



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
Attorney General

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DIVISION OF ECONOMIC JUSTICE
Real Estate Finance Bureau

February 3, 2014

Rivers Run, LLC
c/o Woods Oviatt Gilman, LLP
Attention: Paula Lapin
700 Crossroads Bldg, Two State Street
Rochester, NY 14614

RE: Rivers Run Homeowners Association
File Number: H 050036 Amendment No: 10
Date Amendment Filed: 01/17/2014 Filing Fee: \$225.00
Receipt Number: 124451

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,

Linda Roots
Assistant Attorney General / R.P.

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 YTD	2013
		2012 Budget	Actuals August 2012	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	94,454	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 \$1,300
- 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 Broccolo 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 9.10.12
 2013 Budget - Draft
 January 1, 2013 - December 31, 2013

RESERVE

Item	Cost	Life Cycle	Annual Contribution
Roofing	\$175,875	30 years	\$5,863.00
Asphalt (140,000 sf)			
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
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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, DiGuardis & 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>\$ 53,528</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>\$ 53,528</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 Fund	Major Maintenance Fund	Total
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
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenses	(22,430)	6,421	(16,009)
Transfers	0	0	0
Fund balances - beginning of year	(2,656)	59,965	57,309
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ (25,086)	\$ 66,386	\$ 41,300
	<hr/>	<hr/>	<hr/>

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	<u>(879)</u>
Net cash and cash equivalents used by operating activities	(9,586)
Cash and cash equivalents - beginning of year	<u>56,201</u>
Cash and cash equivalents - end of year	\$ <u><u>46,615</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for income taxes	\$ <u><u>82</u></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.

Bonn, Dioguardi & Ray, LLP

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