



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

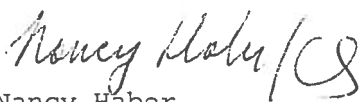
Dear Sponsor:

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 comingled 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

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

Acct Code	Account Name	2011 Budget 65 units	2012 Proposed Budget 65 units
Income			
4010	Assessment Fees	156,000	163,800
4020	Late Fees		
	Sponsor Contribution		
4070	Cable/Internet fees	27,850	27,850
	Total Income	183,850	191,650
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
	Total Administrative	45,605	44,055
Utilities			
5210	Cable/Internet	27,850	27,850
5220	Electric	2,844	2,844
	Total Utilities	30,694	30,694
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
	Total Contracted Services	99,794	95,607
	Total Operating Expenses	176,093	170,356
	Reserve Contribution	21,294	21,294
	Total Expenses	197,387	191,650
	Net Income	(13,537)	-

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) <u>2011</u>			(Audited) <u>2010</u>		
	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	3,463	-	3,463
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