does not pay Seller the balance of the purchase price on the date that Buyer is supposed to pay or (ii) Buyer fails to perform any other obligation under this Agreement. If Buyer does not correct the default within thirty (30) days after Seller has given notice, Seller may cancel this Agreement.
14. **SELLER'S DEFAULT REMEDIES.** If Seller cancels this Agreement because of Buyer's defaults, the liquidated damages shall be all payments Buyer has made to

Seller up to ten percent (10%) of the purchase price of the Townhome, plus the actual costs Seller incurred for any extras Buyer may have ordered. If Buyer paid Seller less than ten percent (10%) of the purchase price of the Townhome before the default, Seller may collect, also as liquidated damages, the difference between the amount paid and ten percent (10%) of the Purchase Price. If Seller cancels the Agreement because of Buyer's default, and recovers all its liquidated damages, neither party will have any further liability to the other. Seller may then sell the Townhome to anyone else. The handling of all deposits will be in accordance with the Escrow Agreement contained in the Offering Plan.

15. BROKERAGE AND REAL ESTATE COMMISSIONS. It is understood and agreed by both Buyer and Seller that Seller has retained ReMax Realty ("ReMax") as selling broker and that Seller is liable for the real estate brokerage commission payable to ReMax resulting from this contract.

16. SELLER'S WARRANTY. The Seller will provide the limited warranty and construct all improvements in accordance with the Limited Warranty ("*Warranty*") and Residential Construction Performance Guidelines prepared by the Rochester Homebuilder's Association. A copy of the Warranty is contained in Part II of the Offering Plan.

17. LIFE OF OFFER. Buyer agrees not to withdraw this Offer before _____, 200__ at 5:00 P.M.

18. RESPONSIBILITY OF PERSONS UNDER THIS CONTRACT; ASSIGNABILITY. If more than one person signs this contract, as Buyer, each person and any party who takes over that person's legal position will be responsible for keeping the promises made by Buyer in this contract. However, this contract is personal to the parties and may not be assigned by either without the other's consent.

19. ENTIRE CONTRACT. This contract, when signed by both Buyer and Seller, will be the record of the complete agreement between the Buyer and Seller concerning the purchase and sale of the property. No verbal agreements or promises will be binding on either the Buyer or Seller unless they are in writing, and signed by both Buyer and Seller. In the event of any conflict between this Contract and the Offering Plan, the terms of the Offering Plan shall control.

20. RECEIPT OF OFFERING PLAN. The Buyer acknowledges that he has received a copy of the offering plan and all filed amendments at least three (3) business days prior to the execution of the purchase contract.

21. **ATTORNEY APPROVAL.** This Contract is subject to the written approval of attorneys to Buyer and Seller within seven (7) calendar days from the date of Seller's acceptance.

Dated: _____

Buyer:

Witness:
Buyer: _____

ACCEPTANCE OF OFFER BY SELLER

Seller certifies that it owns the property and has the power to sell the property. Seller accepts the offer and agrees to sell on the terms and conditions set forth above.

Dated: _____ Seller: RIVERS RUN, LLC

Manager

Witness: _____

=====
=====

Seller's Attorney & Address:

Buyer's Attorney & Address:

Paula A. Lapin, Esq.
Fix Spindelman Brovitz and Goldman, P.C.
295 Woodcliff Drive, Suite 200
Fairport, New York 14450
Telephone: (585) 641-8000
E-mail: plapin@fixspin.com

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

AMENDMENT NO. 4

NYS DEPARTMENT OF LAW FILE NUMBER: H 050036

This is the Fourth Amendment to the Offering plan for the Rivers Run Homeowners Association, Inc. The purpose of the amendment is to amend the budget and correct some provisions of the offering.

1. The first closing, on Unit 304, took place on September 26, 2006 in Pittsford, New York.
2. The Declaration of Covenants was recorded on August 18, 2006 in Liber of Deeds 10343, page 514 in the Monroe County Clerk's Office.
3. A reserve account has been set up at M&T Bank. It currently contains \$8,436.00. There is no working capital fund.
4. All units except Unit 201, 202, 304, 401, 501, 503, 504, 601, 604, 1102 and 1202 are owned by Sponsor. There are purchase contracts pending for Units 1101, 702, 1401 and 404.
5. The initial Board of Directors is Patrick Tobin, 71 Linden Street, Rochester, N.Y. 14620, Claudia Blumenstock, 407 Taylor Road, Honcove Falls, New York 14472 and Anita Ellen Harris, 8334 E. Main Road, Leroy, New York 14482. Mr. Tobin is President of Living Communities, LLC, owner of the Sponsor; Ms. Blumenstock is Vice President of Business Development of Living Communities, LLC and Ms. Harris is Vice President of Operations and Business Initiatives of Living Communities, LLC.
6. Sponsor is in control of the Board and will remain in control until all units are sold or five (5) years from September 26, 2006, whichever first occurs.
7. The first meeting of the homeowners will occur after the Sponsor's control period has ended.
8. The Sponsor remains liable for all Association expenses over and above those collected from the first Unit owners.
9. The Sponsor has paid the most recent real property taxes for the current year. The 2008 County tax was \$1,257.94 and the 2007-8 School tax was \$2,009.69. Bills have been rendered for individual units.
10. There are two homes occupied by tenants. The total rent collected

monthly is \$4,000.00 per month.

11. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses and payments for completion of improvements.

12. All unsold units subject to the Offering Plan are subject to a mortgage with M&T on which there is a current balance of \$4,038,870.26. It is a demand note, with monthly payments of interest only. When a townhome unit sells, there is a principal paydown.

13. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.

14. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage.

15. Patrick Tobin and David Christa, principals of Sponsor, are also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York. They are current on all financial obligations pertaining to that project.

16. The estimated date for completion of all Units is amended on page 1 in paragraph 1 and on page 14 in paragraph 3 from December, 2007 to December, 2009. The estimated date for completion of weather dependent common areas is amended on page 1 in paragraph 1 from Spring, 2008 to Spring, 2010.

17. Page 3 of the Plan, paragraph 2, is amended to state that the sewer and water laterals are the responsibility of the Homeowners Association.

18. Page 3 of the Plan, in paragraph 4, is amended to state that the Sponsor is now constructing the three (3) story residential rental building for persons 55 and older to the east of the HOA. It is anticipated that the rental building will be complete in the Fall of 2008. Services and amenities available in the rental building, including dining, housekeeping, maintenance and transportation will be available to HOA members on an "a la carte" basis if they so desire.

19. Paragraph 3 on page 4 is amended to state that the athletic facilities of the RIT Campus will be made available to HOA residents under a Rivers Run Community membership at an annual cost of \$280.00 for an individual or \$440.00 for a couple.

20. A new, corrected 2008 budget is attached as Exhibit A. The budget submitted with the prior amendment erroneously showed the actual expenses for the first few homes. Financial statements for 2007 are attached as Exhibit B.

21. Page 1, paragraph 5 and page 17, paragraph 1 are amended to clarify that adult children of twenty-one (21) years of age or older are permitted to live with their parents of fifty-five (55) years or older. These pages had erroneously stated the age to be twenty (20) years.

22. Page 18, paragraph 3 is amended to substitute Anita Ellen Harris for Julie Fenske as the third initial director.

23. Page 22, paragraph 4 should show the address of Integrated Facility Solutions, the management company, as 841 Holt Road, Webster, New York 14580.

24. Page 23, paragraph 1 is amended to provide that Living Communities, LLC, the sole member of the Sponsor, is now owned equally by Norman Spindelmann, Jules Musinger and David Christa. Patrick Tobin, a principal of Sponsor, is now the President of Living Communities, LLC.

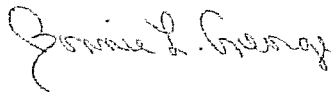
25. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

IN WITNESS WHEREOF this Amendment has been signed this ^{19th} day of ~~May~~ April, 2008.

BONNIE L. GEORGE
Notary Public - State of New York
No. 01GE6183824
Qualified in Monroe County
My Commission Expires March 31, 2012

RIVERS RUN, LLC

By: 
Patrick Tobin, Manager



SCHEDULE A

RIVERS RUN
 BUDGET FOR SECOND YEAR OF HOA OPERATION¹
 BEGINNING JANUARY, 2008

Projected Income		
Maintenance Charges ²		\$153,190.00
Other Income		-0.00-
TOTAL		<u>\$153,190.00</u>
Projected Expenses		
Electricity ³		2,844.00
Repairs, Maintenance and Supplies ⁴		-0.00-
Landscaping (mowing and trimming) ⁵		15,525.37
Snow removal ⁶		47,000.00
Refuse Removal ⁷		12,462.00
Insurance ⁸		27,000.00
Management Fee ⁹		14,472.00
Legal Fees ¹⁰		700.00
Accounting Fees ¹¹		2,750.00
Taxes:		
Real Property taxes ¹²		3267.63
Franchise and Corporate Taxes		-0.00-
Reserves: ¹³		
Exterior Painting	\$4,000.00	
Roofing	5,863.00	
Asphalt Sealing	3,266.00	
Resurface	10,500.00	
Sidewalks	<u>3,540.00</u>	
		27,169.00
TOTAL		<u>\$153,190.00</u>

FOOTNOTES TO SCHEDULE A

1. The first closing took place in September of 2006. The HOA has adopted a calendar year for operation.

2. Allocation of Maintenance Charges

The maintenance charges will be allocated equally to each unit and shall be paid to the Association monthly. The estimated annual maintenance charge for each unit is \$2,287.00, which will be paid monthly in the amount of \$191.00.

3. Electricity. Each residential unit is separately metered and each unit owner will pay electricity consumed in his unit. There will be 27 single lamp fixtures and 6 dual lamp fixtures throughout the common area. ME Engineering, P.C., 150 North Chestnut Street, Rochester, New York 14604, has calculated the annual electricity cost at \$2,844.00 or \$236.89 per month.

4. Repairs, Maintenance and Supplies

The Sponsor estimates that there will be no repair, maintenance or supply charges incurred by the HOA. All common area expenses are included in contracts with vendors providing landscaping, ground maintenance, snowplowing, insurance and trash collection. Any postage and stationery costs associated with billing and notices to homeowners will be borne by Integrated Facilities Solutions under its management contract.

5. Landscaping

Lawn care and landscape services which will include lawn care, spring clean up, grass pick-up and trimming, mulching as needed, fall leaf raking, spring and fall fertilizing, weed control and care of all landscaped areas in the subdivision will be provided under the management contract with Integrated Facilities Solutions, as set forth in its contract dated November 21, 2005 (the "Management Contract").

6. Snow Removal

Snow removal services consisting of plowing and shoveling snow from the private road, all parking areas, individual driveways garage entrances and sidewalks, as well as salting as needed will be provided under the Management Contract at an annual cost of \$47,000.

7. Refuse Removal

Waste Management, 4521 Steelway Boulevard North, Liverpool, New York 13090, will provide refuse removal and disposal and re-cycling Services on a weekly basis. The budgeted figure is based on weekly pick up of the Waste

Management 96 gallon toter from each unit.

8. Insurance

The insurance cost of \$27,000.00 is based on the quote from First Niagara Risk Management, Inc. Blanket property insurance on all buildings will be carried at full replacement value in the total amount of \$8,700,000.00. This amount is based on the review of the project by Lombard Insurance Agency. With full replacement value coverage the insured will not be a co-insurer in the event of a partial loss. The policy shall provide that each homeowner is an additional insured party and there will be no cancellation without notice to the Board of Directors and that there shall be a waiver of subrogation, a waiver of invalidity because of the acts of the insured homeowners and a waiver of pro-rata reduction if homeowners obtain additional coverage. Directors and officers liability insurance will not be obtained while the Sponsor is in control.

In addition, there is general liability coverage for the Association in the amount of \$2,000,000.00. The unit owners shall carry insurance to cover interior improvements, personal property and general personal liability coverage.

9. Management Fee

Integrated Facilities Solutions, 841 Holt Road, Webster, New York 14580, will provide management services, including calculation of the budget, dealing with all service providers, billing and collecting all maintenance charges and general administrative services for a total annual charge of \$14,472.00 as set forth in the Management Contract.

10. Legal Fees

An estimate of \$700 for legal fees has been provided by Fix Spindelman Brovitz & Goldman, P.C. for general consultation which is expected to be minimal during the early years of operation.

11. Accounting Fees

Rotenberg & Co. LLP, Certified Public Accountants, has provided an estimate for accounting service in the amount of \$2,750.00 for the second year of operation. These services will include providing an annual audit of the Association activities.

12. Taxes

The property has been assessed by the Town of Henrietta. The taxes were higher than projected and the Sponsor filed a grievance. The grievance application was denied. It is estimated by Fix Spindelman Brovitz & Goldman, P.C., attorney for Sponsor, that the Association will incur no liability for State or Federal corporate

taxes or franchise taxes based on projected budget for the second year. The HOA will be liable for normal New York State sales taxes on goods and services purchased. Sales taxes are included in budget estimates for the various line items.

13. The estimated reserves are based on replacement costs (including labor) provided by Sponsor's architect and engineer. The following is a further breakdown of those costs:

Item	Cost	Life Cycle	Annual Contribution
Exterior Painting	\$20,000	5 yrs	\$4,000
Roofing	\$175,875	30 yrs	\$5,863
Asphalt (140,000sf) Sealing @ .07/sf	\$ 9,800	3 yrs	\$3,266
Resurface @ .75/sf	\$105,000	10 yrs	\$10,500
Concrete Sidewalks (11,800 sf) 6/sf	\$70,800	20	\$3,540

SCHEDULE B

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

FINANCIAL REPORTS
AT
DECEMBER 31, 2007



ROTENBERG & CO. LLP
Certified Public Accountants

585.295.2400 • 585.295.2150 (fax)

1870 Winton Road South • Rochester, NY 14618 • www.rotenbergllp.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rivers Run Homeowners' Association
Rochester, New York

We have audited the accompanying balance sheet of Rivers Run Homeowners' Association as of December 31, 2007, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rivers Run Homeowners' Association as of December 31, 2007, and the changes in its fund balances and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Rotenberg & Co., LLP

Rochester, New York
February 8, 2008

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

BALANCE SHEET

December 31,	Operating Fund	2007 Reserve Replacement Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,140	\$ 5,220	\$ 6,360
Due From Developer	953	3,276	4,229
Prepaid Management Fees	1,436	—	1,436
Total Assets	\$ 3,529	\$ 8,496	\$ 12,025
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accrued Expenses	\$ 100	\$ —	\$ 100
Total Liabilities	100	—	100
Fund Balances	3,429	8,496	11,925
Total Liabilities and Fund Balances	\$ 3,529	\$ 8,496	\$ 12,025

The accompanying notes are an integral part of these financial statements

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

STATEMENT OF CASH FLOWS

Year Ended December 31,	Operating Fund	2007 Reserve Replacement Fund	Total
Cash Flows from Operating Activities			
Excess of Revenues Over Expenses	\$ 2,199	\$ 7,661	\$ 9,860
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Flows from Operating Activities:			
Changes			
Due From Developer	(953)	(3,276)	(4,229)
Prepaid Management Fees	(1,436)	—	(1,436)
Accrued Expenses	100	—	100
Net Cash Flows from Operating Activities	(90)	4,385	4,295
Net Change in Cash and Cash Equivalents	(90)	4,385	4,295
Cash and Cash Equivalents - Beginning of Year	1,230	835	2,065
Cash and Cash Equivalents - End of Year	\$ 1,140	\$ 5,220	6,360
SUPPLEMENTAL DISCLOSURES			
Cash Paid During the Year for:			
Income Taxes	\$ —	\$ —	\$ —
Interest	\$ —	\$ —	\$ —

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

NOTES TO FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

Method of Accounting

The Association uses fund accounting, which requires that funds, such as operating funds, deferred maintenance funds, and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B - Scope of Business

The Rivers Run Homeowners' Association is a statutory condominium association organized as a not-for-profit corporation for the purposes of maintaining and preserving common property of the Rivers Run development. The Rivers Run Homeowners' Association condominium consists of 67 residential units occupying a site of approximately 14 acres located at Fairwood Drive in the town of Henrietta, New York.

Note C - Owners' Assessments

Monthly assessments to owners were \$191 for the year ended December 31, 2007. Of those amounts, \$36.00, was designated to the replacement fund. Thirteen units were occupied and twenty were completed at December 31, 2007.

Note D - Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The board of directors conducted a study in April 2006 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed architects and engineers. The unaudited table below is based on the study for all 67 units.

- continued -

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

NOTES TO FINANCIAL STATEMENTS

Note D - Future Major Repairs and Replacements - Continued

Item	Cost	Life Cycle	Annual Contribution	Current Reserve
Exterior Painting	\$ 20,000	5 Yrs	\$ 4,000	\$ 1,250
Roofing	175,875	30 Yrs	5,863	1,835
Asphalt (140,000sf)				
Sealing @ .07/sf	9,800	3 Yrs	3,266	1,020
Resurface @ .75/sf	105,000	10 Yrs	10,500	3,281
Concrete Sidewalks (11,800sf) @/sf	70,800	20 Yrs	3,540	1,110
Total	\$ 381,475	20 Yrs	\$ 27,169	\$ 8,496

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note E - Related Party

The Association has a one-year contract with Integrated Facility Solutions for management services. The company is owned by one of the principals of the sponsor. The total value of the contract is \$78,713 for 67 units which includes all landscaping, snow removal, maintenance services, management fees, and bookkeeping services.



May 13, 2008

Attn: Real Estate Financing Bureau
New York State Department of Law
120 Broadway
New York, New York 10271

Re: Certification by Expert on Adequacy of Budget
Rivers Run Homeowners Association, Inc.

Gentlemen:

The sponsor of the Homeowner's Association Offering Plan for Rivers Run retained Mayzon Corp. to review the updated "Schedule A" which contain projections of income and expenses for the 2008 year of Homeowner Association operation commencing January 1, 2008. Our firm currently manages 2,800 residential rental units. The size of each property ranges from 80 units to 500 units. We have been in the management business for over 30 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 22 insofar as they are applicable to Schedule A.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying them with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential property.

We certify that the projections in the "Schedule A" appear reasonable and adequate under existing circumstances, and the projected income appear to be sufficient to meet the anticipated operating expenses for the 2008 year of operation as a Homeowners Association.

We certify that the Schedule:

- (i) sets forth in detail the projected income and expense for the stated year of HOA operation;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the stated year of operation as a homeowner association;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;



RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

AMENDMENT NO. 5

NYS DEPARTMENT OF LAW FILE NUMBER: H 050036

This is the Fifth Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to extend the offering.

1. A reserve account has been set up at M&T Bank, 255 East Avenue, Rochester, New York 14604. It currently contains \$23,789.26. There is no working capital fund.

2. All units except Unit 201, 202, 301, 303, 304, 401, 404, 501, 503, 504, 601, 604, 703, 1101, 1102, 1202 and 1401 are owned by Sponsor. There are purchase contracts pending for Units 702, 1301 and 1803. Sponsor owns 75% of the Units. Purchasers may have difficulty obtaining a mortgage until 50% or more of the Units are sold.

3. The current Board of Directors is Patrick Tobin, 71 Linden Street, Rochester, N.Y. 14602, Claudia Blumenstock, 407 Taylor Road, Honeoye Falls, New York 14472 and Anita Ellen Harris, 8334 E. Main Road, Leroy, New York 14482. Mr. Tobin is President of Living Communities, LLC, the sole member of the Sponsor; Ms. Blumenstock is Executive Vice President of Sponsor and Ms. Harris is Vice President of Operations of Sponsor.

4. Sponsor is in control of the Board and will remain in control until all units are sold or five (5) years from September 26, 2006, whichever first occurs.

5. The first meeting of the homeowners will occur after the Sponsor's control period has ended.

6. The Sponsor remains liable for all Association expenses over and above those collected from the first Unit owners. In 2008, these expenses totaled \$15,739.00.

7. The Sponsor has paid the most recent real property taxes for the current year. The 2009 County tax was \$1,319.54 and the 2008-9 School tax was \$2,022.23. Bills have been rendered for individual units. The tax amount for a completed unit is approximately \$6,000.00 per year, inclusive of County and School taxes.

8. There is one home occupied by tenants. The total rent collected monthly is \$2,200.00 per month.

9. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses and payments for completion of improvements. There are fifty (50) more units to construct along with the common areas around them.

10. All unsold units subject to the Offering Plan are subject to a mortgage with M&T on which there is a current balance of \$3,738,250.00. It is a demand note, with monthly payments of interest only. The interest rate is 2.25% over the LIBOR rate. When a townhome unit sells, there is a principal paydown of 88% of the Unit's purchase price.

11. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.

12. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage.

13. Patrick Tobin and David Christa, principals of Sponsor, are also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York and the Plains at Parish Homestead HOA (H07-0014), Oneonta, New York. They are current on all financial obligations pertaining to those projects. The offering plans for these projects are available for inspection at the office of the Sponsor and at the office the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

14. A new 2009 budget is attached as Exhibit A. A certification of the budget is attached as Exhibit B. Financial statements for 2008 are attached as Exhibit C.

15. A new management company has been appointed. It is Kenrick Corporation, 3495 Winton Place, Building D, Suite 4, Rochester, New York 14623. A Contract for three (3) years has been entered into by HOA Board of Directors. A copy of the contract is attached as Exhibit D.

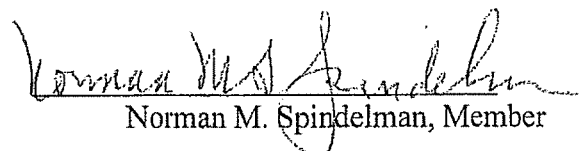
16. The official mailing address of the Sponsor has been changed to c/o Living Communities, 302 Rivers Run, Rochester, New York 14623.

17. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

IN WITNESS WHEREOF this Amendment has been signed this nd 2 day of June, 2009.

RIVERS RUN, LLC, Sponsor

By: Living Communities LLC, Sole Member

By: 
Norman M. Spindelman, Member

SCHEDULE A

RIVERS RUN
BUDGET FOR SECOND YEAR OF HOA OPERATION
BEGINNING JANUARY, 2009

Projected Income	
Maintenance Charges	\$153,190.00
Other Income	-0.00-
TOTAL	<u>\$153,190.00</u>

Projected Expenses	
Electricity	2,844.00
Repairs, Maintenance and Supplies	-0.00-
Landscaping (mowing and trimming)	15,525.37
Snow Removal	47,000.00
Refuse Removal	12,462.00
Insurance	27,000.00
Management Fee	14,472.00
Legal Fees	700.00
Accounting Fees	2,750.00
Taxes:	
Real Property Taxes	3,267.63
Franchise and Corporate Taxes	-0.00-
Reserves:	
Exterior Painting	\$ 4,000.00
Roofing	5,863.00
Asphalt Sealing	3,266.00
Resurface	10,500.00
Sidewalks	<u>3,540.00</u>
	<u>27,169.00</u>
TOTAL	<u>\$153,190.00</u>



May 20, 2009

State of New York
Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd Floor
New York, New York 10271

Re: Rivers Run Homeowners Association
Rochester, Monroe County, New York

Dear Gentlemen:

The Sponsor of the Homeowner's Association Offering Plan for the above captioned property retained me to review Schedule A, containing projections of income and expenses for the current year of homeowners' association operation. Our experience in this field includes management of commercial and residential properties in the Rochester, New York area.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 22 insofar as they are applicable to Schedule A. We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential properties.

We certify that the projected Schedule A appears reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected year of homeowners association.

We certify that the Schedule:

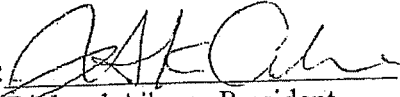
- (i) sets forth in detail the projected income and expenses for the current year of homeowners association operation;
- (ii) affords to potential investors, purchasers, and participants an adequate basis upon which to found their judgment concerning the current year of operation;
- (iii) does not omit any material fact;

State of New York
Department of Law
May 20, 2009
Page 2 of 2

- (iv) does not contain any untrue statement of material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
and
- (vii) does not contain any representation or statement which is false, where we
(a) knew the truth; (b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth; or (d) did not have
knowledge concerning the representation or statement made.

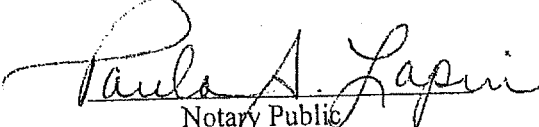
We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into an amendment to the Offering Plan. This statement is not intended as a guaranty or warranty of the income or expenses for the current year of homeowners' association operation. This certification is made under the penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

KENRICK CORPORATION

By: 
Richard Aikens, President

STATE OF NEW YORK)
COUNTY OF MONROE) SS:

On the th 20 day of May in the year 2009 before me, the undersigned, a notary public in and for said state, personally appeared Richard Aikens personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature or on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.


Notary Public

PAULA A. LAPIN
Notary Public, State of New York
No. 4627286
Qualified in Onondaga County
Commission Expires June 30, 20 10

**RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York**

FINANCIAL REPORTS
AT
DECEMBER 31, 2008



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rivers Run Homeowners' Association
Rochester, New York

We have audited the accompanying balance sheets of Rivers Run Homeowners' Association as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rivers Run Homeowners' Association as of December 31, 2008 and 2007, and the changes in its fund balances and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Rotenberg & Co., LLP

Rochester, New York
January 23, 2009

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

BALANCE SHEETS

December 31,	2008		2007		Total
	Operating Fund	Reserve Replacement Fund	Operating Fund	Reserve Replacement Fund	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 503	\$ 18,492	\$ 1,140	\$ 5,220	\$ 6,360
Accounts Receivable	361	540	—	—	—
Interfund Receivable	(813)	813	—	—	—
Due From Developer	12,040	—	953	3,276	4,229
Prepaid Management Fees	—	—	1,436	—	1,436
Total Assets	\$ 12,091	\$ 19,845	\$ 3,529	\$ 8,496	\$ 12,025
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts Payable	\$ 8,562	\$ —	\$ —	\$ —	\$ —
Accrued Expenses	100	—	100	—	100
Total Liabilities	8,662	—	100	—	100
Fund Balances	3,429	19,845	3,429	8,496	11,925
Total Liabilities and Fund Balances	\$ 12,091	\$ 19,845	\$ 3,529	\$ 8,496	\$ 12,025

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES

Year Ended December 31,	2008		2007		Total
	Operating Fund	Reserve Replacement Fund	Operating Fund	Reserve Replacement Fund	
Revenues					
Member Assessments	\$ 29,618	\$ 6,717	\$ 13,291	\$ 2,621	\$ 15,912
Developers' Contributions	11,131	4,608	10,793	5,040	15,833
Cable Television Assessment	5,139	—	4,592	—	4,592
Interest	—	24	4	—	4
Total Revenues	45,888	11,349	28,680	7,661	36,341
Expenses					
Bank Service Charges	120	—	120	—	120
Directors' and Officers' Insurance	3,342	—	949	—	949
Liability Insurance	717	—	7,237	—	7,237
Management Fees	7,226	—	4,069	—	4,069
Copies	—	—	17	—	17
Professional Fees	2,445	—	913	—	913
Landscaping and Snowplowing	18,187	—	7,044	—	7,044
Repairs and Maintenance	6,118	—	—	—	—
Cable Television	3,304	—	3,880	—	3,880
Trash Service	3,463	—	2,152	—	2,152
Taxes	—	—	100	—	100
Utilities	966	—	—	—	—
Total Expenses	45,888	—	26,481	—	26,481
Excess of Revenues Over Expenses	—	11,349	2,199	7,661	9,860
Fund Balances - January 1,	3,429	8,496	1,230	835	2,065
Fund Balances - December 31,	\$ 3,429	\$ 19,845	\$ 3,429	\$ 8,496	\$ 11,925

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

Method of Accounting

The Association uses fund accounting, which requires that funds, such as operating funds, deferred maintenance funds, and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B - Scope of Business

The Rivers Run Homeowners' Association is a statutory condominium association organized as a not-for-profit corporation for the purposes of maintaining and preserving common property of the Rivers Run development. The Rivers Run Homeowners' Association condominium consists of 65 residential units occupying a site of approximately 14 acres located at Fairwood Drive in the town of Henrietta, New York.

Note C - Owners' Assessments

Monthly assessments to owners were \$191 for the year ended December 31, 2008. Of those amounts, \$36 was designated to the replacement fund. Eighteen units were occupied and thirty-two were completed at December 31, 2008.

Note D - Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The board of directors conducted a study in April 2006 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed architects and engineers. The unaudited table below is based on the study for all 65 units.

- continued -

RIVERS RUN HOMEOWNERS' ASSOCIATION
Rochester, New York

NOTES TO FINANCIAL STATEMENTS

Note D - Future Major Repairs and Replacements - continued

Item	Cost	Life Cycle	Annual Contribution	Current Reserve
Exterior Painting	\$ 20,000	5 Yrs	\$ 4,000	\$ 2,922
Roofing	175,875	30 Yrs	5,863	4,282
Asphalt (140,000sf)				
Sealing @ .07/sf	9,800	3 Yrs	3,266	2,386
Resurface @ .75/sf	105,000	10 Yrs	10,500	7,669
Concrete Sidewalks (11,800sf) 6/sf	70,800	20 Yrs	3,540	2,586
Total	\$ 381,475	20 Yrs	\$ 27,169	\$ 19,845

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note E - Related Party

The Association has a one-year contract with Integrated Facility Solutions for management services. The company is owned by one of the principals of the sponsor. The total value of the contract is \$78,713 for 65 units which includes all landscaping, snow removal, maintenance services, management fees, and bookkeeping services.

Note F - Other Matters

Subsequent to the balance sheet date, the Association has entered a contract with Kenrick Corporation for management services. The contract provides for a fee of \$16 per completed unit. This includes maintenance services, management fees and bookkeeping services for the period of January 1, 2009 through December 31, 2011.

ASSOCIATION MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into this 17th day of November, 2008, by and between the Board of Directors (the "BOARD") of Rivers Run Homeowners Association, Inc. (the "ASSOCIATION"), not individually but on behalf of all of the owners from time to time in units at Rivers Run Homeowners Association, Inc., Rochester, New York and on behalf of the ASSOCIATION which is organized pursuant to the Not-for-Profit Corporation Laws of the State of New York (the "OWNERS"), and Kenrick Corporation (the "AGENT").

RECITALS:

Under the provisions of the purchase contract with the purchase of each unit, the Declaration of ASSOCIATION Ownership, and the By-Laws required under the provisions of the Not-for Profit Corporation Laws of the State of New York, the OWNERS delegate the authority to manage the ASSOCIATION to an elected Board of Managers, which may be the Board of Directors of a Not-for-Profit corporation organized by the OWNERS; and

The BOARD, on behalf of the OWNERS, desires to employ the AGENT to manage the ASSOCIATION, and the AGENT desires to be employed to manage the ASSOCIATION,

IT IS AGREED:

1.0 The BOARD employs the AGENT exclusively to manage the ASSOCIATION for a period of (3) years beginning January 1, 2009 and ending December 31, 2011.

2.0 The AGENT shall manage the ASSOCIATION to the extent, for the period, and upon the terms of this agreement. The AGENT shall perform the following services in the name of and on behalf of the BOARD, and the BOARD hereby gives the AGENT the authority and powers required to perform these services:

2.1 The AGENT shall collect and, as necessary, receipt for all monthly or other assessments and other charges due to the BOARD for operation of the ASSOCIATION and all rental or other payments from concessionaires, if any, provided that the AGENT shall have no responsibility for collection of delinquent assessments or other charges except sending notices of delinquency.

2.2 The AGENT shall maintain records showing all its receipts and expenditures relating to the ASSOCIATION and shall promptly submit to the BOARD a cash receipts and disbursements statement for the preceding month and a statement indicating the balance or deficit in the AGENT'S account for the ASSOCIATION on or before the 20th day of the following month.

2.3 The AGENT shall prepare and submit to the BOARD, on or before sixty (60) days prior to the start of each fiscal year (during the term of this contract, and any extensions thereof) a recommended budget for the next year showing anticipated receipts and expenditures for such year. If upon commencement of this contract, there is not a budget in place to run through the first ninety (90) days of this contract, AGENT may be requested to prepare and submit a budget, at a cost to be agreed upon at that time.

2.4 Within sixty (60) days after the end of each fiscal year, the AGENT shall submit to the BOARD a summary of all receipts and expenditures relating to the ASSOCIATION for the preceding year, providing that this service shall not be construed to require the AGENT to supply an audit. Any audit required by the BOARD shall be prepared at its expense by accountants of its selection.

2.5 Subject to the direction and at the expense of the BOARD, the AGENT shall cause the common elements of the ASSOCIATION to be maintained according to appropriate standards of maintenance consistent with the character of the ASSOCIATION, including general landscape maintenance, snow removal, refuse removal, general exterior maintenance and painting, driveway maintenance, and the like, all as described in the Declaration and By-Laws of the ASSOCIATION.

2.6 AGENT shall hire, pay, negotiate collective bargaining agreements with (if necessary), supervise, and discharge whatever personnel may be required to maintain and operate the Property on behalf of the ASSOCIATION and in accordance with the budget, job standards, and wage rates previously approved by the ASSOCIATION. All such personnel shall be employees of the ASSOCIATION and not of AGENT, and all salaries, taxes, and other expenses payable to or on account of such employees shall be operating expenses of the Property.

2.7 The following costs shall be paid for initially by AGENT. Immediately after payment by AGENT, AGENT may be reimbursed out of the Operating Account.

(a) The following are charges allowed for other services provided by the AGENT, not included in this management agreement:

To the Owner of the Unit:

Return check charges	\$25.00 per returned check
Resale certification, and other forms required upon the pending sale of a Unit	\$25.00 plus postage and reproduction

To the ASSOCIATION:

If performed at Kenrick Corporation's Central Office.

Community mailings (incl. newsletters, year and guidebooks, etc.)	\$.50 per unit (after four per plus postage and reproduction)
Special Assessments	\$.50 per unit (after one per year plus postage and reproduction)

Material reproduction,	\$.08 per copy except as provided as part of this Agreement
Postage/Messenger	\$ Actual cost
Long distance telephone	\$ Actual cost

2.8 Subject to the approval of the BOARD, the AGENT shall negotiate and execute on behalf of the BOARD contracts for electricity and such other services for the common elements of the ASSOCIATION as may be necessary or advisable. All such purchases and contracts shall be in the name and at the expense of the ASSOCIATION. The AGENT shall also purchase on behalf of the BOARD such equipment, tools, appliances, materials and supplies as are necessary for the proper operation and maintenance of the ASSOCIATION. All such purchases and contracts shall be in the name and at the expense of the ASSOCIATION. Contracts will be rebid periodically.

2.9 The AGENT shall pay from the funds of the ASSOCIATION all taxes, building inspection fees and other governmental charges, and all other charges or obligations incurred by the BOARD with respect to the maintenance or operation of the ASSOCIATION or incurred by the AGENT on behalf of the BOARD pursuant to the terms of this agreement or pursuant to other authority granted by the BOARD.

2.10 The AGENT shall maintain appropriate records of all insurance coverage carried by the BOARD. The AGENT shall cooperate with the BOARD in investigating and reporting all accidents or claims for damage relating to the ownership, operation, and maintenance of the common elements of the ASSOCIATION including any damage or destruction to them. The Board shall pay to the AGENT an Insurance Claim Administration Fee equal to five percent (5%) of the cost of restoration for any losses covered under the insurance policy protecting the ASSOCIATION'S property or property of the individual members of the ASSOCIATION.

2.11 The AGENT will maintain an accurate and reasonably detailed record of all reports, financial records, correspondences, and property inspections it prepares on behalf of the ASSOCIATION.

3.0 In discharging its responsibilities under Paragraphs 2.0-2.11 inclusive of this agreement, the AGENT shall not make any expenditures nor incur any non-recurring contractual obligation exceeding \$ 500.00 without the prior consent of the BOARD, providing that no such consent shall be required to repay any advances made by the AGENT under the terms of Paragraph 5. Notwithstanding these limitations, the AGENT may, on behalf of the BOARD without prior consent, expend any amount or incur a contractual obligation in any amount required to deal with emergency conditions which may involve a danger of life or property or may threaten the safety of the ASSOCIATION of the OWNERS and occupants or may threaten the suspension of any necessary service to the ASSOCIATION.

4.0 Notwithstanding any other provision of this agreement, the AGENT has no authority or responsibility for maintenance of or repairs to those portions of individual dwelling units in the ASSOCIATION, which are not defined as portions of the "common elements" of the property. Such maintenance and repairs shall be the sole responsibility of the OWNERS individually.

5.0 All monies collected by the AGENT on behalf of the BOARD shall be deposited in a custodial account in a state or national bank where deposits are insured by the Federal Deposit Insurance Corporation separate and apart from AGENT'S own funds. Separate accounts shall be used for Operating and Reserve Funds.

5.1 All expense of operation and management may be paid from the BOARD'S funds held by the AGENT, and the AGENT is authorized to pay any amounts owed to the AGENT by the BOARD from such account at any time without prior notice to the BOARD. The AGENT shall have no obligation to advance funds to the BOARD for any purpose whatsoever.

5.2 All AGENT'S employees who handle or are responsible for the safekeeping of any monies of the BOARD shall be covered by an insurance policy protecting the BOARD, such coverage to be in an amount and with a company determined by the AGENT at the expense of the AGENT.

6.0 The BOARD shall pay the AGENT a management fee equal to \$16.00 per unit per month for sold units. The management fee shall be paid monthly in advance. No further charge shall be made by the AGENT for the services of the AGENT, except as otherwise expressly provided in this agreement.

6.1 The ASSOCIATION shall deliver to the AGENT, true, complete and correct copies of all governing documents, rules and regulations, budget and other organizational documents of the ASSOCIATION. The ASSOCIATION will furnish the AGENT all the available architectural, electrical, mechanical and other plans of the ASSOCIATION. All such documents shall remain at all times the sole property of the ASSOCIATION and upon expiration or termination of this agreement, shall be delivered by the AGENT to the ASSOCIATION.

6.2 OTHER: Special detailed studies and reviews, requiring the services of the Property Manager or other members of the AGENT'S staff will be provided on a cost-not-to-exceed basis and agreed upon between BOARD and AGENT in advance.

6.3 The AGENT shall provide, within ten (10) days following written request from an Owner, in accordance with State law, a certification of the status of payments, and any outstanding balances, of all assessments, whether regular or special, and other charges or fees, certified by the AGENT. The AGENT may charge the Owner twenty-five dollars (\$25.00), plus postage, for the preparation of such certification.

7.0 One of the AGENT'S employees shall be designated Property Manager for the ASSOCIATION. The Property Manager or other representative of the AGENT shall attend bi-monthly meetings of the BOARD and the annual meeting of the OWNERS. Each meeting shall be limited in duration to two (2) hours. The AGENT shall be paid at the rate of fifty dollars (\$50) per hour for all time in excess of the allotted two (2) hours. Regular BOARD meetings will be held during normal business hours (8:00 am-5:00 pm). The Property Manager will at the request of the Board attend two site inspections at no charge per year.

The Property Manager or other representative of the AGENT shall, upon not less than 36 hours notice, attend meetings other than bi-monthly meetings of the Board or annual meeting of the OWNERS as requested, provided that the BOARD shall pay the AGENT \$50.00 per hour for the Property Manager's or other representative's attendance at each meeting. The AGENT shall be custodian of the official records of the BOARD and the ASSOCIATION but shall not be required to record the minutes of the meeting.

8.0 The BOARD shall designate a single individual who shall be authorized to deal with the AGENT on any matter relating to the management of the ASSOCIATION. The AGENT is directed not to accept directions or instruction with regard to the management of the ASSOCIATION from anyone else. In the absence of any other designation by the BOARD, the President of the BOARD shall have this authority.

9.0 The AGENT shall have no authority to make any structural changes in the ASSOCIATION or to make any other major alterations or additions in or to any building or equipment therein, except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the ASSOCIATION or the safety of the OWNERS and occupants or are required to avoid the suspension of any necessary service to the ASSOCIATION.

9.1 The AGENT has no responsibility for the compliance of the ASSOCIATION or any of its equipment with the requirements of any ordinances, laws, rules, or regulations (including those relating to the disposal of solid, liquid, and gaseous wastes) of the Village, Town, City, County, State or Federal Government, or any public authority or official thereof having jurisdiction over it, except to notify the BOARD promptly of, or forward to the BOARD promptly, any complaints, warnings, notices, or summonses received by it relating to such matters.

9.2 The OWNERS represent that to the best of their knowledge the ASSOCIATION complies with all such requirements, as named in Paragraph 9.1, and authorize the AGENT to disclose the ownership of the ASSOCIATION to any such officials, and agree to indemnify and hold harmless the AGENT, its representatives, servants, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, rules, or regulations.

10.0 The BOARD shall:

10.1 Indemnify, defend, and save the AGENT harmless from all suits in connection with the ASSOCIATION and from liability for damage to property and injuries to or death of any employee or other person whomsoever, and carry at its own expense public liability, boiler, elevator liability (if elevators are part of the equipment of the ASSOCIATION), naming the BOARD and the AGENT and adequate to protect their interest and in form, substance, and amounts reasonably satisfactory to the AGENT and furnish to the AGENT certificates evidencing the existence of such insurance. Unless the BOARD shall provide such insurance and furnish such certificates within thirty (30) days from the date of this agreement, the AGENT may, but shall not be obligated to, place

said insurance and charge the cost thereof to the account of the BOARD.

10.2 Pay all expenses incurred by the AGENT including, without limitation, attorneys' fees for counsel employed to represent the AGENT or the BOARD in any proceeding or suit involving an alleged violation by the AGENT or the BOARD, or both, of any constitutional provision, statute, ordinance, law, or regulation of any governmental body pertaining to environmental protection or fair housing including, without limitation, those prohibiting or making illegal discrimination on the basis of race, creed, color, religion, or national origin in the sale, rental, or other disposition of housing or any services rendered in connection therewith. Nothing herein contained shall require the AGENT to employ counsel to represent the BOARD in any such proceeding or suit.

10.3 Anything herein to the contrary notwithstanding the BOARD will not assume any liability or responsibility or indemnification for damages, injury or death resulting from gross negligence, illegal or criminal acts by the AGENT or its employees, and the AGENT will indemnify the BOARD from all damages resulting from such acts.

11.0 This agreement may be terminated by either OWNER or AGENT, with or without cause, at the end of the initial term or of any following term year upon the giving of sixty (60) days written notice prior to the end of said initial term or following term year.

11.1 Notwithstanding the foregoing, either party shall have the right to terminate this agreement immediately, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination, and obligations to insure and indemnify), upon the occurrence of any of the following events:

(a) BREACH OF AGREEMENT - Thirty (30) days after the receipt of notice by either party to the other specifying in detail a material breach of this Agreement, if such breach has not been cured within said thirty (30) day period; or if such breach is of a nature that it cannot be cured within said thirty (30) day period but can be cured within a reasonable time thereafter, if efforts to cure such breach have not commenced or/and such efforts are not proceeding and being continued diligently both during and after such thirty (30) day period prior to the breach being cured. HOWEVER, the breach of any obligation of either party hereunder to pay any monies to the other party under the terms of this Agreement shall be deemed to be curable within thirty (30) days.

(b) FAILURE TO ACT, ETC. - In the event that any insurance required of OWNER is not maintained without any lapse, or it is alleged or charged that the Premises, or any portion thereof, or any act or failure to act by OWNER, its agent and employees with respect to the Premises, fails to comply with any law or regulation, or any order or ruling of any public authority, and AGENT, in its sole discretion, considers that the action or position of OWNER or its representatives with respect thereto may result in damage or liability to AGENT, or disciplinary proceeding with respect to AGENT'S license, AGENT shall have the right to terminate this Agreement at any time by written notice to OWNER of its election to do so, which termination shall be effective upon the service of such notice. Such termination shall not release the indemnities of OWNER set forth herein.

11.2 In the event a petition of bankruptcy is filed by or against the AGENT, or in the event that the AGENT shall make an assignment for the benefit of creditors, or take advantage of any federal or state bankruptcy or insolvency act, either party hereto may terminate this Agreement upon

five (5) days written notice to the other.

12.0 Any notice required or permitted to be served hereunder may be served by registered or certified mail or in person as follows:

12.1 If to the AGENT:

Firm: Kenrick Corporation
Address: 3495 Winton Place, Building D, Suite 4
City: Rochester, New York 14623

12.2 If to the BOARD, to the President of the BOARD at his or her home address.

Either party may change the address for notice by notice to the other party. Notice served by mail shall be deemed to have been served when deposited in the mail.

13.0 This agreement shall be binding upon and inure to the benefit of the successors and assigns of the AGENT and the heirs, administrators, successors, and assigns of the BOARD. Notwithstanding the preceding sentence the AGENT shall not assign its interest under this agreement except in connection with the sale of all or substantially all the assets of this business: in the event of such a sale, AGENT shall be released from liability hereunder upon the express assumption of such liability by its assignee.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this 25th day of November, 2008.

WITNESSES:

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.
BOARD OF DIRECTORS

KENRICK CORPORATION

Claudia S. Blumstok

[Signature]

AGENT

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

AMENDMENT NO. 6

This is the Sixth Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to extend the offering.

1. A reserve account has been set up at Community Association Bank, a Division of Mutual of Omaha Bank, Main Office, P.O. Box 60095, Phoenix, Arizona 85082. It currently contains \$37,144.44. There is no working capital fund.
2. All units except Unit 201, 202, 203, 301, 303, 304, 401, 404, 501, 503, 504, 601, 604, 702, 703, 1101, 1102, 1202, 1401 and 1803 are owned by Sponsor. There are purchase contracts pending for Units 204, 502, 1403 and 1801.
3. The current Board of Directors is Patrick Tobin, 71 Linden Street, Rochester, N.Y. 14602, Claudia Blumenstock, 407 Taylor Road, Honeoye Falls, New York 14472 and Anita Ellen Harris, 8334 E. Main Road, Leroy, New York 14482. Mr. Tobin is President of Living Communities, LLC, the sole member of the Sponsor; Ms. Blumenstock is Executive Vice President of Sponsor and Ms. Harris is Vice President of Operations of Sponsor.
4. Sponsor is in control of the Board and will remain in control until all units are sold or five (5) years from September 26, 2006, whichever first occurs.
5. The first meeting of the homeowners will occur after the Sponsor's control period has ended.
6. The Sponsor remains liable for all Association expenses over and above those collected from the Unit owners. In 2009, these expenses totaled \$34,653.00.
7. The Sponsor has paid the most-recent real property taxes for the current year. The 2010 County tax was \$25,591.84 and the 2009-10 School tax was \$37,268.99. Bills have been rendered for individual units.
8. There is one home occupied by tenants. The total rent collected monthly is \$2,000.00 per month.
9. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses and payments for completion of improvements.
10. All unsold units subject to the Offering Plan are subject to a line of credit with M&T on which there is a current balance of \$3,616,270.00. It is a demand note, with monthly payments of interest only. The interest rate is 2.25% over the LIBOR rate. There is also a mortgage with S&T Bank with a principal balance of \$332,531.74 encumbering Lots 204, 302 and 403.

11. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.
12. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage.
13. Patrick Tobin and David Christa, principals of Sponsor, are also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York and the Plains at Parish Homestead HOA (1107-0014), Oneonta, New York. They are current on all financial obligations pertaining to those projects. The offering plans for these projects are available for inspection at the office of the Sponsor and at the office the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.
14. A new 2010 budget is attached as Exhibit A. A certification of the budget is attached as Exhibit B. Financial statements for 2009 are attached as Exhibit C.
15. The number of lots in the development has been reduced from 67 to 65. Units 1404 and 1804 have been eliminated by changing blocks of 4 units to 3 larger units. The size of the blocks has not changed.
16. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

RIVERS RUN, LLC, Sponsor

SCHEDULE A
RIVERS RUN
BUDGET FOR HOA OPERATION
BEGINNING JANUARY, 2010

Projected Income		
Maintenance Charges		\$153,190.00
Other Income		-0.00-
TOTAL		<u>\$153,190.00</u>
Projected Expenses		
Electricity		2,844.00
Repairs, Maintenance and Supplies		-0.00-
Landscaping (mowing and trimming)		15,525.37
Snow Removal		47,000.00
Refuse Removal		12,462.00
Insurance		27,000.00
Management Fee		14,472.00
Legal Fees		700.00
Accounting Fees		2,750.00
Taxes:		
Real Property Taxes		3,267.63
Franchise and Corporate Taxes		-0.00-
Reserves:		
Exterior Painting	\$ 4,000.00	
Roofing	5,863.00	
Asphalt Sealing	3,266.00	
Resurface	10,500.00	
Sidewalks	<u>3,540.00</u>	
		<u>27,169.00</u>
TOTAL		<u>\$153,190.00</u>



April 14, 2010

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd floor
New York, New York 10271

Re: Rivers Run Homeowners Association Inc.
Town of Henrietta, New York

Gentlemen:

The Sponsor of the Homeowners Association has retained me to review the estimated annual budget containing projections of income and expenses for the fiscal year, January 1, 2010 – December 30, 2010. My experience in this field includes:

Involvement in the development, conversion, marketing, and management of condominium and homeowners associations since 1982 and, prior to that, the construction, rehabilitation and management of commercial and multi-family residential rental properties since 1972. Current management accounts, (35) include apartments, condominiums, homeowners associations, and office buildings.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law Part 22 insofar as they are applicable to Schedule A.

I have reviewed the schedule and investigated the facts set forth in Schedule A, and the facts underlying them with due diligence in order to form a basis for this certification. I have also relied on my experience in managing residential properties.

I certify that the projections in Schedule A appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected year or operation as a Homeowners Association.

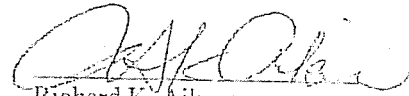
I certify that the Schedule:

1. sets forth in detail the terms of the projected income and expenses for the operation for the homeowners association; appear reasonable and adequate based on present prices (adjusted to reflect continued inflation and present levels of consumption for comparable units similarly situated);

2. affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the operation as a Homeowners Association;
3. does not omit any material fact;
4. does not contain any untrue statement of a material fact;
5. does not contain any fraud, deception, concealment or suppression;
6. does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
7. does not contain any representation or statement which is false, where I (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.


I further certify that I am not owned or controlled by the Sponsor. I understand that a copy of this Certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the Homeowners Association.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.


Richard K. Aikens
Kenrick Corporation

STATE OF NEW YORK }
COUNTY OF MONROE } ss:

Sworn to before me this 14th day
of April 2010


Notary Public

CHERYL K GIOIA
Notary Public, State of New York
Qualified in Monroe County
Reg # 01G16145814
My Commission Expires 05/15/2010

RIVERS RUN HOMEOWNERS' ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rivers Run Homeowners' Association
Rochester, New York

We have audited the accompanying balance sheets of Rivers Run Homeowners' Association as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rivers Run Homeowners' Association as of December 31, 2009 and 2008, and the changes in its fund balances and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 3, 2010

RIVERS RUN HOMEOWNERS' ASSOCIATION
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>			<u>2008</u>		
	Operating <u>Fund</u>	Reserve Replacement <u>Fund</u>	<u>Total</u>	Operating <u>Fund</u>	Reserve Replacement <u>Fund</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 1,345	\$ 23,730	\$ 30,075	\$ 503	\$ 18,492	\$ 18,995
Accounts receivable	668	-	668	361	540	901
Interfund receivable	-	-	-	(613)	613	-
Due from developer	12,960	6,949	19,909	12,040	-	12,040
Prepaid expenses	3,600	-	3,600	-	-	-
Total Assets	<u>\$ 18,573</u>	<u>\$ 35,679</u>	<u>\$ 54,252</u>	<u>\$ 12,091</u>	<u>\$ 19,845</u>	<u>\$ 31,936</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities						
Accounts payable	\$ 13,580	\$ -	\$ 13,580	\$ 8,562	\$ -	\$ 8,562
Accrued expenses	1,564	-	1,564	100	-	100
Total current liabilities	<u>15,144</u>	<u>-</u>	<u>15,144</u>	<u>8,662</u>	<u>-</u>	<u>8,662</u>
Fund Balances	<u>3,429</u>	<u>35,679</u>	<u>39,108</u>	<u>3,429</u>	<u>19,845</u>	<u>23,274</u>
Total Liabilities and Fund Balances	<u>\$ 18,573</u>	<u>\$ 35,679</u>	<u>\$ 54,252</u>	<u>\$ 12,091</u>	<u>\$ 19,845</u>	<u>\$ 31,936</u>

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
 Statements of Revenues, Expenses, and Changes in Fund Balances
 For the Years Ended December 31, 2009 and 2008

	<u>2009</u>			<u>2008</u>		
	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>
Revenues						
Member assessments	\$ 37,031	\$ 8,424	\$ 45,455	\$ 29,618	\$ 6,717	\$ 36,335
Developers' contributions	26,145	8,508	34,653	11,131	4,608	15,739
Cable television assessment	10,012	-	10,012	5,139	-	5,139
Interest	6	-	6	-	24	24
Total revenues	<u>73,194</u>	<u>16,932</u>	<u>90,126</u>	<u>45,888</u>	<u>11,349</u>	<u>57,237</u>
Expenses						
Bank service charges	-	-	-	120	-	120
Cable television	10,379	-	10,379	3,304	-	3,304
Directors' and officers' insurance	-	-	-	3,342	-	3,342
Income taxes	100	-	100	-	-	-
Landscaping and snowplowing	29,898	-	29,898	18,187	-	18,187
Liability insurance	7,154	-	7,154	717	-	717
Management fees	3,648	-	3,648	7,226	-	7,226
Office	473	-	473	-	-	-
Professional fees	4,766	-	4,766	2,445	-	2,445
Real estate taxes	1,970	-	1,970	-	-	-
Repairs and maintenance	8,462	1,098	9,560	6,118	-	6,118
Trash service	4,006	-	4,006	3,463	-	3,463
Utilities	2,338	-	2,338	966	-	966
Total expenses	<u>73,194</u>	<u>1,098</u>	<u>74,292</u>	<u>45,888</u>	<u>-</u>	<u>45,888</u>
Excess of Revenues Over Expenses	-	15,834	15,834	-	11,349	11,349
Fund Balances - Beginning	<u>3,429</u>	<u>19,845</u>	<u>23,274</u>	<u>3,429</u>	<u>8,496</u>	<u>11,925</u>
Fund Balances - Ending	<u>\$ 3,429</u>	<u>\$ 35,679</u>	<u>\$ 39,108</u>	<u>\$ 3,429</u>	<u>\$ 19,845</u>	<u>\$ 23,274</u>

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
 Statements of Cash Flows
 For the Years Ended December 31, 2009 and 2008

	<u>2009</u>			<u>2008</u>		
	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>
<i>Cash Flows from Operating Activities</i>						
Excess of Revenues Over Expenses	\$ -	\$ 15,834	\$ 15,834	\$ -	\$ 11,349	\$ 11,349
Changes in assets and liabilities						
Accounts receivable	(307)	540	233	(361)	(540)	(901)
Interfund receivable	(813)	813	-	813	(813)	-
Due from developer	(920)	(6,949)	(7,869)	(11,087)	3,276	(7,811)
Prepaid expenses	(3,600)	-	(3,600)	1,436	-	1,436
Accounts payable	5,018	-	5,018	8,562	-	8,562
Accrued expenses	1,464	-	1,464	-	-	-
Net cash flows from operating activities	<u>842</u>	<u>10,238</u>	<u>11,080</u>	<u>(637)</u>	<u>13,272</u>	<u>12,635</u>
Net Change in Cash and Cash Equivalents	842	10,238	11,080	(637)	13,272	12,635
Cash and Cash Equivalents - Beginning	<u>503</u>	<u>18,492</u>	<u>18,995</u>	<u>1,140</u>	<u>5,220</u>	<u>6,360</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,345</u>	<u>\$ 28,730</u>	<u>\$ 30,075</u>	<u>\$ 503</u>	<u>\$ 18,492</u>	<u>\$ 18,995</u>

The accompanying notes are an integral part of these financial statements

RIVERS RUN HOMEOWNERS' ASSOCIATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Scope of Business

Scope of Business - The Rivers Run Homeowners' Association is a Homeowners' association organized as a not-for-profit corporation for the purpose of maintaining and preserving common property of the Rivers Run development. The Rivers Run Homeowners' Association condominium complex consists of 65 residential units occupying a site of approximately 14 acres located at Fairwood Drive in the town of Henrietta, New York. The complex is currently being developed.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method of Accounting - The Association uses fund accounting, which requires that funds, such as operating funds, deferred maintenance funds, and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Cash and Cash Equivalents - Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000.

Income Taxes - The Association elected to file its tax return for 2009 as a corporation on form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2009, the Association had no taxable non-membership income. Federal and state income tax provisions of approximately \$125 have been recorded.

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, which prescribed a comprehensive model for how a company should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. The Association adopted FIN 48 as of January 1, 2009 and therefore, recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the federal statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There was no impact to the Association's financial statements as a result of the implementation of FIN 48. The Association's income tax filings are subject to audit by various taxing authorities. The Association's open audit period is 2005-2009.

Subsequent Events - On May 28, 2009, the FASB issued ASC 855-10 (prior authoritative literature: SFAS No. 165 "Subsequent Events"). ASC 855-10 provides guidance on management's assessment of subsequent events and requires additional disclosure about the timing of management's assessment of subsequent events. It does not significantly change the accounting requirements for the reporting of subsequent events. ASC 855-10 is effective for interim or annual financial periods ending after June 15, 2009. The COMPANY adopted ASC 855-10 as of December 31, 2009 and accordingly assessed subsequent events in these annual financial statements from December 31, 2009 through March 3, 2010. The adoption of this standard did not materially impact the Company's financial position, results of operations, changes in fund balance or disclosures in the financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
Notes to Financial Statements

Note 2. Due from Developer

At December 31, 2009, the Association was owed \$19,909 from Rivers Run, LLC, the developer. The receivable is an unsecured and non-interest bearing loan. The amount represents the developer's responsibility to fund the excess expenditures that exceed assessment income while the complex is being developed.

Note 3. Owners' Assessments

Monthly assessments to owners were \$191 for the year ended December 31, 2009. Of those amounts, \$36 was designated to the replacement fund. As of December 31, 2009 and 2008, twenty four units and eighteen units, respectively, were occupied and thirty two and thirty six, respectively, were completed.

Note 4. Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The board of directors conducted a study in April 2006 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed architects and engineers. The unaudited table below is based on the study for all 65 units.

<u>Item</u>	<u>Cost</u>	<u>Life Cycle</u>	<u>Annual Contribution</u>	<u>Prior Year</u>	<u>Current Reserve</u>	<u>Total Reserve</u>
Exterior Painting	\$ 20,000	5 yrs	\$ 4,000	\$ 2,922	\$ 2,332	\$ 5,254
Roofing Asphalt (140,000sf)	175,875	30 yrs	5,863	4,282	3,417	7,699
Sealing @ .07/sf	9,800	3 yrs	3,266	2,386	1,903	4,289
Resurface @ .75/sf	105,000	10yrs	10,500	7,669	6,119	13,788
Concrete Sidewalks (11,800sf) 6/sf	70,800	20 yrs	3,540	2,586	2,063	4,649
Total	\$381,475	20 yrs	\$ 27,169	\$ 19,845	\$ 15,834	\$ 35,679

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Fix Spindelman Brovitz & Goldman

A PROFESSIONAL CORPORATION • ATTORNEYS AT LAW

Please Reply to
Paula A. Lapin, Esq.
Partner
E-mail: plapin@fixspin.com
Web Address: www.fixspin.com

295 Woodcliff Drive
Suite 200
Fairport, New York 14450
Telephone: (585) 641-8000
Fax: (585) 641-8080

January 17, 2012

Living Communities
50 Fairwood Drive
Rochester, New York 14623

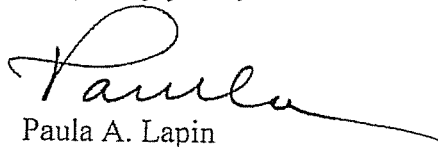
Attention: Mr. Patrick Tobin
President

Re: Rivers Run Homeowners Association
Amendment No. 8

Dear Pat:

Enclosed is a copy of Amendment No. 8 to the Offering Plan for Rivers Run Homeowners Association, together with the letter from the Attorney General's Office accepting said Amendment. Please copy the enclosed and insert in the front of all Plans. Please send to all owners and contract purchasers, as well as their attorneys. Keep a record of who you send it to and on what date.

Very truly yours,



Paula A. Lapin

PAL:jrs
enclosures



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
ATTORNEY GENERAL

(212) 416-8176

DIVISION OF ECONOMIC JUSTICE
REAL ESTATE FINANCE BUREAU

Rivers Run, LLC
c/o Fix Spindelman Brovitz & Goldman
Attention: Paula Lapin
295 Woodcliff Drive, Suite 200
Fairport, NY 14450

RE: Rivers Run Homeowners Association
File Number: H 050036
Date Amendment Filed: 01/09/2012
Receipt Number: 114499

Amendment No: 8
Filing Fee: \$225.00

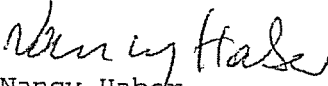
Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. Since this amendment is submitted after the post closing amendment has been filed, this filing is effective for twelve months from the date of filing of this amendment. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment.

Any misstatement or concealment of material fact in the material submitted as part of this amendment renders this filing void ab initio. This office has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this letter is conditioned upon the collection of all fees imposed by law. This letter is your receipt for the filing fee.

Very truly yours,


Nancy Haber
Assistant Attorney General *nh*

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

AMENDMENT NO. 7

This is the Seventh Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to extend the offering.

1. All units except Unit 201, 202, 203, 204, 301, 303, 304, 401, 404, 501-504, 601, 702, 703, 1101, 1102, 1202, 1203, 1301, 1401, 1403 and 1803 are owned by Sponsor. There is a purchase contract pending for Units 1601 and 1801.

2. The current Board of Directors is Patrick Tobin, 71 Linden Street, Rochester, N.Y. 14602, Susan Bussey of 5 Harleston Lane, East Rochester, New York 14445 and Anita Ellen Harris, 8334 E. Main Road, Leroy, New York 14482. Mr. Tobin is President of Living Communities, LLC, the sole member of the Sponsor; Ms. Heegan is the Director of Marketing for Sponsor and Ms. Harris is Vice President of Operations of Sponsor.

3. Sponsor is in control of the Board and will remain in control until all units are sold or five (5) years from September 26, 2006, whichever first occurs.

4. The first meeting of the homeowners will occur after the Sponsor's control period has ended.

5. The Sponsor remains liable for all Association expenses over and above those collected from the Unit owners.

6. The Sponsor has paid the most recent real property taxes for the current year. The 2011 County tax was \$24,589.00 and the 2010-11 School tax was \$36,293.00. Bills have been rendered for individual units.

7. There are two homes occupied by tenants. The total rent collected monthly is \$4,850.00 per month.

8. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses and payments for completion of improvements.

9. All unsold units subject to the Offering Plan are subject to a line of credit with M&T on which there is a current balance of \$3,120,351.00. It is a demand note, with monthly payments of interest only. The interest rate is 2.25% over the LIBOR rate. There is also a mortgage with S&T Bank with a principal balance of \$372,465.00 encumbering Lots 204, 302 and 403.

10. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.

11. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage and has been in the 12 months preceding this amendment.

12. Patrick Tobin and David Christa, principals of Sponsor, are also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York and the Plains at Parish Homestead HOA (H07-0014), Oneonta, New York. They are current on all financial obligations pertaining to those projects. The offering plans for these projects are available for inspection at the office of the Sponsor and at the office the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

13. A new 2011 budget is attached as Exhibit A. A certification of the budget is attached as Exhibit B. Financial statements for 2010 are attached as Exhibit C.

14. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

RIVERS RUN, LLC, Sponsor

SCHEDULE A
RIVERS RUN
BUDGET FOR HOA OPERATION
BEGINNING JANUARY, 2011

Projected Income		
Maintenance Charges		\$156,000.00
(65 Units at \$200/mo.)		
TOTAL		<u>\$156,000.00</u>
Projected Expenses		
Electricity		2,844.00
Repairs, Maintenance and Supplies		7,000.00
Landscaping (mowing and chemical applications)		31,220.00
Snow Removal		38,147.00
Refuse Removal		11,140.00
Insurance		21,975.00
Management Fee		12,480.00
Legal Fees		500.00
Accounting Fees		2,750.00
Exterior Painting		2,500.00
Office Expense		750.00
Taxes:		
Real Property Taxes		3,300.00
Franchise and Corporate Taxes		100.00
Reserves:		
Roofing	5,863.00	
Asphalt Sealing	3,266.00	
Resurface	9,333.00	
Sidewalks	<u>2,832.00</u>	
		<u>21,294.00</u>
TOTAL		<u>\$156,000.00</u>



March 23, 2011

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd floor
New York, New York 10271

Re: Rivers Run Homeowners Association Inc.
Town of Henrietta, New York

Gentlemen:

The Sponsor of the Homeowners Association has retained me to review the estimated annual budget containing projections of income and expenses for the fiscal year, January 1, 2011 – December 30, 2011. My experience in this field includes:

Involvement in the development, conversion, marketing, and management of condominium and homeowners associations since 1982 and, prior to that, the construction, rehabilitation and management of commercial and multi-family residential rental properties since 1972. Current management accounts, (35) include apartments, condominiums, homeowners associations, and office buildings.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law Part 22 insofar as they are applicable to Schedule A.

I have reviewed the schedule and investigated the facts set forth in Schedule A, and the facts underlying them with due diligence in order to form a basis for this certification. I have also relied on my experience in managing residential properties.

I certify that the projections in Schedule A appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected year or operation as a Homeowners Association.

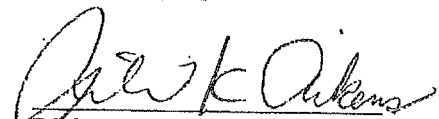
I certify that the Schedule:

1. sets forth in detail the terms of the projected income and expenses for the operation for the homeowners association; appear reasonable and adequate based on present prices (adjusted to reflect continued inflation and present levels of consumption for comparable units similarly situated);

2. affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the operation as a Homeowners Association;
3. does not omit any material fact;
4. does not contain any untrue statement of a material fact;
5. does not contain any fraud, deception, concealment or suppression;
6. does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
7. does not contain any representation or statement which is false, where I (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.

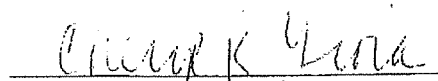
I further certify that I am not owned or controlled by the Sponsor. I understand that a copy of this Certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the Homeowners Association.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.


Richard K. Aikens
Kenrick Corporation

STATE OF NEW YORK }
COUNTY OF MONROE } ss:

Sworn to before me this 23rd day
of March 2010


Notary Public

RKA/lbk

CHERYL K. GIOIA
Notary Public - State of New York
No. 01G145814
Qualified in Monroe County
My Commission Expires May 15, 2014

RIVERS RUN HOMEOWNERS' ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2010



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rivers Run Homeowners' Association
Rochester, New York

We have audited the accompanying balance sheets of Rivers Run Homeowners' Association as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rivers Run Homeowners' Association as of December 31, 2010 and 2009, and the changes in its fund balances and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 17, 2011

RIVERS RUN HOMEOWNERS' ASSOCIATION
Balance Sheets
December 31, 2010 and 2009

	<u>2010</u>			<u>2009</u>		
	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 685	\$ 39,437	\$ 40,122	\$ 1,345	\$ 28,730	\$ 30,075
Accounts receivable	1,449	-	1,449	668	-	668
Due from developer	-	9,060	9,060	12,960	6,949	19,909
Prepaid expenses	15,101	-	15,101	3,600	-	3,600
Total Assets	<u>\$ 17,235</u>	<u>\$ 48,497</u>	<u>\$ 65,732</u>	<u>\$ 18,573</u>	<u>\$ 35,679</u>	<u>\$ 54,252</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities						
Accounts payable	\$ 11,280	\$ -	\$ 11,280	\$ 13,580	\$ -	\$ 13,580
Accrued expenses	100	-	100	1,564	-	1,564
Due to developer	240	-	240	-	-	-
Deferred Revenue	2,186	-	2,186	-	-	-
Total current liabilities	<u>13,806</u>	<u>-</u>	<u>13,806</u>	<u>15,144</u>	<u>-</u>	<u>15,144</u>
Fund Balances	<u>3,429</u>	<u>48,497</u>	<u>51,926</u>	<u>3,429</u>	<u>35,679</u>	<u>39,108</u>
Total Liabilities and Fund Balances	<u>\$ 17,235</u>	<u>\$ 48,497</u>	<u>\$ 65,732</u>	<u>\$ 18,573</u>	<u>\$ 35,679</u>	<u>\$ 54,252</u>

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
Statements of Revenues, Expenses, and Changes in Fund Balances
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>			<u>2009</u>		
	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>
Revenues						
Member assessments	\$ 46,123	\$ 10,692	\$ 56,815	\$ 37,031	\$ 8,424	\$ 45,455
Developers' contributions	40,151	11,089	51,240	26,145	8,508	34,653
Cable television assessment	10,716	-	10,716	10,012	-	10,012
Interest	68	29	97	6	-	6
Total revenues	<u>97,058</u>	<u>21,810</u>	<u>118,868</u>	<u>73,194</u>	<u>16,932</u>	<u>90,126</u>
Expenses						
Cable television	12,509	-	12,509	10,379	-	10,379
Income taxes	-	-	-	100	-	100
Landscaping and snowplowing	47,447	-	47,447	29,898	-	29,898
Liability insurance	10,759	-	10,759	7,154	-	7,154
Management fees	4,944	-	4,944	3,648	-	3,648
Office	724	-	724	473	-	473
Professional fees	3,493	-	3,493	4,766	-	4,766
Real estate taxes	2,296	-	2,296	1,970	-	1,970
Repairs and maintenance	6,550	8,992	15,542	8,462	1,098	9,560
Trash service	4,873	-	4,873	4,006	-	4,006
Utilities	3,463	-	3,463	2,338	-	2,338
Total expenses	<u>97,058</u>	<u>8,992</u>	<u>106,050</u>	<u>73,194</u>	<u>1,098</u>	<u>74,292</u>
Excess of Revenues Over Expenses	-	12,818	12,818	-	15,834	15,834
Fund Balances - Beginning	<u>3,429</u>	<u>35,679</u>	<u>39,108</u>	<u>3,429</u>	<u>19,845</u>	<u>23,274</u>
Fund Balances - Ending	<u>\$ 3,429</u>	<u>\$ 48,497</u>	<u>\$ 51,926</u>	<u>\$ 3,429</u>	<u>\$ 35,679</u>	<u>\$ 39,108</u>

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
 Statements of Cash Flows
 For the Years Ended December 31, 2010 and 2009

	<u>2010</u>			<u>2009</u>		
	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Reserve Replacement Fund</u>	<u>Total</u>
Cash Flows from Operating Activities						
Excess of Revenues Over Expenses	\$ -	\$ 12,818	\$ 12,818	\$ -	\$ 15,834	\$ 15,834
Changes in assets and liabilities						
Accounts receivable	(781)	-	(781)	(307)	540	233
Interfund receivable	-	-	-	(813)	813	-
Due from developer	13,200	(2,111)	11,089	(920)	(6,949)	(7,869)
Prepaid expenses	(11,501)	-	(11,501)	(3,600)	-	(3,600)
Accounts payable	(2,300)	-	(2,300)	5,018	-	5,018
Accrued expenses	(1,464)	-	(1,464)	1,464	-	1,464
Deferred revenue	2,186	-	2,186	-	-	-
Net cash flows from operating activities	<u>(660)</u>	<u>10,707</u>	<u>10,047</u>	<u>842</u>	<u>10,238</u>	<u>11,080</u>
Net Change in Cash and Cash Equivalents	(660)	10,707	10,047	842	10,238	11,080
Cash and Cash Equivalents - Beginning	<u>1,345</u>	<u>28,730</u>	<u>30,075</u>	<u>503</u>	<u>18,492</u>	<u>18,995</u>
Cash and Cash Equivalents - Ending	<u>\$ 685</u>	<u>\$ 39,437</u>	<u>\$ 40,122</u>	<u>\$ 1,345</u>	<u>\$ 28,730</u>	<u>\$ 30,075</u>

The accompanying notes are an integral part of these financial statements.

RIVERS RUN HOMEOWNERS' ASSOCIATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Scope of Business

Scope of Business - The Rivers Run Homeowners' Association is a Homeowners' association organized as a not-for-profit corporation for the purpose of maintaining and preserving common property of the Rivers Run development. The Rivers Run Homeowners' Association condominium complex consists of 65 residential units occupying a site of approximately 14 acres located at Fairwood Drive in the town of Henrietta, New York. The complex is currently being developed.

Method of Accounting - The Association uses fund accounting, which requires that funds, such as operating funds, deferred maintenance funds, and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000.

Income Taxes - The Association elected to file its tax return for 2009 as a corporation on form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2010 and 2009, the Association had no taxable non-membership income. Federal and state income tax provisions of approximately \$100 have been recorded.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and/or penalties related to income tax matters, if incurred, are recognized as a component of income tax expense. The corporation's income tax filings are subject to audit by various tax authorities. The corporation's open audit periods are 2007 through 2010.

Subsequent Events - In accordance with ASC 855-10, the corporation evaluated subsequent events through March 17, 2011 the date these financial statements were available to be issued.

Note 2. Due from Developer

At December 31, 2010, the Association was owed \$8,820 from Rivers Run, LLC, the developer. The receivable is an unsecured and non-interest bearing loan. The amount represents the developer's responsibility to fund the excess expenditures that exceed assessment income while the complex is being developed.

RIVERS RUN HOMEOWNERS' ASSOCIATION
Notes to Financial Statements

Note 3. Owners' Assessments

Monthly assessments to owners were \$191 for the years ended December 31, 2010 and 2009. Of those amounts, \$36 was designated to the replacement fund. As of December 31, 2010 and 2009, twenty five and twenty four units, respectively, were occupied and thirty seven and thirty two, respectively, were completed.

Note 4. Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The board of directors conducted a study in April 2006 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed architects and engineers. The unaudited table below is based on the study for all 65 units.

<u>Item</u>	<u>Cost</u>	<u>Life Cycle</u>	<u>Annual Contribution</u>	<u>Prior Year</u>	<u>Current Reserve</u>	<u>Total Reserve</u>
Exterior Painting	\$ 20,000	5 yrs	\$ 4,000	\$ 5,254	\$ 1,633	\$ 7,142
Roofing	175,875	30 yrs	5,863	7,699	2,393	10,465
Asphalt (140,000sf) sealing @ .07/sf	9,800	3 yrs	3,266	4,289	1,333	5,830
Resurface @ .75/sf	105,000	10yrs	10,500	13,788	4,285	18,741
Concrete sidewalks (11,800sf) 6/sf	70,800	20 yrs	3,540	4,649	1,445	6,319
Total	\$ 381,475	-	\$ 27,169	\$ 35,679	\$ 11,089	\$ 48,497

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

AMENDMENT NO. 8

This is the Eighth Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to correct the description of the Common Areas.

1. Sponsor originally obtained the Homeowners Association property by a deed from Rochester Institute of Technology ("RIT"). Pursuant to the Purchase Contract between the Sponsor and RIT, two small parcels were intended to be conveyed back to RIT after various subdivision approvals were obtained. The re-conveyance never occurred, although the required approvals were obtained. Rochester Institute of Technology is now requiring the re-conveyance.

2. Despite the provision requiring the re-conveyance, the deed from Sponsor to the Homeowners Association recited the two small parcels as part of the legal description of the Homeowners Association property. The Declaration and Homeowners Association deed will be corrected to delete these parcels. Consent of the homeowners has been obtained at a special meeting held on July 28, 2011.

3. The two parcels are shown on a map attached as Exhibit A. The more southerly parcel is not used by the homeowners. The more northerly parcel is adjacent to RIT's boathouse and contains a gazebo that is used by residents. The property is on the Genesee River. In exchange for the re-conveyance, RIT is granting a license to the Homeowners Association so they can continue to use the gazebo parcel as before.

4. In the event the license is ever terminated, RIT has agreed to substitute another waterfront parcel with the same improvements. A copy of the license agreement is attached to this amendment as Exhibit B.

5. Transfer of control of the Homeowners Association passed to the homeowners on September 26, 2011. Now that the control has passed, there is a written agreement between the Sponsor and the HOA regarding the use of the adjacent Riparian apartment building which is not part of the HOA, but from which the HOA members may buy certain services, such as meals. A copy of the agreement is attached as Exhibit C.

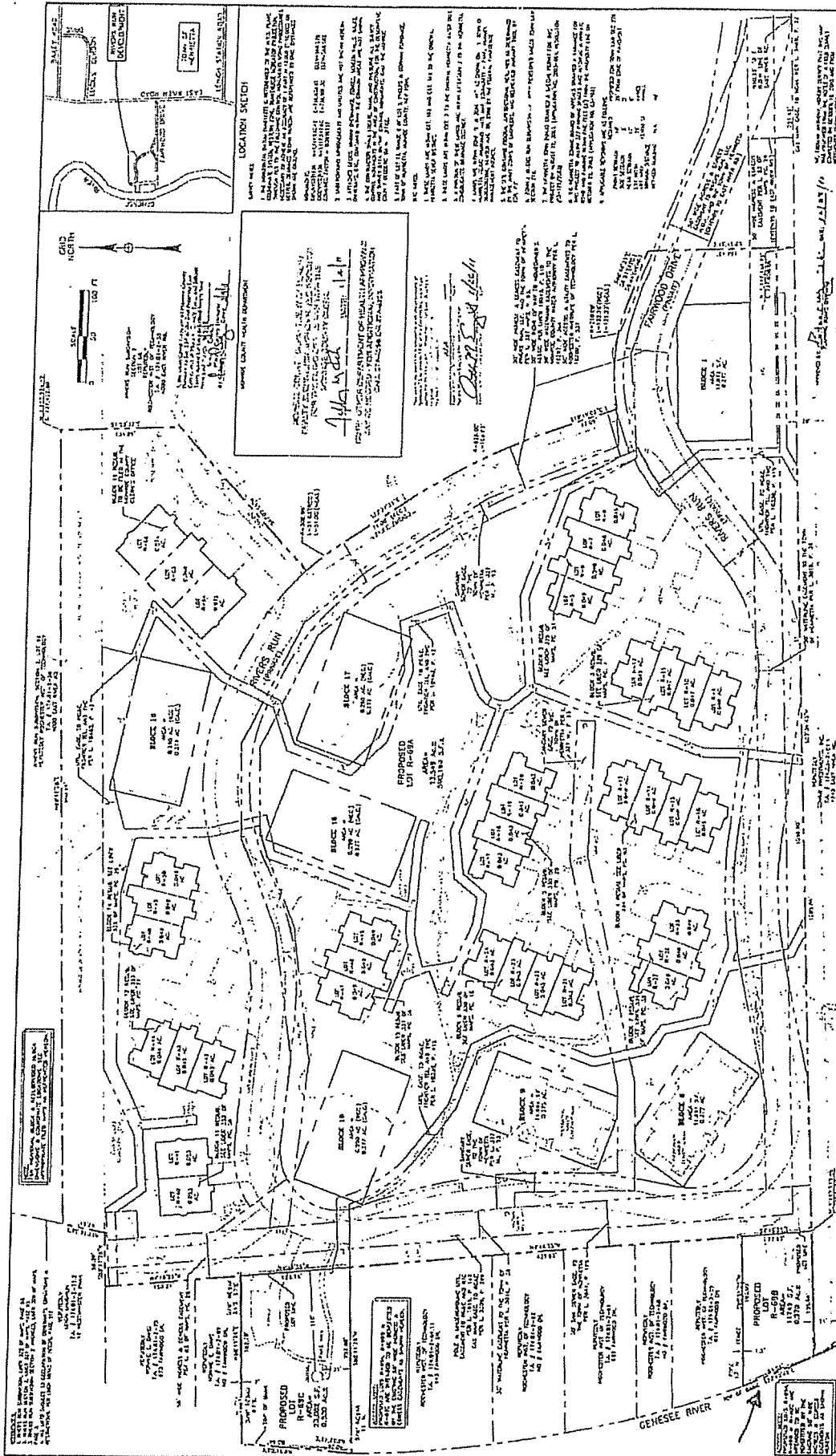
6. Due to the re-design of several units, there are now ⁶⁴~~62~~ units in the subdivision, instead of the original 67 intended for the parcel.

7. The homeowners have agreed to several changes to the By-Laws. The amendments to the By-Laws is attached as Exhibit D.

8. The homeowners association has granted an easement for access and maintenance to the Sponsor so that Sponsor can continue to plow the main walkway through the Premises and maintain the 5 drainage ponds. A copy of the easement is attached as Exhibit E.

9. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

RIVERS RUN, LLC, Sponsor



parcel
to be
licensed

unused
parcel

		PROJECT NAME: RIVERS RUN, LLC SECTION 2	DRAWING TITLE: RECORD DRAWING	DATE: 10/20/10
PROJECT NO.: 10000000000000000000		SCALE: 1" = 50'		
SHEET NO.: 1		SHEET TOTAL: 1		
PROJECT LOCATION: SECTION 2, TOWNSHIP 36 N., RANGE 18 W., MERIDIAN 83 W.		PROJECT OWNER: RIVERS RUN, LLC		
PROJECT ENGINEER: ERDMAN ANTHONY		PROJECT ARCHITECT: ERDMAN ANTHONY		
PROJECT DATE: 10/20/10		PROJECT NO.: 10000000000000000000		

ROCHESTER INSTITUTE OF TECHNOLOGY
NON-EXCLUSIVE LICENSE ("LICENSE") TO
RIVERS RUN LLC
TO ACCESS
LOT NO. R-69C AS SHOWN ON MAP ENTITLED
"RESUBDIVISION OF LOT 69 OF THE RIVERS RUN SUBDIVISION, SECTION 2,
FILED IN THE MONROE COUNTY CLERK'S OFFICE IN LIBER 340 OF MAPS, PAGE 85.
("PARCEL")
TOWN OF HENRIETTA, MONROE COUNTY

THIS LICENSE, dated as of September __, 2011, is by and between ROCHESTER INSTITUTE OF TECHNOLOGY, a New York educational corporation having an office at Five Lomb Memorial Drive, Rochester, New York 14623 ("RIT") and RIVERS RUN LLC, a New York limited liability company having an office at 50 Fairwood Drive, Rochester, New York 14623 ("PERMITTEE").

WHEREAS, pursuant to the Contract for the Purchase and Sale of Real Property dated June 13, 2005, as amended by Amendment to Contract for the Purchase and Sale of Real Property dated March 15, 2006 ("Agreement"), Rivers Run, LLC has caused the Parcel to be resubdivided and has reconveyed the Parcel to RIT;

WHEREAS, the Agreement provides that PERMITTEE shall have vehicular and pedestrian access to the Parcel for access to the Genesee River for recreational uses, as well as certain other rights and obligations as set forth more fully herein;

NOW, THEREFORE, in consideration of One and no/100 (\$1.00) Dollar and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. RIT agrees to permit PERMITTEE, its agents, employees, contractors, subcontractors, visitors, tenants and owners of the units of the adjacent project developed by PERMITTEE (the "Rivers Run Project") ingress and egress by foot or vehicle over the Parcel on a non-exclusive basis for vehicular and pedestrian access to the Genesee River and for recreational purposes. Subject to the provisions of this License, recreational users of the Parcel shall have permission to park up to six (6) standard size automobiles in the designated parking areas and no other areas whatsoever.

2. PERMITTEE shall exercise its right of access herein granted so as not to interfere with or endanger the use and enjoyment of the Parcel by RIT, or use of RIT's other adjacent property.

3. The PERMITTEE shall be solely responsible for the proper handling and disposal of all trash or rubbish carried on to the Parcel.

4. The PERMITTEE hereby indemnifies and holds RIT and their respective affiliates, directors, officers, employees, agents, successors and assigns harmless from and against any and all claims, demands, actions, causes of action, losses, costs, liabilities, damages,

injuries, penalties, fines, expenses or otherwise, of any and every kind whatsoever (including but not limited to, reasonable attorneys fees and costs) arising from or in connection with Access by PERMITTEE its agents, employees, contractors, subcontractors, visitors, tenants and owners of the units of the adjacent project developed by PERMITTEE (collectively, the "PERMITEE PARTIES") and its use of the Parcel or other activities of the PERMITTEE PARTIES. This indemnification shall survive any termination of this Permit.

5. The PERMITTEE agrees to obtain and maintain at the expense of the PERMITTEE, commercial general liability insurance with a combined single limit for bodily injury, personal injury and property damage of not less than One Million Dollars (\$1,000,000) per person and Two Million Dollars (\$2,000,000) per occurrence. The coverage shall provide and encompass at least the following: (a) blanket written contractual liability covering all indemnity agreements, including all indemnity obligations contained in this permit; (b) commercial general liability coverage written on an occurrence form; (c) endorsement naming RIT as additional insured. The PERMITTEE shall furnish a copy of each policy of insurance used to satisfy the requirements of this provision to RIT within fifteen (15) days of execution of this permit. Each policy shall be maintained in force as long as this permit is in force, shall be issued by an insurance company or insurance companies licensed by the State of New York, and shall provide that no policy cancellation, non-renewal or material modification shall be effective except upon thirty (30) days prior written notice to RIT.

6. All notices, certificates, and other communications hereunder shall be in writing and shall be deemed sufficiently given if (a) mailed by United States certified mail postage prepaid, (b) sent by a nationally recognized overnight courier, or (c) delivered personally, to RIT and the PERMITTEE as the case may be, addressed to the party's respective address as set forth at the beginning of this permit or at such other address as the party may give notice to the other party hereunder. Such notices, certificates, and other communications shall be deemed given or served two (2) days after the date deposited in the United States mails in the manner aforesaid or one (1) day after the date deposited with a nationally recognized overnight courier or on the date of delivery, or refusal thereof, if delivered personally.

7. PERMITTEE shall take good care of the Parcel and all improvements and appurtenances thereto now or subsequently constructed by PERMITTEE, make all repairs to the Parcel and all such improvements as may be affected by the PERMITTEE PARTIES use thereof. RIT shall not be responsible in any manner for loss of, or damage to, the Parcel, or any of the improvements, fixtures or appurtenances from any cause whatsoever except as caused by RIT's negligence, and PERMITTEE assumes all risk(s) therefor. In addition, PERMITTEE shall remove snow and ice and maintain the lawns and landscaping as is deemed necessary by the PERMITTEE PARTIES for its purposes hereunder. All of the foregoing maintenance and repair of the Parcel and all improvements and appurtenances, including removing snow and ice, are to be performed by PERMITEE at PERMITTEE's sole cost and expense.

8. PERMITTEE may construct at PERMITTEE'S expense, for RIT and PERMITTEE'S benefit, non-permanent recreational structures (no foundations), such as docks, provided that PERMITTEE shall first submit drawings and specifications for such improvements to RIT for RIT's approval, which approval shall not be unreasonably withheld. Further notwithstanding the foregoing the RIT and PERMITTEE acknowledge that PERMITTEE has

previously constructed the following improvements to the Parcel which improvements RIT has consented to and which shall remain: grading, seeding, parking area, trees and gazebo; provided that RIT's consent shall not be construed as relieving PERMITTEE from its obligation to comply with applicable laws with respect to the maintenance and repair of same.

9. In the event all or a portion of the Parcel becomes subject to taxes due to PERMITTEE'S use or other Rivers Run Project users, PERMITTEE shall be solely responsible for payment of such taxes.

10. RIT shall have the right, on at least one hundred eighty (180) days prior written notice to PERMITTEE, at RIT's sole cost and expense, to substitute other property fronting on the Genesee River owned or to be acquired by RIT (the "Substitute River Parcel") for the Parcel, subject to the following terms and conditions:

A) the Substitute River Parcel shall be contiguous to the remainder of the Rivers Run Project, not including the Parcel;

B) the area of the Substitute River Parcel shall be not less than ninety (90%) percent of the area of the Parcel;

C) the frontage of the Substitute River Parcel on the Genesee River shall be not less than ninety (90%) percent of the frontage on the Genesee River of the Parcel;

D) RIT shall, at RIT's sole cost and expenses, relocate or reconstruct on the Substitute River Parcel any improvements constructed by PERMITTEE on the Parcel (the "River Parcel Improvements"). Such relocation or reconstruction by RIT shall also include a relocation or reconstruction, at RIT's sole cost and expense, of any improvements constructed by PERMITTEE on the adjacent Rivers Run Project necessary to connect the River Parcel Improvements with the improvements constructed by PERMITTEE on the adjacent Rivers Run Project;

E) RIT shall prepare and deliver to PERMITTEE at RIT's sole cost and expense, an amendment to this Permit transferring the Permit to the Substitute River Parcel.

11. This Permit shall be governed by the internal laws of the State of New York.

12. The rights herein are personal in nature and PERMITTEE is not permitted to assign any of its rights hereunder without the prior written consent of RIT.

13. This Permit represents the entire agreement between the parties relative to the Access contemplated hereunder. The terms and conditions hereof can be modified only pursuant to a written instrument executed on behalf of each of the parties hereto.

[NO FURTHER TEXT; SIGNATURES APPEAR ON FOLLOWING PAGE]

14. This Permit may be executed in one or more counterparts, each of which shall be deemed to be an original, but of which, together, shall constitute one and the same instrument.

ROCHESTER INSTITUTE OF TECHNOLOGY

By: 

Name: James H. Watters

Title: Senior Vice President of Finance and
Administration

PERMITTEE:

RIVERS RUN LLC

By: 

Name: Patrick T. Babin

Title: President

AGREEMENT

This is an agreement dated as of September 7, 2011, between RIVERS RUN, LLC, (LLC) of 50 Fairwood Drive, ROCHESTER, NY 14623 and RIVERS RUN HOMEOWNERS ASSOCIATION, INC. (HOA) of 50 Fairwood Drive, Rochester, NY 14623.

RECITALS

1. LLC created a living community known as Rivers Run. The community consists of 62 cottages in an HOA and, on a separate parcel of land, a rental building for senior citizens known as the Riparian.
2. The cottage residents receive a number of services and amenities at the Riparian. These are contained in the resident's handbook.
3. LLC is transferring control of the HOA to the cottage residents. The cottage residents have requested a formalization of the services available to them at the Riparian.


AGREEMENT

In consideration of the transfer of control and mutual covenants, the parties agree as follows:

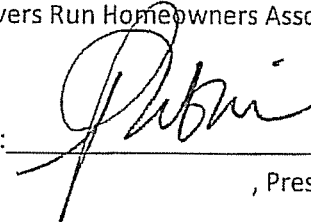
1. The following services shall be made available to HOA by LLC, owner of the Riparian, on a fee for service basis:
 - a. Housekeeping
 - b. Dining
 - c. Transportation
 - d. Facsimile and copying
2. The following services and facilities shall be made available to the HOA by LLC at the Riparian at no charge:
 - a. lost and found
 - b. package delivery
 - c. events registration
 - d. use of exterior common areas including the gazebo, walking paths and the Riverfront.
 - e. Use of indoor common areas including atrium lobby, computer room, café (food for purchase), wellness center, library, lecture room, private dining room and club room.
3. The following are also available to the HOA at no charge :
 - a. Monitoring of emergency calls
 - b. Wellness program
 - c. Priority in selection and leasing of an apartment in the Riparian, based on availability.

4. These provisions shall bind the parties and their successors or assigns.

IN WITNESS WHEREOF, the parties have executed this agreement as follows:

Rivers Run LLC
By: 
Patrick Tobin, Manager

Rivers Run Homeowners Association, Inc.

By: 

, President



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
ATTORNEY GENERAL

DIVISION OF ECONOMIC JUSTICE
REAL ESTATE FINANCE BUREAU

(212) 416-8176

Rivers Run, LLC
c/o Fix Spindelman Brovitz & Goldman
Attention: Paula Lapin
295 Woodcliff Drive, Suite 200
Fairport, NY 14450

RE: Rivers Run Homeowners Association
File Number: H 050036 Amendment No: 9
Date Amendment Filed: 01/18/2013 Filing Fee: \$225.00
Receipt Number: 119653

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. Since this amendment is submitted after the post closing amendment has been filed, this filing is effective for twelve months from the date of filing of this amendment. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment.

Any misstatement or concealment of material fact in the material submitted as part of this amendment renders this filing void ab initio. This office has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this letter is conditioned upon the collection of all fees imposed by law. This letter is your receipt for the filing fee.

Very truly yours,

Nancy Haber
Assistant Attorney General

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.
AMENDMENT NO. 9

This is the Ninth Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to extend the offering and amend the escrow regulations.

1. Thirty-two lots remain unsold.
2. Sponsor transferred control of the Board to the homeowners in September of 2011.
3. The Sponsor is paying Association expenses for all Units they own which are receiving services. The total amount being paid by Sponsor is \$840 per month.
4. The Sponsor has paid the most recent real property taxes and School taxes for the current year in the amount of \$38,716. Bills have been rendered for individual units.
5. There are no homes occupied by tenants.
6. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses for its Lots and payments for completion of improvements.
7. All unsold units subject to the Offering Plan are subject to a line of credit with M&T on which there is a current balance of \$1,768,150. It is a demand note, with monthly payments of interest only. The interest rate is 2.25% over the LIBOR rate.
8. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.
9. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage and has been in the 12 months preceding this amendment.
10. Patrick Tobin and David Christa, principals of Sponsor, were also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York and the Plains at Parish Homestead HOA (H07-0014), Oneonta, New York. Both of these projects are now sold out. The offering plans for these projects are available for inspection at the office of the Sponsor and at the office the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.
11. A 2012 budget is attached as Exhibit A. Financial statements for 2011 are attached as Exhibit B.

12. **REVISED PROCEDURE TO PURCHASE SECTION OF THE PLAN**

The Procedure to Purchase Section of the Plan regarding escrow trust fund requirements is hereby replaced with the following disclosures set forth herein. The Purchase Agreement, as set forth in Part II of the Plan, is hereby replaced with the revised Purchase Agreement, attached hereto as Exhibit C. The Escrow Agreement, as set forth in Part II of the Plan, is hereby replaced with the revised Escrow Agreement, attached hereto as Exhibit D.

The Escrow Agent:

The law firm of Fix Spindelman Brovitz & Goldman, P.C., with an address of 295 Woodcliff Drive, Suite 200, Fairport, New York 14450, telephone number 585-641-8000, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Paula A. Lapin, Esq., Jerry A. Goldman, Esq., and Richard S. Brovitz, Esq. All designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Selling Agent, Managing Agent or any other principal thereof, or have any beneficial interest in any of the foregoing.

The Escrow Account:

The Escrow Agent has established the escrow account at M&T Bank, located at 255 East Avenue, Rochester, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Fix Spindelman Brovitz & Goldman, P.C., as Escrow Agent for Rivers Run Homeowners Association ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit. Any deposit made in excess of \$250,000 will not be insured.

All Deposits received by Purchaser shall be in the form of checks and shall be made payable to or endorsed by the Purchaser to the order of Fix Spindelman Brovitz & Goldman, P.C., as Escrow Agent.

Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance with the terms of a written agreement between Purchaser and Sponsor.

The Escrow Account shall be a non-interest bearing IOLA account pursuant to New York State Judiciary Law § 497. No fees of any kind may be deducted from the Escrow Account, and the Sponsor shall bear all costs associated with the maintenance of the Escrow Account.

Escrow Agreement:

The Escrow Agreement, as revised to reflect the foregoing, is attached hereto as Exhibit D. The Escrow Agreement must be executed by the Sponsor, Purchaser and Escrow Agent.

Notification to Purchaser:

Within five (5) business days after the Purchase Agreement has been tendered to the Escrow Agent along with the Deposit, the Escrow Agent shall sign the Purchase Agreement and place the Deposit into the Escrow Account. Within ten (10) business days of the placing of the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and the initial interest rate, if any, to be earned on the Deposit. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance with the terms of a written agreement between Purchaser and Sponsor.

The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Deposit, he or she may cancel the Purchase Agreement within ninety (90) days after tender of the Purchase Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

Release of Funds:

All Deposits, except for advances made for upgrades, extras, or custom work received in connection with the Purchase Agreement, are and shall continue to be the Purchaser's money, and may not be commingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 352-h.

Under no circumstances shall Sponsor seek or accept release of the Deposit of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of an effectiveness amendment by the New York State Department of Law. Consummation of the Plan does not relieve the Sponsor of its obligation pursuant to GBL §§ 352-3(2-b) and 352-h.

The Escrow Agent shall release the Deposit if so directed:

- a. pursuant to the terms and conditions set forth in the Escrow Agreement upon closing of title to the Unit; or
- b. in a subsequent writing signed by both Sponsor and Purchaser; or
- c. by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Deposit pursuant to paragraphs (a) through (c) above, and the Escrow Agent receives a request by either party to release the

Deposit, then the Escrow Agent must give both the Purchaser and Sponsor prior written notice of not fewer than thirty (30) days before releasing the Deposit. If the Escrow Agent has not received notice of objection to the release of the Deposit prior to the expiration of the thirty (30) day period, the Deposit shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Deposit within said thirty (30) day period, the Escrow Agent shall continue to hold the Deposit until otherwise directed pursuant to paragraphs (a) through (c) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Deposit contained in the Escrow Account with the clerk of the county where the Unit is located and shall give written notice to both parties of such deposit.

The Sponsor shall not object to the release of the Deposit to:

- a. a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; or
- b. all Purchasers after an Amendment abandoning the Plan is accepted for filing by the Department of Law.

The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

Waiver Void:

Any provision of any Purchase Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Deposit in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Purchase Agreement, Plan or any amendment thereto.

13. 14There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

RIVERS RUN, LLC, Sponsor

65 units

Rivers Run HOA
2011 Budget - Approved
January 1, 2012 - December 31, 2012

11.7.11

Acct Code	Account Name	2011 Budget	2012 Proposed Budget
		65 units	65 units
Income			
4010	Assessment Fees	156,000	163,800
4020	Late Fees		
	Sponsor Contribution		
4070	Cable/Internet fees	27,850	27,850
	<i>Total Income</i>	<i>183,850</i>	<i>191,650</i>
Administrative			
5020	Audit	2,750	1,200
5030	Legal	500	500
5050	Management Fee	12,480	12,480
5060	Insurance	24,975	24,975
5070	Office Expense	1,500	1,500
5095	NYS Franchise Tax	100	100
5100	Real Estate Tax	3,300	3,300
	<i>Total Administrative</i>	<i>45,605</i>	<i>44,055</i>
Utilities			
5210	Cable/Internet	27,850	27,850
5220	Electric	2,844	2,844
	<i>Total Utilities</i>	<i>30,694</i>	<i>30,694</i>
Contracted Services			
5510	Refuse	11,140	11,140
5520	Snow Removal	43,934	41,747
5530	Landscape Maintenance	26,880	24,880
5540	Chemical Applications	7,340	7,340
5560	Building Repairs	7,000	7,000
5570	Painting	3,500	3,500
	<i>Total Contracted Services</i>	<i>99,794</i>	<i>95,607</i>
	<i>Total Operating Expenses</i>	<i>176,093</i>	<i>170,356</i>
	<i>Reserve Contribution</i>	<i>21,294</i>	<i>21,294</i>
	<i>Total Expenses</i>	<i>197,387</i>	<i>191,650</i>
	<i>Net Income</i>	<i>(13,537)</i>	<i>-</i>

RIVERS RUN HOMEOWNERS' ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2011



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Rivers Run Homeowners' Association
Rochester, New York

We have reviewed the accompanying balance sheet of Rivers Run Homeowners' Association as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended December 31, 2010, were audited by us, and we expressed an unqualified opinion on them in our report dated March 17, 2011. We have not performed any auditing procedures on the financial statements since March 17, 2011.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 29, 2012

RIVERS RUN HOMEOWNERS' ASSOCIATION
Balance Sheets
December 31, 2011 and 2010

	(Reviewed) 2011			(Audited) 2010		
	Operating Fund	Reserve Replacement Fund	Total	Operating Fund	Reserve Replacement Fund	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 426	\$ 55,775	\$ 56,201	\$ 685	\$ 39,437	\$ 40,122
Accounts receivable	1,958	-	1,958	1,449	-	1,449
Due from developer	1,086	-	1,086	-	9,060	9,060
Interfund receivable	-	4,190	4,190	-	-	-
Prepaid expenses	2,756	-	2,756	15,101	-	15,101
Total Assets	\$ 6,226	\$ 59,965	\$ 66,191	\$ 17,235	\$ 48,497	\$ 65,732
LIABILITIES AND FUND BALANCES						
Current Liabilities						
Accounts payable	\$ 1,310	\$ -	\$ 1,310	\$ 11,280	\$ -	\$ 11,280
Accrued expenses	100	-	100	100	-	100
Due to developer	-	-	-	240	-	240
Interfund payable	4,190	-	4,190	-	-	-
Deferred revenue	3,282	-	3,282	2,186	-	2,186
Total current liabilities	8,882	-	8,882	13,806	-	13,806
Fund Balances	(2,656)	59,965	57,309	3,429	48,497	51,926
Total Liabilities and Fund Balances	\$ 6,226	\$ 59,965	\$ 66,191	\$ 17,235	\$ 48,497	\$ 65,732

The accompanying notes are an integral part of these financial statements.
See Accountants' Report

RIVERS RUN HOMEOWNERS' ASSOCIATION
 Statements of Revenues, Expenses, and Changes in Fund Balances
 For the Years Ended December 31, 2011 and 2010

	(Reviewed) 2011			(Audited) 2010		
	Operating Fund	Reserve Replacement Fund	Total	Operating Fund	Reserve Replacement Fund	Total
Revenues						
Member assessments	\$ 59,822	\$ 10,442	\$ 70,264	\$ 46,123	\$ 10,692	\$ 56,815
Developers' contributions	34,701	2,645	37,346	40,151	11,089	51,240
Cable television assessment	15,208	-	15,208	10,716	-	10,716
Interest	3	78	81	68	29	97
Total revenues	<u>109,734</u>	<u>13,165</u>	<u>122,899</u>	<u>97,058</u>	<u>21,810</u>	<u>118,868</u>
Expenses						
Cable television	15,351	-	15,351	12,509	-	12,509
Landscaping and snowplowing	57,024	-	57,024	47,447	-	47,447
Liability insurance	13,327	-	13,327	10,759	-	10,759
Management fees	5,504	-	5,504	4,944	-	4,944
Office	1,090	-	1,090	724	-	724
Professional fees	3,302	-	3,302	3,493	-	3,493
Real estate taxes	3,295	-	3,295	2,296	-	2,296
Repairs and maintenance	7,042	1,697	8,739	6,550	8,992	15,542
Trash service	5,965	-	5,965	4,873	-	4,873
Utilities	3,919	-	3,919	3,453	-	3,453
Total expenses	<u>115,819</u>	<u>1,697</u>	<u>117,516</u>	<u>97,058</u>	<u>8,992</u>	<u>106,050</u>
Excess of Revenues Over (Under) Expenses	(6,085)	11,468	5,383	-	12,818	12,818
Fund Balances - Beginning	<u>3,429</u>	<u>48,497</u>	<u>51,926</u>	<u>3,429</u>	<u>35,679</u>	<u>39,108</u>
Fund Balances - Ending	<u>\$ (2,656)</u>	<u>\$ 59,965</u>	<u>\$ 57,309</u>	<u>\$ 3,429</u>	<u>\$ 48,497</u>	<u>\$ 51,926</u>

The accompanying notes are an integral part of these financial statements.
 See Accountants' Report

RIVERS RUN HOMEOWNERS' ASSOCIATION
 Statements of Cash Flows
 For the Years Ended December 31, 2011 and 2010

	(Reviewed) 2011			(Audited) 2010		
	Operating Fund	Reserve Replacement Fund	Total	Operating Fund	Reserve Replacement Fund	Total
Cash Flows from Operating Activities						
Excess of Revenues Over (Under) Expenses	\$ (6,085)	\$ 11,468	\$ 5,383	\$ -	\$ 12,818	\$ 12,818
Changes In assets and liabilities						
Accounts receivable	(509)	-	(509)	(781)	-	(781)
Interfund (receivable) payable	4,190	(4,190)	-	-	-	-
Due from developer	(1,326)	9,060	7,734	13,200	(2,111)	11,089
Prepaid expenses	12,345	-	12,345	(11,501)	-	(11,501)
Accounts payable	(9,970)	-	(9,970)	(2,300)	-	(2,300)
Accrued expenses	-	-	-	(1,464)	-	(1,464)
Deferred revenue	1,096	-	1,096	2,186	-	2,186
Net cash flows from operating activities	<u>(259)</u>	<u>16,338</u>	<u>16,079</u>	<u>(660)</u>	<u>10,707</u>	<u>10,047</u>
Net Change In Cash and Cash Equivalents	(259)	16,338	16,079	(660)	10,707	10,047
Cash and Cash Equivalents - Beginning	<u>685</u>	<u>39,437</u>	<u>40,122</u>	<u>1,345</u>	<u>28,730</u>	<u>30,075</u>
Cash and Cash Equivalents - Ending	<u>\$ 426</u>	<u>\$ 55,775</u>	<u>\$ 56,201</u>	<u>\$ 685</u>	<u>\$ 39,437</u>	<u>\$ 40,122</u>

The accompanying notes are an integral part of these financial statements.
 See Accountants' Report

RIVERS RUN HOMEOWNERS' ASSOCIATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Scope of Business

Scope of Business - The Rivers Run Homeowners' Association is a Homeowners' association organized as a not-for-profit corporation for the purpose of maintaining and preserving common property of the Rivers Run development. The Rivers Run Homeowners' Association condominium complex consists of 65 residential units occupying a site of approximately 14 acres located at Fairwood Drive in the town of Henrietta, New York. The complex is currently being developed.

Method of Accounting - The Association uses fund accounting, which requires that funds, such as operating funds, deferred maintenance funds, and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the balance sheets and statements of cash flows, cash and cash equivalents include deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. The Association maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Income Taxes - The Association elected to file its tax return for 2009 as a corporation on Form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2011 and 2010, the Association had no taxable non-membership income. Federal and state income tax provisions of approximately \$100 have been recorded.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest and/or penalties related to income tax matters, if incurred, are recognized as a component of income tax expense. The corporation's income tax filings are subject to audit by various tax authorities. The corporation's open audit periods are 2009 through 2011.

Subsequent Events - In accordance with ASC 855-10, the corporation evaluated subsequent events through March 29, 2012 the date these financial statements were available to be issued.

Note 2. Due from Developer

As of December 31, 2011 and 2010, the Association was owed from Rivers Run, LLC, the developer, \$1,086 and \$8,820, respectively. The receivable is an unsecured and non-interest bearing loan. The amount represents the developer's responsibility to fund the excess expenditures that exceed assessment income while the complex is being developed.

See Accountants' Report

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RIVERS RUN HOMEOWNERS' ASSOCIATION
Notes to Financial Statements

Note 3. Owners' Assessments

Monthly assessments to owners were \$191 for January 1, 2011 through April 30, 2011 and \$200 for May 1, 2011 through December 31, 2011. Amounts of assessment designated for replacement fund were \$34 for January 1, 2011 through April 30, 2011 and \$27 for May 1, 2011 through December 31, 2011. As of December 31, 2011 and 2010, 28 and 25 units, respectively, were occupied and 37 were completed.

Note 4. Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The board of directors conducted a study in April 2006 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed architects and engineers. The unaudited table below is based on the study for all 67 units.

<u>Item</u>	<u>Cost</u>	<u>Life Cycle</u>	<u>Annual Contribution</u>
Roofing	\$ 195,875	30 yrs	\$ 4,397
Asphalt (140,000sf) sealing @ .07/sf	9,800	3 yrs	2,450
Resurface @ .75/sf	105,000	10 yrs	7,000
Concrete sidewalks (11,800sf) @ 6/sf	70,800	20 yrs	2,124
Total	<u>\$ 381,475</u>		<u>\$ 15,971</u>

As of December 31, 2011, the contribution was \$15,971 of an annual contribution of \$27,169. The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following represents the change in reserve as of December 31, 2011 from December 31, 2010:

Reserve Balances

<u>Item</u>	<u>Beginning Reserve</u>	<u>Change in Reserve</u>	<u>Ending Reserve</u>
Roofing	\$ 17,607	\$ 3,158	\$ 20,765
Asphalt (140,000sf) sealing @ .07/sf	5,830	1,759	7,589
Resurface @ .75/sf	18,741	5,026	23,767
Concrete sidewalks (11,800sf) @ 6/sf	6,319	1,525	7,844
Total	<u>\$ 48,497</u>	<u>\$ 11,468</u>	<u>\$ 59,965</u>

See Accountants' Report

**PURCHASE AND SALE CONTRACT
FOR
RIVERS RUN**

TO: Rivers Run, LLC, 50 Fairwood Drive, Rochester, New York, 14623, "Seller"
FROM: _____, "Buyer"
RE: Lot ____, _____, New York
_____. New York
(Street Address)

OFFER TO PURCHASE

Buyer offers to purchase the property described below from Seller on the following Terms:

1. PROPERTY DESCRIPTION

A. Property known as Lot _____, in the Town of Henrietta, State of New York, including all improvements and all rights which the Seller has in or appurtenant to the property.

B. Townhome Unit to be constructed according to the plans and specifications designated Exhibit A attached hereto and initialed by Buyer and Seller.

C. **HOMEOWNERS ASSOCIATION:** Conveyance of the lot requires mandatory membership in Rivers Run Homeowner's Association, Inc. The Homeowners Association has title to certain common areas designated on the foregoing subdivision map. Buyer understands that an estimated monthly fee of \$_____ is currently required from members in the homeowners' association for maintenance of the common areas and services to individual lots including snow plowing, trash collection and common area liability insurance, all as detailed in Rivers Run Homeowner's Association Offering Plan. Buyer understands that this monthly fee may change.

2. PRICE AMOUNT AND HOW IT WILL BE PAID. The purchase price is _____ (\$_____). Buyer shall receive credit at closing for the deposit made pursuant to paragraph 11 hereof. The balance of the purchase price shall be paid all in cash or certified check at closing.

3. MORTGAGE CONTINGENCY. This Contract: check one only

() (a) is not subject to Buyer obtaining mortgage financing

() (b) is subject to Buyer obtaining mortgage financing, satisfactory to Buyer in the minimum amount of \$_____ no later than _____, 200__. In the event this contingency is not satisfied or waived by said date, either party may terminate the Contract by delivery of written notice to the other party, all deposits shall be returned to Buyer and neither Buyer nor Seller shall have any further liability under the Contract. If a mortgage commitment is obtained by Buyer and

it lapses or terminates for some reason other than a delay in closing caused by Buyer, and if Buyer has made a good faith effort to extend the commitment without success, Buyer may terminate this contract within five (5) business days following expiration of the commitment.

4. **CLOSING DATE AND PLACE.** The transfer of title to the property shall take place at the office of Seller's attorney or the office designated by Buyer's lender on or about the ____ day of _____, 20__, provided, however, that if there is a delay in completion of the improvements which is out of Seller's control, then Seller shall be entitled to a reasonable adjournment in the closing date without being liable therefore. The transfer of title to the unit shall take place only after or concurrently with the issuance of a certificate of occupancy for the unit being conveyed.

5. **BUYER'S POSSESSION OF PROPERTY.** Buyer shall have possession of the property on the day of closing.

6. **TITLE DOCUMENTS.** Seller shall provide the following documents in connection with the sale.

A. **Deed:** Seller will deliver to Buyer at closing a properly signed and notarized Warranty Deed with lien covenant.

B. **Abstract, Bankruptcy and Tax Searches, and Instrument Survey Map:** Seller will furnish and pay for and deliver to Buyer or Buyer's attorney at least 10 days prior to closing, fully guaranteed tax, title and United States Court searches, and an instrument survey of the Lot with improvements, all to be dated or redated after the date of this contract. Seller will pay for continuing searches to and including the day of closing and for the instrument survey.

C. **Documents to be Furnished regarding the Homeowners Association:** Since the property carries with it mandatory membership in the homeowners association, Seller will also furnish the following items to Buyer or Buyer's attorney at least ten (10) days prior to closing:

- a. Copy of the Offering Plan and all Amendments.
- b. Name and address of insurance agent administering common areas insurance policy.

7. **MARKETABILITY OF TITLE.** The deed and other documents delivered by Seller shall be sufficient to convey good and marketable title in fee simple to the property, free and clear of all liens and encumbrances, but subject to the terms of the Declaration, By-Laws and Offering Plan. Buyer also agrees to accept title to the property subject to public utility easements as long as those easements do not interfere with any existing improvements. Buyer acknowledges that no improvements may be made to the premises without prior written architectural approval from the Association Board of Directors as set forth at length in the Declaration and By-Laws.

8. **OBJECTIONS TO TITLE.** If Buyer raises a valid written objection to Seller's title which means that the title to the property is unmarketable, Seller may cancel this contract by giving prompt written notice of cancellation to Buyer, and Buyer's deposit shall be returned immediately. However, if Seller gives written notice within five (5) days that Seller will cure the problem prior to the closing date, then this contract shall continue in force until the closing date, subject to Seller performing as promised. If Seller fails to cure the problem within such time, Buyer will not be obligated to purchase the property and his deposit shall be returned.

9. **RECORDING COSTS, MORTGAGE TAX, TRANSFER TAX AND CLOSING ADJUSTMENTS.** Buyer will pay for recording the deed and any mortgage and mortgage tax. Seller shall pay for any transfer tax. Water charges, sewer charges, and current taxes computed on a fiscal year basis, excluding any delinquent items, interest and penalties, will be prorated and adjusted between Seller and Buyer as of the date of closing. Buyer shall also pay at closing his prorated share of the common expenses assessment as provided for in Article VI of the Declaration and in the Offering Plan of the Homeowners Association.

10. **ZONING.** By signing this contract, Seller certifies that the property is in full compliance with all zoning or building ordinances for use as a single family residence.

11. **DEPOSIT BY BUYER.** Upon acceptance, Buyer will deposit Ten Thousand Dollars (\$10,000.00) with Seller, which deposit is to become part of the purchase price. The Seller will hold all funds received by it from purchasers directly, or through its agents or employees in trust until closing. Fix Spindelman Brovitz and Goldman, PC, attorneys at law, 295 Woodcliff Drive, Suite 200, Fairport, New York 14450, is Seller's escrow agent who will hold funds deposited by Buyer at any time prior to the closing of title in a special escrow account in M&T Bank, 255 East Avenue, Rochester, N.Y. 14604. These funds shall be held in trust in accordance with the provisions of Section 352-(e)(2)(b) and 352-h of the General Business Law of the State of New York and released only upon the authorization of Paula A. Lapin, Esq., Richard S. Brovitz, Esq. or Jerry A. Goldman, Esq., attorneys at Fix Spindelman, Brovitz and Goldman, PC. In the event closing does not occur for any reason except the Buyer's default under the terms of this Purchase Agreement, these funds shall be fully returned to Buyer. A complete explanation of the escrow provisions and Buyer's rights with respect to this escrow is set forth in the Escrow Agreement **ATTACHED TO THIS CONTRACT AS EXHIBIT A.** **Buyer must sign the attached Escrow Agreement in order for this Purchase Contract to be effective.**

12. **EXTRAS.** If Buyer selects any extras or upgrades, they will be paid for as follows: 50% upon selection, and 50% at closing.

13. **BUYER'S FAULT.** Seller may send Buyer notice of intention to cancel this Agreement if (i) Buyer does not pay Seller the balance of the purchase price on the date that Buyer is supposed to pay or (ii) Buyer fails to perform any other obligation under this Agreement. If Buyer does not correct the default within thirty (30) days after Seller has given notice, Seller may cancel this Agreement.

14. **SELLER'S DEFAULT REMEDIES.** If Seller cancels this Agreement because of Buyer's defaults, the liquidated damages shall be all payments Buyer has made to Seller up to ten percent (10%) of the purchase price of the Townhome, plus the actual costs Seller incurred for any extras Buyer may have ordered. If Buyer paid Seller less than ten percent (10%) of the purchase price of the Townhome before the default, Seller may collect, also as liquidated damages, the difference between the amount paid and ten percent (10%) of the Purchase Price. If Seller cancels the Agreement because of Buyer's default, and recovers all its liquidated damages, neither party will have any further liability to the other. Seller may then sell the Townhome to anyone else. The handling of all deposits will be in accordance with the Escrow Agreement contained in the Offering Plan.

15. **BROKERAGE AND REAL ESTATE COMMISSIONS.** It is understood and agreed by both Buyer and Seller that Seller has retained ReMax Realty ("ReMax") as selling broker and that Seller is liable for the real estate brokerage commission payable to ReMax resulting from this contract.

16. **SELLER'S WARRANTY.** The Seller will provide the limited warranty and construct all improvements in accordance with the Limited Warranty ("*Warranty*") and Residential Construction Performance Guidelines prepared by the Rochester Homebuilder's Association. A copy of the Warranty is contained in Part II of the Offering Plan.

17. **LIFE OF OFFER.** Buyer agrees not to withdraw this Offer before _____, 20__ at 5:00 P.M.

18. **RESPONSIBILITY OF PERSONS UNDER THIS CONTRACT; ASSIGNABILITY.** If more than one person signs this contract, as Buyer, each person and any party who takes over that person's legal position will be responsible for keeping the promises made by Buyer in this contract. However, this contract is personal to the parties and may not be assigned by either without the other's consent.

19. **ENTIRE CONTRACT.** This contract, when signed by both Buyer and Seller, will be the record of the complete agreement between the Buyer and Seller concerning the purchase and sale of the property. No verbal agreements or promises will be binding on either the Buyer or Seller unless they are in writing, and signed by both Buyer and Seller. In the event of any conflict between this Contract and the Offering Plan, the terms of the Offering Plan shall control.

20. **RECEIPT OF OFFERING PLAN.** The Buyer acknowledges that he has received a copy of the offering plan and all filed amendments at least three (3) business days prior to the execution of the purchase contract.

21. **ATTORNEY APPROVAL.** This Contract is subject to the written approval of attorneys to Buyer and Seller within seven (7) calendar days from the date of Seller's acceptance.

Dated: _____

Buyer: _____

Witness: _____

Buyer: _____

ACCEPTANCE OF OFFER BY SELLER

Seller certifies that it owns the property and has the power to sell the property.
Seller accepts the offer and agrees to sell on the terms and conditions set forth above.

Dated: _____ Seller: RIVERS RUN, LLC

Manager

Witness: _____

Seller's Attorney & Address:

Buyer's Attorney & Address:

Paula A. Lapin, Esq.
Fix Spindelman Brovitz and Goldman, P.C.
295 Woodcliff Drive, Suite 200
Fairport, New York 14450
Telephone: (585) 641-8000
E-mail: plapin@fixspin.com

ESCROW AGREEMENT

AGREEMENT made this _____ day of _____, 2013, between RIVERS RUN, LLC , 50 Fairwood Drive, Rochester, New York 14623, ("SPONSOR") as sponsor of the offering plan, Fix Spindelman Brovitz & Goldman, attorneys, 295 Woodcliff Drive, Fairport, New York 14450 ("ESCROW AGENT") as escrow agent and _____ of _____ as purchase of unit ____ (the "Purchaser").

WHEREAS, RIVERS RUN, LLC is the sponsor of an offering plan to offer interests in a homeowners association located at Fairwood Drive, Rochester, New York, which development is known as the Rivers Run Homeowners Association ("HOA") ; and

WHEREAS, Fix Spindelman Brovitz & Goldman , Attorneys, are authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, Purchaser is buying a Unit in the HOA and is a necessary party to this agreement; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this agreement.

NOW, **THEREFORE**, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR AND ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with M&T bank at its branch located at, 255 East Avenue, Rochester New York. The account number is 9841505887.

1.2 The name of the account is Fix Spindelman Brovitz & Goldman, as Escrow Agent for Rivers Run Homeowners Association.

1.3 Paula A. Lapin, Esq., Richard Brovitz, Esq., and Jerry Goldman, Esq. are the sole signatories on the account.

1.4 The escrow account shall be a non-interest-bearing IOLA account as disclosed in the offering plan. The account shall be an FDIC insured account. The insurance coverage amount is unlimited. Sponsor shall not use more than one account or sub-account for each deposit.

1.5 The escrow account is an IOLA established pursuant to Judiciary Law, §497.

1.6 Sponsor shall bear the administrative cost for maintenance of the escrow account. No fees of any kind may be deducted from the account principal.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Fix Spindelman Brovitz & Goldman, as escrow agent for the Rivers Run Homeowners Association offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the

subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not received notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit. Complaints concerning the failure to honor such cancellation requests may be referred to the NYS Department of Law, Real Estate Financing Bureau, 120 Broadway, 23rd floor, New York, New York 10271. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall release the funds in escrow if so directed in (a) a subsequent writing signed by both Sponsor and Purchaser or (b) upon the closing of title to the unit; (c) by a final non-appealable judgment or order of a court of competent jurisdiction or (d) by a final, non-reviewable determination of the Attorney General pertaining to release of escrowed funds, so long as the purchase agreement was signed on or before March 1, 2013. If the escrowed funds are not released pursuant to (a), (b) (c) or (d) above and the Escrow Agent receives a request by either party to release the funds, the Escrow Agent must give both parties written notice of at least thirty days before releasing the funds. If the

Escrow Agent has not received notice of objection to the release of funds by the expiration of the thirty day period, the funds shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice of objection from either party within the thirty day period, the Escrow Agent shall continue to hold the funds until otherwise directed pursuant to (a), (b) (c) or (d) above. However, the Escrow Agent shall also have the right at any time to deposit the funds contained in the escrow account with a clerk of a court in the county in which the unit is located and shall give written notice to both parties of such deposit.

3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all Purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

4. DISPUTES.

4.1 In the event of a dispute arising in connection with a purchase agreement providing for dispute resolution by the Attorney General that was signed on or before March 1, 2013, The Sponsor shall apply and the Purchaser or the Escrow Agent holding the down payment in escrow may apply to the Attorney General for a determination on the disposition of the down payment and any interest earned thereon. Forms for this purpose will be available from the Department of Law. The party applying shall contemporaneously send to all other parties a copy of the application.

4.2 Pending the determination of the Attorney General to grant or deny the application the Sponsor, the Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

4.3 If the application permitting the release of funds is granted, the deposit and any

interest earned thereon shall be disposed of in accordance with a final, non-reviewable determination of the Attorney General.

4.4 The Attorney General shall act upon the application within 30 days after its submission to the Department of Law, by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons.

4.5 If the application seeking a release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until:

(a) both the Sponsor and the Purchaser direct payment to a specified party in accordance with a written direction signed by both of them; or

(b) a final, non-appealable order or judgment of a court is served on the Escrow Agent; or

(c) the Escrow Agent deposits the disputed amount into court.

5. RECORDKEEPING.

5.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

5.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

5.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

6. GENERAL OBLIGATIONS OF ESCROW AGENT

6.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

6.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

7. RESPONSIBILITIES OF SPONSOR

7.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

7.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7.3 Sponsor agrees to indemnify the Escrow Agent against all losses or damages incurred by the Escrow Agent in the performance of its duties under the Escrow Agreement, except for those caused by the gross negligence or willful misconduct of the Escrow Agent.

8. TERMINATION OF AGREEMENT

8.1 This Agreement shall remain in effect unless and until it is cancelled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All units offered pursuant to the plan have been sold and all sales

transactions have been consummated.

8.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 8.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

9. SUCCESSORS AND ASSIGNS.

9.1 This Agreement shall be binding upon SPONSOR, Purchaser and ESCROW AGENT and their successors and assigns.

10. GOVERNING LAW.

10.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

11. ESCROW AGENT'S COMPENSATION.

11.1 SPONSOR agrees that ESCROW AGENT'S compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

12. SEVERABILITY.

12.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

13. ENTIRE AGREEMENT.

13.1 This Agreement, read together with GBL Section 352-e(2b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the

subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as to the day and year first written above.

PURCHASER

ESCROW AGENT
Fix Spindelman Brovitz & Goldman

BY: _____
Paula A. Lapin, Esq.

SPONSOR

RIVERS RUN, LLC

BY: _____
Patrick Tobin, Manager

STONY POINT HOMEOWNERS ASSOCIATION DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (DCCR) AMENDMENT TO CHANGE THE REQUIREMENTS FOR AMENDING THE DCCR

ARTICLE XV, GENERAL PROVISIONS Section 1 Duration, Renewal and Amendment of Declaration of the Stony Point DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS currently includes the following:

“Except as above provided, the Declaration may be amended by an instrument signed by Members holding not less than sixty-seven percent (67%) of the votes of the Class A membership (owners).”

The above wording is hereby amended and restated:

“Except as above provided, the Declaration may be amended by an instrument signed by Members holding not less than sixty-seven percent (67%) of the votes cast of the Class A membership (owners) however, no amendment shall be ratified unless a minimum of 117 members of the Class A membership (owners) cast a vote.”

I/we vote **YES** to amend and restate the DCCR as shown above _____

I/we vote **NO** to amend and restate the DCCR as shown above _____

Only one member required per household.

Member Signature

Date

Print Member(s) Name

Print Member(s) street address

Your Board would appreciate the ballot returned within two weeks. Please return your ballot to:

Stony Point Homeowners Association
c/o Crofton Associates, Inc.
111 Marsh Road, Suite 1
Pittsford, New York 14534

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.
AMENDMENT NO. 10

This is the Tenth Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to extend the offering.

1. Twenty-one (21) lots remain unsold.
2. Sponsor transferred control of the Board to the homeowners in September of 2011.
3. The Sponsor is paying Association expenses for the two (2) Units they own which are receiving services. The total amount being paid by Sponsor is \$520.00 per month.
4. The Sponsor has paid the most recent real property taxes and School taxes for the current year in the amount of \$19,833.00. Bills have been rendered for individual units.
5. There are no homes occupied by tenants.
6. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses for its Lots and payments for completion of improvements.
7. All unsold units subject to the Offering Plan are subject to a line of credit with M&T on which there is a current balance of \$1,002,682.00. It is a demand note, with monthly payments of interest only. The interest rate is 2.25% over the LIBOR rate.
8. Sponsor's obligations will be funded from projected sales and if necessary, from other assets of Sponsor.
9. The Sponsor is current on all financial obligations relating to the Homeowners Association and under the M&T mortgage and has been in the 12 months preceding this amendment.
10. Patrick Tobin and David Christa, principals of Sponsor, were also principals in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York and the Plains at Parish Homestead HOA (H07-0014), Oneonta, New York. Both of these projects are now sold out. The offering plans for these projects are available for inspection at the office of the Sponsor and at the office the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.
11. A 2013 budget is attached as Exhibit A. Financial statements for 2012 are attached as Exhibit B.

12. The former escrow agent, Fix Spindelman Brovitz & Goldman has merged into Woods Oviatt Gilman LLP. The new Escrow Agreement and Purchase Contract are attached as Exhibits C and D, respectively.

13. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

RIVERS RUN, LLC, Sponsor

37 units

Rivers Run HOA
2013 Budget -
January 1, 2013 - December 31, 2013

9.14.12 LBK

Acct Code	Account Name	Approved 2012 Budget	2012 YTD Actuals August 2012	2013 Proposed Budget
		37 units	37 units	40 units
Income				
4010	Assessment Fees	93,240	61,209	124,000
4020	Late Fees	-	-	-
	Sponsor Contribution	-	4,014	-
4070	Cable/Internet fees	12,000	10,973	21,600
	Interest	-	8	-
	Total Income	105,240	76,204	146,400
Administrative				
5020	Audit	1,200	5,500	2,000
5030	Legal	500	1,615	1,500
5050	Management Fee	5,376	4,272	7,200
5060	Insurance	13,500	7,089	15,000
5070	Office Expense	700	970	700
5095	NYS Franchise Tax	100	0	100
5100	Real Estate Tax	3,300	2,259	3,300
5120	Hospitality Committee	-	751	1,300
	Total Administrative	24,676	22,456	31,100
Utilities				
5210	Cable/Internet	12,000	12,707	24,000
5220	Electric	2,844	2,685	4,000
	Total Utilities	14,844	15,392	28,000
Contracted Services				
5510	Refuse	4,800	4,776	7,000
5520	Snow Removal	25,434	15,260	25,434
5530	Landscape Maintenance	16,800	15,123	29,000
5540	Chemical Applications	3,400	2,989	3,400
5560	Building Repairs	3,000	2,988	3,000
5570	Painting	1,500	0	1,500
	Total Contracted Services	54,934	41,136	69,334
	Total Operating Expenses	94,464	78,984	128,434
	Reserve Contribution	9,173	5,350	12,960
	Total Expenses	103,627	84,334	141,394
	Net Income	1,613	(8,130)	5,006

2013 Operating Budget Notes

- 4010 ASSESSMENT- Is \$260 per month per unit
- 4020 LATE FEES - Not budgeted
- 4070 INTERNET/CABLE FEES - charged to homeowner
- 4100 INTEREST INCOME - Not budgeted
- 5020 AUDIT - \$2,000 has been allocated for the annual audit of the financial statements
- 5030 LEGAL - \$1,500 has been allocated for miscellaneous legal fees incurred in enforcing Condominium Rules and Regulations.
- 5050 MANAGEMENT FEE - \$7,200
- 5060 INSURANCE - Coverage by Cincinnati through First Niagara Risk Management. This policy provides property and liability insurance for all common areas, Directors & Officers Liability and a \$2,000,000 Umbrella
- 5070 OFFICE EXPENSES - This budgeted figure includes \$700 to cover expenditures including postage, duplication costs for statements, board correspondence, coupon books, and notices to homeowners
- 5095 N.Y.S. FRANCHISE TAX - The Association, as a not for profit corporation is subject to New York State franchise tax of \$100
- 5100 REAL ESTATE TAXES - \$3,300
- 5120 HOSPITALITY COMMITTEE - Projected expense \$1,200
- 5210 TELEPHONE/INTERNET/CABLE - Bulk priced package through Time Warner Cable w/ roadrunner internet with annual increases
- 5220 ELECTRIC - Service to operate all common area lighting. Based on historical data, electrical service is projected to be \$4,000.
- 5510 REFUSE - Cost for weekly refuse and recycling pick-up with Waste Management
- 5520 SNOW REMOVAL - Per season contract for plowing roadways, driveways and parking area is contracted at \$25,434. GL Romig.
- 5530 LANDSCAPE MAINTENANCE - Per season contract included mowing, trimming, mechanical edging, core aeration, bed maintenance, complete mulching of the property, spring and fall clean-up is estimated at \$29,000
- 5540 CHEMICAL APPLICATIONS - Per season contract with Broccoli including four lawn and tree/shrub applications is estimated at \$3,400
- 5560 BUILDING REPAIRS - \$3,000 allocated for general exterior electrical, plumbing, roof, siding, gutter, sidewalk repairs, and gutter cleaning.
- 5570 PAINTING - \$1,500 allocated for general exterior touch-up painting

Reserves

Rivers Run HOA
2013 Budget - Draft
January 1, 2013 - December 31, 2013

9.10.12

RESERVE

Item	Cost	Life Cycle	Annual Contribution
Roofing			
Asphalt (140,000 sf)	\$175,875	30 years	\$5,863.00
Sealing (\$.78 p/sf)	\$9,800	3 years	\$3,266.00
Resurfacing (1.00 p/sf)	\$140,000	15 years	\$9,333.00
Concrete Sidewalks			
(11,800 sf @ \$6.00 p/sf)	\$70,800	25 years	\$2,832.00

TOTAL \$21,294.00

Total per unit/per month \$27.30

JUN 21 2013

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2012

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

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Bonn, Dioguardi & Ray LLP
Certified Public Accountants • Business & Financial Advisors

Kenneth Bonn Jr
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Homeowners
Rivers Run Homeowners Association, Inc.

We have audited the accompanying balance sheet of Rivers Run Homeowners Association, Inc. as of December 31, 2012, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Rivers Run Homeowners Association, Inc. at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ernst, Desjardis & Roy, LLP

Rochester, New York
February 11, 2013

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 2012

ASSETS

Assets	
Cash and cash equivalents	\$ 46,615
Accounts receivable from homeowners	1,781
Other receivables	616
Prepaid expenses	<u>4,516</u>
Total assets	\$ <u><u>53,528</u></u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	\$ 9,751
Accounts payable to sponsor	74
Advance payments from homeowners	<u>2,403</u>
Total liabilities	<u>12,228</u>
Fund balances	
Operating	(25,086)
Major maintenance	<u>66,386</u>
Total fund balances	<u>41,300</u>
	\$ <u><u>53,528</u></u>

See accompanying notes and independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2012

	Operating <u>Fund</u>	Major Maintenance <u>Fund</u>	<u>Total</u>
Revenues			
Common charges	\$ 87,399	\$ 9,173	\$ 96,572
Cable assessments	17,016	0	17,016
Interest income	11	49	60
	<hr/>	<hr/>	<hr/>
Total revenues	104,426	9,222	113,648
Expenses			
Administrative expense	2,890	0	2,890
Landscaping	31,125	0	31,125
Repairs and maintenance	5,796	2,801	8,597
Cable	20,170	0	20,170
Utilities	4,123	0	4,123
Insurance	12,000	0	12,000
Legal and professional fees	10,426	0	10,426
Management fee	5,744	0	5,744
Refuse removal	7,668	0	7,668
Snow removal	23,594	0	23,594
Property taxes	3,246	0	3,246
Income taxes	74	0	74
	<hr/>	<hr/>	<hr/>
Total expenses	126,856	2,801	129,657
Excess of revenues over (under) expenses	(22,430)	6,421	(16,009)
Transfers	0	0	0
Fund balances - beginning of year	<hr/> (2,656)	<hr/> 59,965	<hr/> 57,309
Fund balances - end of year	\$ <u><u>(25,086)</u></u>	\$ <u><u>66,386</u></u>	\$ <u><u>41,300</u></u>

See accompanying notes and independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash flows from operating activities:	
Excess of revenues under expenses	\$ (16,009)
Adjustments to reconcile excess of revenues under expenses to net cash and cash equivalents used by operating activities:	
(Increase) decrease in:	
Accounts receivable from homeowners	177
Other receivables	470
Prepaid expenses	(1,760)
Increase (decrease) in:	
Accounts payable	8,441
Accounts payable to sponsor	(26)
Advance payments from homeowners	(879)
Net cash and cash equivalents used by operating activities	(9,586)
Cash and cash equivalents - beginning of year	56,201
Cash and cash equivalents - end of year	\$ <u>46,615</u>
Supplemental disclosure of cash flow information:	
Cash paid for income taxes	\$ <u>82</u>

See accompanying notes and independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 1: SUMMARY OF OPERATIONS

The Association was incorporated under Section 402 of the New York State Not-for-Profit Corporation Law on November 16, 2005, for the purpose of maintaining the common areas (consisting of exteriors, asphalt, lawns and grounds) of sixty-two units, of which forty are sold, located in Henrietta, New York. The homeowners elect a board of directors who hire an independent property management firm to manage the Association.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - The Association considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Fund Accounting - The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the major maintenance fund generally may be made only for designated purposes.

Income Taxes - Pursuant to the Tax Reform Act of 1976, homeowner associations are permitted to make an annual election to be treated as a regular corporation or a tax exempt organization. Each year the Association will file its tax returns under the election which is most beneficial to the organization. Under Section 528 of the Internal Revenue Code, taxes are paid on non-exempt function income (principally interest, net of expenses).

The Association's tax returns for the years ending 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through February 11, 2013, the date the financial statements were available to be issued.

See independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 3: OWNERS' ASSESSMENTS

Monthly assessments to owners for the year ended December 31, 2012 was \$210, of which a portion is allocated to the major maintenance fund. The annual budget and assessments of owners are determined by the board of directors. The Association retains any year end operating surplus to be used in future years. As of January 1, 2013, monthly assessments increased to \$260. There is also an additional charge to homeowners who want cable television and internet.

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly in arrears. It is the opinion of management that the Association will ultimately prevail against the homeowners whose assessments are delinquent and, accordingly, an allowance for doubtful accounts has not been established.

NOTE 4: COMMITMENTS

The Association has entered into an agreement with Crofton Corporation for management of its operations. The agreement provides for a monthly fee of \$15 per completed unit until December 31, 2013.

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has elected to accumulate funds for future major repairs and replacements. Accumulated funds are accounted for separately and generally are not available for expenditures for normal operations.

The board of directors and management company determine amounts to be allocated to the major maintenance fund. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the major maintenance fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 6: CONCENTRATIONS OF CREDIT RISK

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limit. The Association routinely assesses the financial strength of these organizations and, as a consequence, believes that its credit risk exposure is limited.

See independent auditors' report.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors and the Homeowners
Rivers Run Homeowners Association, Inc.

We have audited the financial statements of Rivers Run Homeowners Association, Inc. as of and for the year ended December 31, 2012, and our report thereon dated February 11, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The information on future major repairs and replacements, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Rochester New York
February 11, 2013

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS**

DECEMBER 31, 2012

The offering plan contains a study to estimate the remaining useful lives and the replacement costs of components of common property. The costs are based upon estimated current replacement costs.

The following unaudited table is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Asphalt sealing	3	\$ 9,800
Asphalt resurface	10	105,000
Roofs	30	175,875
Painting	5	20,000
Sidewalks	20	70,800

See independent auditors' report on supplemental information.

**PURCHASE AND SALE CONTRACT
FOR
RIVERS RUN**

TO: Rivers Run, LLC, 50 Fairwood Drive, Rochester, New York, 14623, "Seller"
FROM: _____, "Buyer"
RE: Lot ____, _____, New York
_____, New York
(Street Address)

OFFER TO PURCHASE

Buyer offers to purchase the property described below from Seller on the following Terms:

1. PROPERTY DESCRIPTION

A. Property known as Lot _____, in the Town of Henrietta, State of New York, including all improvements and all rights which the Seller has in or appurtenant to the property.

B. Townhome Unit to be constructed according to the plans and specifications designated Exhibit A attached hereto and initialed by Buyer and Seller.

C. HOMEOWNERS ASSOCIATION: Conveyance of the lot requires mandatory membership in Rivers Run Homeowner's Association, Inc. The Homeowners Association has title to certain common areas designated on the foregoing subdivision map. Buyer understands that an estimated monthly fee of \$_____ is currently required from members in the homeowners' association for maintenance of the common areas and services to individual lots including snow plowing, trash collection and common area liability insurance, all as detailed in Rivers Run Homeowner's Association Offering Plan. Buyer understands that this monthly fee may change.

2. PRICE AMOUNT AND HOW IT WILL BE PAID. The purchase price is _____ (\$_____). Buyer shall receive credit at closing for the deposit made pursuant to paragraph 11 hereof. The balance of the purchase price shall be paid all in cash or certified check at closing.

3. MORTGAGE CONTINGENCY. This Contract: check one only

- () (a) is not subject to Buyer obtaining mortgage financing
- () (b) is subject to Buyer obtaining mortgage financing, satisfactory to Buyer in the minimum amount of \$_____ no later than _____, 200__. In the event this contingency is not satisfied or waived by said date, either party may terminate the Contract by delivery of written notice to the other party, all deposits shall be returned to Buyer and neither Buyer nor Seller shall have any further liability under the Contract. If a mortgage commitment is obtained by Buyer and

it lapses or terminates for some reason other than a delay in closing caused by Buyer, and if Buyer has made a good faith effort to extend the commitment without success, Buyer may terminate this contract within five (5) business days following expiration of the commitment.

4. **CLOSING DATE AND PLACE.** The transfer of title to the property shall take place at the office of Seller's attorney or the office designated by Buyer's lender on or about the _____ day of _____, 20__, provided, however, that if there is a delay in completion of the improvements which is out of Seller's control, then Seller shall be entitled to a reasonable adjournment in the closing date without being liable therefore. The transfer of title to the unit shall take place only after or concurrently with the issuance of a certificate of occupancy for the unit being conveyed.

5. **BUYER'S POSSESSION OF PROPERTY.** Buyer shall have possession of the property on the day of closing.

6. **TITLE DOCUMENTS.** Seller shall provide the following documents in connection with the sale.

A. **Deed:** Seller will deliver to Buyer at closing a properly signed and notarized Warranty Deed with lien covenant.

B. **Abstract, Bankruptcy and Tax Searches, and Instrument Survey Map:** Seller will furnish and pay for and deliver to Buyer or Buyer's attorney at least 10 days prior to closing, fully guaranteed tax, title and United States Court searches, and an instrument survey of the Lot with improvements, all to be dated or redated after the date of this contract. Seller will pay for continuing searches to and including the day of closing and for the instrument survey.

C. **Documents to be Furnished regarding the Homeowners Association:** Since the property carries with it mandatory membership in the homeowners association, Seller will also furnish the following items to Buyer or Buyer's attorney at least ten (10) days prior to closing:

- a. Copy of the Offering Plan and all Amendments.
- b. Name and address of insurance agent administering common areas insurance policy.

7. **MARKETABILITY OF TITLE.** The deed and other documents delivered by Seller shall be sufficient to convey good and marketable title in fee simple to the property, free and clear of all liens and encumbrances, but subject to the terms of the Declaration, By-Laws and Offering Plan. Buyer also agrees to accept title to the property subject to public utility easements as long as those easements do not interfere with any existing improvements. Buyer acknowledges that no improvements may be made to the premises without prior written architectural approval from the Association Board of Directors as set forth at length in the Declaration and By-Laws.

8. **OBJECTIONS TO TITLE.** If Buyer raises a valid written objection to Seller's title which means that the title to the property is unmarketable, Seller may cancel this contract by giving prompt written notice of cancellation to Buyer, and Buyer's deposit shall be returned immediately. However, if Seller gives written notice within five (5) days that Seller will cure the problem prior to the closing date, then this contract shall continue in force until the closing date, subject to Seller performing as promised. If Seller fails to cure the problem within such time, Buyer will not be obligated to purchase the property and his deposit shall be returned.

9. **RECORDING COSTS, MORTGAGE TAX, TRANSFER TAX AND CLOSING ADJUSTMENTS.** Buyer will pay for recording the deed and any mortgage and mortgage tax. Seller shall pay for any transfer tax. Water charges, sewer charges, and current taxes computed on a fiscal year basis, excluding any delinquent items, interest and penalties, will be prorated and adjusted between Seller and Buyer as of the date of closing. Buyer shall also pay at closing his prorated share of the common expenses assessment as provided for in Article VI of the Declaration and in the Offering Plan of the Homeowners Association.

10. **ZONING.** By signing this contract, Seller certifies that the property is in full compliance with all zoning or building ordinances for use as a single family residence.

11. **DEPOSIT BY BUYER.** Upon acceptance, Buyer will deposit Ten Thousand Dollars (\$10,000.00) with Seller, which deposit is to become part of the purchase price. The Seller will hold all funds received by it from purchasers directly, or through its agents or employees in trust until closing. Woods Oviatt Gilman LLP attorneys at law, 2 State Street, Rochester, New York 14614, is Seller's escrow agent who will hold funds deposited by Buyer at any time prior to the closing of title in a special escrow account in M&T Bank, 255 East Avenue, Rochester, N.Y. 14604. These funds shall be held in trust in accordance with the provisions of Section 352-(e)(2)(b) and 352-h of the General Business Law of the State of New York and released only upon the authorization of Paula A. Lapin, Esq., Richard S. Brovitz, Esq. or Jerry A. Goldman, Esq., attorneys at Woods Oviatt Gilman LLP. In the event closing does not occur for any reason except the Buyer's default under the terms of this Purchase Agreement, these funds shall be fully returned to Buyer. A complete explanation of the escrow provisions and Buyer's rights with respect to this escrow is set forth in the Escrow Agreement **ATTACHED TO THIS CONTRACT AS EXHIBIT A.** **Buyer must sign the attached Escrow Agreement in order for this Purchase Contract to be effective.**

12. **EXTRAS.** If Buyer selects any extras or upgrades, they will be paid for as follows: 50% upon selection, and 50% at closing.

13. **BUYER'S FAULT.** Seller may send Buyer notice of intention to cancel this Agreement if (i) Buyer does not pay Seller the balance of the purchase price on the date that Buyer is supposed to pay or (ii) Buyer fails to perform any other obligation under this Agreement. If Buyer does not correct the default within thirty (30) days after Seller has given notice, Seller may cancel this Agreement.

14. **SELLER'S DEFAULT REMEDIES.** If Seller cancels this Agreement because of Buyer's defaults, the liquidated damages shall be all payments Buyer has made to Seller up to ten percent (10%) of the purchase price of the Townhome, plus the actual costs Seller incurred for any extras Buyer may have ordered. If Buyer paid Seller less than ten percent (10%) of the purchase price of the Townhome before the default, Seller may collect, also as liquidated damages, the difference between the amount paid and ten percent (10%) of the Purchase Price. If Seller cancels the Agreement because of Buyer's default, and recovers all its liquidated damages, neither party will have any further liability to the other. Seller may then sell the Townhome to anyone else. The handling of all deposits will be in accordance with the Escrow Agreement contained in the Offering Plan.
15. **BROKERAGE AND REAL ESTATE COMMISSIONS.** It is understood and agreed by both Buyer and Seller that Seller has retained ReMax Realty ("ReMax") as selling broker and that Seller is liable for the real estate brokerage commission payable to ReMax resulting from this contract.
16. **SELLER'S WARRANTY.** The Seller will provide the limited warranty and construct all improvements in accordance with the Limited Warranty ("*Warranty*") and Residential Construction Performance Guidelines prepared by the Rochester Homebuilder's Association. A copy of the Warranty is contained in Part II of the Offering Plan.
17. **LIFE OF OFFER.** Buyer agrees not to withdraw this Offer before _____, 20__ at 5:00 P.M.
18. **RESPONSIBILITY OF PERSONS UNDER THIS CONTRACT; ASSIGNABILITY.** If more than one person signs this contract, as Buyer, each person and any party who takes over that person's legal position will be responsible for keeping the promises made by Buyer in this contract. However, this contract is personal to the parties and may not be assigned by either without the other's consent.
19. **ENTIRE CONTRACT.** This contract, when signed by both Buyer and Seller, will be the record of the complete agreement between the Buyer and Seller concerning the purchase and sale of the property. No verbal agreements or promises will be binding on either the Buyer or Seller unless they are in writing, and signed by both Buyer and Seller. In the event of any conflict between this Contract and the Offering Plan, the terms of the Offering Plan shall control.
20. **RECEIPT OF OFFERING PLAN.** The Buyer acknowledges that he has received a copy of the offering plan and all filed amendments at least three (3) business days prior to the execution of the purchase contract.
21. **ATTORNEY APPROVAL.** This Contract is subject to the written approval of attorneys to Buyer and Seller within seven (7) calendar days from the date of Seller's acceptance.

Dated: _____ Buyer: _____

Witness: _____

Buyer: _____

ACCEPTANCE OF OFFER BY SELLER

Seller certifies that it owns the property and has the power to sell the property
Seller accepts the offer and agrees to sell on the terms and conditions set forth above.

Dated: _____ Seller: RIVERS RUN, LLC

Manager

Witness: _____

Seller's Attorney & Address:

Buyer's Attorney & Address:

Paula A. Lapin, Esq.
Woods Oviatt Gilman LLP
2 State Street
Rochester, New York 14614
Telephone: (585) 987-2800
E-mail: plapin@woodsoviatt.com

ESCROW AGREEMENT

AGREEMENT made this _____ day of _____, 2013, between RIVERS RUN, LLC, 50 Fairwood Drive, Rochester, New York 14623, ("SPONSOR") as sponsor of the offering plan, Woods Oviatt Gilman LLP, attorneys, 2 State Street, Rochester, New York 14614 ("ESCROW AGENT") as escrow agent and _____ of _____ as purchase of unit ___ (the "Purchaser").

WHEREAS, RIVERS RUN, LLC is the sponsor of an offering plan to offer interests in a homeowners association located at Fairwood Drive, Rochester, New York, which development is known as the Rivers Run Homeowners Association ("HOA"); and

WHEREAS, Woods Oviatt Gilman LLP, Attorneys, are authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, Purchaser is buying a Unit in the HOA and is a necessary party to this agreement; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this agreement.

NOW, **THEREFORE**, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR AND ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with M&T bank at its branch located at, 255 East Avenue, Rochester New York. The account number is 9861531482.

1.2 The name of the account is Woods Oviatt Gilman LLP, as Escrow Agent for Rivers Run Homeowners Association.

1.3 Paula A. Lapin, Esq., Richard Brovitz, Esq., and Jerry Goldman, Esq. are the sole signatories on the account.

1.4 The escrow account shall be a non-interest-bearing IOLA account as disclosed in the offering plan. The account shall be an FDIC insured account. The insurance coverage amount is unlimited. Sponsor shall not use more than one account or sub-account for each deposit.

1.5 The escrow account is an IOLA established pursuant to Judiciary Law, §497.

1.6 Sponsor shall bear the administrative cost for maintenance of the escrow account. No fees of any kind may be deducted from the account principal.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Woods Oviatt Gilman LLP, as escrow agent for the Rivers Run Homeowners Association offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the

subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not received notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit. Complaints concerning the failure to honor such cancellation requests may be referred to the NYS Department of Law, Real Estate Financing Bureau, 120 Broadway, 23rd floor, New York, New York 10271. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall release the funds in escrow if so directed in (a) a subsequent writing signed by both Sponsor and Purchaser or (b) upon the closing of title to the unit; (c) by a final non-appealable judgment or order of a court of competent jurisdiction or (d) by a final, non-reviewable determination of the Attorney General pertaining to release of escrowed funds, so long as the purchase agreement was signed on or before March 1, 2013. If the escrowed funds are not released pursuant to (a), (b) (c) or (d) above and the Escrow Agent receives a request by either party to release the funds, the Escrow Agent must give both parties written notice of at least thirty days before releasing the funds. If the

Escrow Agent has not received notice of objection to the release of funds by the expiration of the thirty day period, the funds shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice of objection from either party within the thirty day period, the Escrow Agent shall continue to hold the funds until otherwise directed pursuant to (a), (b) (c) or (d) above. However, the Escrow Agent shall also have the right at any time to deposit the funds contained in the escrow account with a clerk of a court in the county in which the unit is located and shall give written notice to both parties of such deposit.

3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all Purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

4. **DISPUTES.**

4.1 In the event of a dispute arising in connection with a purchase agreement providing for dispute resolution by the Attorney General that was signed on or before March 1, 2013, The Sponsor shall apply and the Purchaser or the Escrow Agent holding the down payment in escrow may apply to the Attorney General for a determination on the disposition of the down payment and any interest earned thereon. Forms for this purpose will be available from the Department of Law. The party applying shall contemporaneously send to all other parties a copy of the application.

4.2 Pending the determination of the Attorney General to grant or deny the application the Sponsor, the Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

4.3 If the application permitting the release of funds is granted, the deposit and any

interest earned thereon shall be disposed of in accordance with a final, non-reviewable determination of the Attorney General.

4.4 The Attorney General shall act upon the application within 30 days after its submission to the Department of Law, by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons.

4.5 If the application seeking a release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until:

(a) both the Sponsor and the Purchaser direct payment to a specified party in accordance with a written direction signed by both of them; or

(b) a final, non-appealable order or judgment of a court is served on the Escrow Agent; or

(c) the Escrow Agent deposits the disputed amount into court.

5. RECORDKEEPING.

5.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

5.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

5.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

6. GENERAL OBLIGATIONS OF ESCROW AGENT

6.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

6.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

7. RESPONSIBILITIES OF SPONSOR

7.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

7.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7.3 Sponsor agrees to indemnify the Escrow Agent against all losses or damages incurred by the Escrow Agent in the performance of its duties under the Escrow Agreement, except for those caused by the gross negligence or willful misconduct of the Escrow Agent.

8. TERMINATION OF AGREEMENT

8.1 This Agreement shall remain in effect unless and until it is cancelled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All units offered pursuant to the plan have been sold and all sales

transactions have been consummated.

8.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 8.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

9. SUCCESSORS AND ASSIGNS.

9.1 This Agreement shall be binding upon SPONSOR, Purchaser and ESCROW AGENT and their successors and assigns.

10. GOVERNING LAW.

10.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

11. ESCROW AGENT'S COMPENSATION.

11.1 SPONSOR agrees that ESCROW AGENT'S compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

12. SEVERABILITY.

12.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

13. ENTIRE AGREEMENT.

13.1 This Agreement, read together with GBL Section 352-e(2b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the

subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as to the day and year first written above.

PURCHASER

ESCROW AGENT
Woods Oviatt Gilman LLP

BY: _____
Paula A. Lapin, Esq.

SPONSOR

RIVERS RUN, LLC

BY:

Patrick Tobin, Manager

700 Crossroads Building
2 State Street, Rochester, New York 14614
P 585.987.2800 F 585.454.3968



1900 Main Place Tower
Buffalo, New York 14202
P 716.248.3200 F 716.854.5100

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woodsoviatt.com

January 23, 2015

Stephen E. Hall, Esq.
Suite 400
36 West Main Street
Rochester, New York 14614

**Re: Rivers Run Homeowners Association, Inc.
Amendment No. 11**

Dear Steve:

I am enclosing Amendment No. 11 to the Rivers Run Homeowners Association, Inc. Offering Plan which has been accepted by the Attorney General. I have not received the acceptance letter yet, but will forward it upon receipt. In the meantime, this amendment must be sent to all owners and placed in the front of the offering plans given out going forward. If there are any new contract purchasers, they must receive it as well. Please keep a record of who you send it to and on what date. Please let me know if you have any questions.

Thank you.

Very truly yours,

WOODS OVIATT GILMAN LLP


Paula A. Lapin

PAL/sz
Please direct responses to Rochester Office

Enclosure

cc: Mr. David Christa (w/enclosures) ✓

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.
AMENDMENT NO. 11

This is the Eleventh Amendment to the Offering Plan for the Rivers Run Homeowners Association, Inc. The primary purpose of the amendment is to disclose a change to the Sponsor.

1. Sixteen (16) lots remain unsold. They are Lots 101-104, 801-804, 901-904 and 1701-1704. One lot, Lot 1501, is under contract, and expected to close on December 29, 2014.
2. The original Sponsor transferred control of the Board to the homeowners in September of 2011.
3. A Purchase Agreement between the Sponsor and Rivers Run Holdings LLC was executed on November 14, 2014. The closing occurred on December 15, 2014. Rivers Run Holdings LLC is the Substituted Sponsor of the plan and will build out the remaining homes. The principal of Rivers Run Holdings LLC, is David Christa, an experienced home builder in the upstate New York area. He is also one of the principals of the original Sponsor. Rivers Run Holdings LLC has assumed all obligations of the original Sponsor as of the date of closing.
4. The Substituted Sponsor is not paying Association expenses for any lots.
5. The Substituted Sponsor is current on all real estate taxes for the property. The County taxes for 2014 were \$4,782.32 and the School taxes for 2014-2015 were \$4,912.56. They were adjusted as between the parties at the closing.
6. There are no homes occupied by tenants.
7. Sponsor's obligations to the homeowner's association which will become due in the next twelve (12) months are payment of Association expenses for its completed homes, as they are built.
8. The source for Sponsor's payments in paragraph numbers 5 and 7, above, are sales and other assets of Substituted Sponsor.
9. Unsold units subject to the Offering Plan are not subject to any mortgages.
10. The Substituted Sponsor is current on all financial obligations relating to the Homeowners Association.
11. David Christa, principal of the Substituted Sponsor, was also a principal in the Sagamore on East Condominium, CD 03-0170, 130 East Avenue, Rochester, New York and the Plains at Parish Homestead HOA (H07-0014), Oneonta, New York. Both of these projects are now sold out. Neither Substituted Sponsor nor its principal own any units in any other condominium or homeowners association in New York State. The offering plans for these

projects are available for inspection at the office of the Sponsor and at the office the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

12. A 2015 budget is attached as Exhibit A. Financial statements for 2013 are attached as Exhibit B.

13. The Declaration has been amended to put restrictions on leasing. A copy of the Declaration is attached as Exhibit C.

14. A new Certification of Sponsor is attached as Exhibit D. A new M-10 Broker-Dealer Statement is attached as Exhibit E.

15. There have been no other material changes of facts and circumstances affecting the property which is the subject of this offering or the offering itself.

RIVERS RUN, LLC, Sponsor

Rivers Run
HOMEOWNERS ASSOCIATION
Proposed Budget - Fiscal Year
1/1/15 TO 12/31/15.

46 units

	Budget 2013 37 Units (\$260/MO)	Budget 2014 43 Units (\$265/MO)	Proposed 2015 46 Units (\$270/MO)
INCOME			
HOA fees	\$ 124,800	\$ 136,740	\$ 149,040
Internet/Cable fees		\$ 28,627	\$ 30,624
Interest			
Total Income	\$ 124,800	\$ 165,367	\$ 179,664
EXPENSES			
Audit	\$ 2,000	\$ 1,250	\$ 1,280
Building/Repairs/Supplies	3,000	5,000	6,000
Cable / Internet		28,627	30,624
Electric	4,000	4,300	5,000
Fertilization	3,400	3,200	3,500
Hospitality Committee	1,300	1,300	800
Corporation Tax	100	100	100
Insurance	15,000	15,597	17,600
Legal	1,500	3,000	1,000
Management	7,200	8,050	9,000
Office Expense	700	1,300	1,750
Tree maintenance			2,100
Real Estate Tax	3,300	3,335	3,800
Refuse	7,000	8,000	7,500
Snow	25,434	30,000	33,500
Summer	29,000	30,000	31,100
Total Operating Expenses	102,934	143,059	154,654
Transfer to Reserve	21,866	22,320	25,010
TOTAL BUDGET	\$ 124,800 17.52%	\$ 165,379 13.50%	\$ 179,664 13.92%
Cable/Internet fees	\$ 21,600	\$ 28,627	\$ 30,624
Cable / Internet income	\$ 24,000	\$ 28,627	\$ 30,624

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

EXHIBIT B

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Homeowners
Rivers Run Homeowners Association, Inc.

We have audited the accompanying financial statements of Rivers Run Homeowners Association, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of revenues, expenses and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rivers Run Homeowners Association, Inc. at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ernst, DiGuardi & Co., LLP

Rochester, New York
February 24, 2014

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

ASSETS		<u>2013</u>	<u>2012</u>
Assets			
Cash and cash equivalents	\$	58,617	\$ 46,615
Accounts receivable from homeowners		0	1,781
Other receivables		0	616
Prepaid expenses		<u>4,395</u>	<u>4,516</u>
Total assets	\$	<u><u>63,012</u></u>	\$ <u><u>53,528</u></u>

LIABILITIES AND FUND BALANCES

	<u>2013</u>	<u>2012</u>
Liabilities		
Accounts payable	\$ 9,588	\$ 9,751
Advance payments from homeowners	3,893	2,403
Accrued income tax	<u>68</u>	<u>74</u>
Total liabilities	<u>13,549</u>	<u>12,228</u>
Fund balances		
Operating	(20,827)	(25,086)
Major maintenance	<u>70,290</u>	<u>66,386</u>
Total fund balances	<u>49,463</u>	<u>41,300</u>
	\$ <u><u>63,012</u></u>	\$ <u><u>53,528</u></u>

See accompanying notes and independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013		2012			
	Operating Fund	Major Maintenance Fund	Total	Operating Fund	Major Maintenance Fund	Total
Revenues						
Common charges	\$ 113,550	\$ 12,960	\$ 126,510	\$ 87,399	\$ 9,173	\$ 96,572
Cable assessments	27,792	0	27,792	17,016	0	17,016
Interest income	0	97	97	11	49	60
Other income	80	0	80	0	0	0
Total revenues	<u>141,422</u>	<u>13,057</u>	<u>154,479</u>	<u>104,426</u>	<u>9,222</u>	<u>113,648</u>
Expenses						
Administrative expense	2,588	0	2,588	2,890	0	2,890
Landscaping	33,354	0	33,354	31,125	0	31,125
Repairs and maintenance	6,625	9,153	15,778	5,796	2,801	8,597
Cable	24,886	0	24,886	20,170	0	20,170
Utilities	5,218	0	5,218	4,123	0	4,123
Insurance	15,490	0	15,490	12,000	0	12,000
Legal and professional fees	1,225	0	1,225	10,426	0	10,426
Management fee	7,305	0	7,305	5,744	0	5,744
Refuse removal	7,633	0	7,633	7,668	0	7,668
Snow removal	29,457	0	29,457	23,594	0	23,594
Property taxes	3,314	0	3,314	3,246	0	3,246
Income taxes	68	0	68	74	0	74
Total expenses	<u>137,163</u>	<u>9,153</u>	<u>146,316</u>	<u>126,856</u>	<u>2,801</u>	<u>129,657</u>
Excess of revenues over (under) expenses	4,259	3,904	8,163	(22,430)	6,421	(16,009)
Transfers	0	0	0	0	0	0
Fund balances - beginning of year	(25,086)	66,386	41,300	(2,656)	59,965	57,309
Fund balances - end of year	<u>\$ (20,827)</u>	<u>\$ 70,290</u>	<u>\$ 49,463</u>	<u>\$ (25,086)</u>	<u>\$ 66,386</u>	<u>\$ 41,300</u>

See accompanying notes and independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Excess of revenues over (under) expenses	\$ 8,163	\$ (16,009)
Adjustments to reconcile excess of revenues over (under) expenses to net cash and cash equivalents provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable from homeowners	1,781	177
Other receivables	616	470
Prepaid expenses	121	(1,760)
Increase (decrease) in:		
Accounts payable	(163)	8,441
Advance payments from homeowners	1,490	(879)
Accrued income taxes	(6)	(26)
	12,002	(9,586)
Net cash and cash equivalents provided (used) by operating activities		
Cash and cash equivalents - beginning of year	46,615	56,201
Cash and cash equivalents - end of year	\$ 58,617	\$ 46,615
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 74	\$ 82

See accompanying notes and independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1: SUMMARY OF OPERATIONS

The Association was incorporated under Section 402 of the New York State Not-for-Profit Corporation Law on November 16, 2005, for the purpose of maintaining the common areas (consisting of exteriors, asphalt, lawns and grounds) of sixty-two units, of which forty-three are sold, located in Henrietta, New York. The homeowners elect a board of directors who hire an independent property management firm to manage the Association.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - The Association considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Fund Accounting - The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the major maintenance fund generally may be made only for designated purposes.

Income Taxes - Pursuant to the Tax Reform Act of 1976, homeowner associations are permitted to make an annual election to be treated as a regular corporation or a tax exempt organization. Each year the Association will file its tax returns under the election which is most beneficial to the organization. Under Section 528 of the Internal Revenue Code, taxes are paid on non-exempt function income (principally interest, net of expenses).

The Association's tax returns for the years ending 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through February 24, 2014, the date the financial statements were available to be issued.

See independent auditors' report.

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 3: OWNERS' ASSESSMENTS

Monthly assessments to owners for the years ended December 31, 2013 and 2012 was \$260 and \$210, respectively, of which a portion is allocated to the major maintenance fund. The annual budget and assessments of owners are determined by the board of directors. The Association retains any year end operating surplus to be used in future years. As of January 1, 2014, monthly assessments increased to \$265. There is also an additional charge to homeowners who want cable television and internet.

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly in arrears.

NOTE 4: COMMITMENTS

The Association has entered into an agreement with Crofton Corporation for management of its operations. The agreement provides for a monthly fee of \$16 per completed unit until December 31, 2014.

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has elected to accumulate funds for future major repairs and replacements. Accumulated funds are accounted for separately and generally are not available for expenditures for normal operations.

The board of directors and management company determine amounts to be allocated to the major maintenance fund. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the major maintenance fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 6: CONCENTRATIONS OF CREDIT RISK

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limit. The Association routinely assesses the financial strength of these organizations and, as a consequence, believes that its credit risk exposure is limited.

See independent auditors' report.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

To the Board of Directors and the Homeowners
Rivers Run Homeowners Association, Inc.

We have audited the financial statements of Rivers Run Homeowners Association, Inc. as of and for the years ended December 31, 2013 and 2012, and our report thereon dated February 24, 2014, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The information on future major repairs and replacements, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bonn, Dioguardi & Ray, LLP

Rochester, New York
February 24, 2014

RIVERS RUN HOMEOWNERS ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS**

DECEMBER 31, 2013

Crofton Associates, Inc. prepared a study during 2013, to estimate the remaining useful lives and the replacement costs of components of common property. The costs are based upon estimated current replacement costs.

The following unaudited table is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Asphalt sealing	3	\$ 10,068
Asphalt/catch basins- repairs	5	5,000
Asphalt/catch basins - resurface	17-18	200,000
Roofs	18-21	180,000
Sidewalks	16-19	74,000
Gutters/downspouts	18-21	20,000
Trim painting	Annually	4,000-4,500
Misc	Annually	1,000

See independent auditors' report on supplemental information.