

OFFERING PLAN

THIS OFFERING PLAN
HAS BEEN AMENDED.
PLEASE SEE INSIDE FRONT COVER

FOR THE SALE OF MEMBERSHIP INTERESTS
IN THE ASSOCIATION KNOWN AS

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS

ASSOCIATION, INC.

LOCATED ON CHARDONNAY DRIVE

TOWN OF PERINTON, MONROE COUNTY, NEW YORK

TOTAL OFFERING - \$580,000.00
(Value of Common Area Included in the Purchase
Price of 40 Homes in Phase I of this Development)

Estimated Value of Common Area in Proposed
Phase II of Development - \$369,000.00

SPONSOR AND SELLING AGENT

ANCO BUILDERS, INC.
27 EMERALD HILL CIRCLE
FAIRPORT, NEW YORK 14450

A TOTAL OF 40 HOMES IN PHASE I OF THIS DEVELOPMENT IS BEING OFFERED UNDER THIS PLAN.

IT IS ANTICIPATED THAT 36 ADDITIONAL HOMES WILL BE OFFERED IN PHASE II WHICH WILL BE THE FINAL PHASE OF THIS DEVELOPMENT.

COST OF MEMBERSHIP IN THE HOMEOWNERS ASSOCIATION IS INCLUDED IN THE PURCHASE PRICE OF THE INDIVIDUAL UNITS.

THE DATE OF THIS OFFERING PLAN IS SEPTEMBER 9, 1986

THIS PLAN MAY NOT BE USED AFTER SEPTEMBER 8, 1987 UNLESS EXTENDED BY AMENDMENT

SEE PAGE iii FOR SPECIAL RISKS TO PURCHASERS.

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



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, NY 10271

ROBERT ABRAMS
Attorney General

FREDERICK K. MEHLMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2148

ANCO Builders, Inc.
c/o Faraci, Guadagnino, Lange & Johns
Attn: Joseph S. Guadagnino
45 Exchange Street, Suite 300
Rochester, NY 14614

RE: TownHomes of Southern Hills HOA
File Number: H860069
Date Amendment Filed: 12/23/88
Receipt Number: 517211319

Amendment No: 3
Filing Fee: \$ 75.00

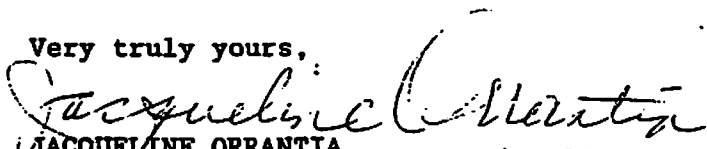
Dear Sponsor:

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

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

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

Very truly yours,


JACQUELINE ORRANTIA
ASSISTANT ATTORNEY GENERAL *te/ta*

AMENDMENT NO. 3 OF OFFERING PLAN

FOR

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

Date of Plan:	September 9, 1986
Date of Amendment No. 1:	August 18, 1987
Date of Amendment No. 2:	December 18, 1987
Date of Amendment No. 3:	December 23, 1988

STATEMENT OF AMENDMENT

1. As of the date of this Amendment, 30 units in Phase I and 5 units in Phase II under the Townhomes of Southern Hills Homeowners Association have been sold. The number of unsold units in Phase I is 10 units and the number of unsold units in Phase II is 31.

2. The control of the Board of Directors is presently under the Sponsor Anco Builders, Inc.

3. The Declaration of Covenants has been recorded in the Monroe County Clerk's Office and the Common Area has been conveyed to the Homeowners Association.

4. No other material changes have taken place in this Offering.

Dated: November 8, 1988

**TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.**

Sponsor:
Anco Builders, Inc.
27 Emerald Hill Circle
Fairport, New York 14450

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1987

STATEMENT OF REVENUES & EXPENSES

FOR THE 12 MONTHS ENDED DECEMBER 31, 1987

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 12 MONTHS ENDED DECEMBER 31, 1987

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

JAY R. GELB & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

610 WILDER BUILDING

1 MAIN STREET EAST

ROCHESTER, NEW YORK 14614

TELEPHONE 232-7046

AREA CODE 716

March 5, 1988

To The Member Of
Southern Hills Homeowners
Association, Inc.
Fairport, New York 14450

Dear Members:

We have examined the Balance Sheet of Southern Hills Homeowners Association, Inc. as of December 31, 1987 and the related Statements of Revenues & Expenses and Changes in Financial Position for the 12 months then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Southern Hills Homeowners Association, Inc., as of December 31, 1987 and the results of their operations and the changes in their financial position for the 12 months then ended in conformity with generally accepted accounting principles, applied on a basis consistent with those of the preceding year.

Sincerely,

Jay R. Gelb & Company P.C.

JAY R. GELB & COMPANY, P.C.

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1987

ASSETS

Current Assets:

Cash	14,192.89	
Accounts Receivable	577.92	
Prepaid Expenses	<u>223.82</u>	<u>14,994.63</u>

TOTAL ASSETS

14,994.63

LIABILITIES & MEMBER'S EQUITY

Liabilities:

Accounts Payable	875.47	
NYS Franchise Tax Payable (Note #2)	250.00	
Prepaid Maintenance	467.52	
Loan Payable-Casa-Larga Vineyards	<u>315.65</u>	
Total Liabilities		1,908.64

Members Equity (Note #3)

13,085.99

TOTAL LIABILITIES & MEMBERS EQUITY

14,994.63

Statement of Member's Equity:

Members Equity Beginning of Year	0.
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Excess (Deficit) of Revenues over Expenses	6,335.99
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Add: Funding Fees	<u>6,750.00</u>
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Member's Equity End of Year

13,085.99

"THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUE & EXPENSES

FOR THE 12 MONTHS ENDED DECEMBER 31, 1987

Revenues:

Maintenance Assessments 10,936.61

Expenses:

Refuse	826.58	
Repairs & Maintenance	45.00	
Lawn Maintenance	1,236.60	
Real Estate Taxes	54.79	
Insurance	1,859.28	
Interest & Bank Charges	12.72	
Office Expense	<u>315.65</u>	
Total Expenses		<u>4,350.62</u>

Net Excess (Deficit) Before
Income Taxes 6,585.99

Provision for Taxes:

NYS Franchise Tax 250.00

Excess (Deficit) of Revenues Over Expenses 6,335.99

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 12 MONTHS ENDED DECEMBER 31, 1987

Sources of Funds:

Excess of Revenue Over Expenses	6,335.99	
Funding Fees	<u>6,750.00</u>	
Total Sources of Funds		<u>13,085.99</u>

Application of Funds		<u>0.</u>
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Change in Working Capital		<u>13,085.99</u>
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Increase/(Decrease) in Current Assets:

Cash	14,192.89	
Accounts Receivable	577.92	
Prepaid Expense	<u>223.82</u>	
Total Increase/(Decrease) in Current Assets		14,994.63

Incr./(Decr.) in Current Liabilities:

Accounts Payable	875.47	
NYS Franchise Tax Payable	250.00	
Prepaid Maintenance	467.52	
Loan Payble	<u>315.65</u>	
Total Increase/(Decrease) in Current Liabilities		<u>1,908.64</u>

Change in Working Capital		<u>13,085.99</u>
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"THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

Note #1 - Summary of Significant Accounting Policies:

The Association makes no allowance for Doubtful Accounts. A lien is filed upon any seriously delinquent property.

Note #2 - Income Taxes:

For the year ended December 31, 1987, the Association filed Federal Income Tax Return 1120H, solely for homeowners associations to take advantage of certain tax benefits which allows the Association to exclude exempt function income from gross income. Taxable income is taxed at a flat rate of 30%.

Note #4 - The Board of Directors of the Association have chosen to allocate members equity for internal reporting purposes as follows:

Maintenance Reserve	\$ 4,000.00
Reserve for Contingencies	1,015.00
Operating Fund	<u>8,070.99</u>
	<u>\$13,085.99</u>

SCHEDULE A-I

TOWNHOMES OF SOUTHERN HILLS, PHASE I and PHASE II

Projected Schedule of Receipts and Expenses for the First
Year of Operation Commencing September 1, 1987

Projected Income:

\$882.00 Per Unit Per Year, payable monthly
at \$73.50 per month based on 76 Units

\$67,032.00

Projected Expenses:

1. Electricity for Common Property	\$ 250.00
2. Water and Sewer for Common Property	970.00
3. Management	9,500.00
4. Repairs and Maintenance:	
A. Buildings	1,900.00
B. Grounds (trees, shrubs, lawns)	13,500.00
C. Driveways and Roadways	950.00
5. Supplies and Office Equipment	380.00
6. Snow Removal and Salting	6,000.00
7. Refuse Removal	4,560.00
8. Insurance	17,100.00
9. Accounting	1,200.00
10. Legal	500.00
11. Taxes:	
A. Real Estate	300.00
B. Franchise and Income	300.00
12. Reserve for Maintenance	7,600.00
13. Reserve for Contingencies	<u>2,022.00</u>
TOTAL	<u>\$67,032.00</u>

JAY R. GELB & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

810 WILDER BUILDING

1 MAIN STREET EAST

ROCHESTER, NEW YORK 14614

TELEPHONE 232-7046

AREA CODE 716

July 31, 1987

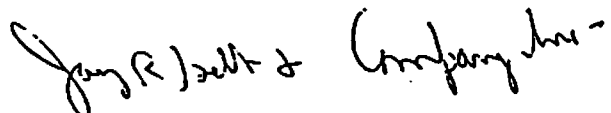
To the Members of
Southern Hills Homeowners
Association, Inc.
Fairport, New York 14450

Dear Members,

We have examined the Balance Sheet of Southern Hills Homeowners Association, Inc., as of December 31, 1986 and the related Statements of Revenues & Expenses and Changes in Financial Position for the 9 months then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Southern Hills Homeowners Association, Inc., as of December 31, 1986 and the results of their operations and the changes in their financial position for the 9 months then ended in conformity with generally accepted accounting principles, applied on a basis consistent with those of the preceding year.

Sincerely,



JAY R. GELB & Company, Inc.

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

Note #1 The Association was formed on April 4, 1986 and as yet has no members. Therefore, there are no Assets, Liabilities, Revenues or expenses to date. The Association plans to begin operations in 1987.

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1986

STATEMENT OF REVENUES & EXPENSES

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

TOWNHOMES OF SOUTHERN HILLS, PHASE I

Projected Schedule of Receipts and Expenses for the First
Year of Operation Commencing September 1, 1986

Projected Income:

\$935.00 Per Unit Per Year, payable monthly
at \$77.92 per month based on 40 Units

\$37,400.00

Projected Expenses:

1. Electricity for Common Property	\$ 185.00
2. Water and Sewer for Common Property	600.00
3. Management	5,000.00
4. Repairs and Maintenance:	
A. Buildings	1,000.00
B. Grounds (trees, shrubs, lawns)	8,410.00
C. Driveways and Roadways	500.00
5. Supplies and Office Equipment	200.00
Snow Removal and Salting	3,140.00
7. Refuse Removal	2,400.00
8. Insurance	9,000.00
9. Accounting	1,000.00
10. Legal	500.00
11. Taxes:	
A. Real Estate	150.00
B. Franchise and Income	300.00
2. Reserve for Maintenance	4,000.00
3. Reserve for Contingencies	1,015.00
TOTAL	<u>\$37,400.00</u>

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1986

ASSETS

Total Assets -0-

LIABILITIES & MEMBERS EQUITY

Total Liabilities -0-

Members Equity -0-

Total Liabilities & Members Equity -0-

Statement of Members Equity

Members Equity: Beginning of Year -0-

Excess (Deficit) of Revenues over Expenses -0-

Members Equity - End of Year -0-

AMENDMENT NO. 1 OF OFFERING PLAN

FOR

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

Date of Plan: September 9, 1986
Date of Amendment No. 1: August 6, 1987

STATEMENT OF AMENDMENT

1. As of the date of this Amendment, 13 units under the Townhomes of Southern Hills Homeowners Association have been transferred. The total number of unsold homes or lots remaining is 27 units.

2. The control of the Board of Directors is presently under the Sponsor Anco Builders, Inc.

3. No other material changes have taken place in this offering.

Dated: August 6, 1987.

**TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.**

Sponsor:

Anco Builders, Inc.
27 Emerald Hill Circle
Fairport, New York 14450

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUES & EXPENSES

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

Revenue:

Total Revenue -0-

Expenses:

Total Expenses -0-

Excess (Deficit) of Revenue
over expenses for the period -0-

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

Source of Funds:

Total Sources of Funds -0-

Application of Funds:

Total Application of Funds -0-

Change in Working Capital -0-

Changes in Working Capital

Increase/(Decrease) in Current Assets:

Total Increase/(Decrease) in Current Assets -0-

Increase/(Decrease) in Current Liabilities:

Total Increase/(Decrease) in Current Liabilities -0-

Change in Working Capital -0-



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, NY 10271

ROBERT ABRAMS
Attorney General

FREDERICK K. MEILMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2131

ANCO Builders Inc.
c/o Faraci, Guadagnino, Lange & Johns
Attn: Joseph S. Guadagnino
45 Exchange Street
Rochester, NY 14614

RE: TownHomes of Southern Hills HOA
File Number: H860069
Date Amendment Filed: 08/18/87
Receipt Number: 210418527

Amendment No: 1
Filing Fee: \$ 75.00

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. This filing is effective for the greater of six months from the date of filing this amendment or twelve months from the acceptance of the original offering literature. 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,

Jacqueline Orrantia
JACQUELINE ORRANTIA
ASSISTANT ATTORNEY GENERAL y.it.

AMENDMENT NO. 1 OF OFFERING PLAN

FOR

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

Date of Plan: September 9, 1986
Date of Amendment No. 1: August 6, 1987

STATEMENT OF AMENDMENT

1. As of the date of this Amendment, 13 units under the Townhomes of Southern Hills Homeowners Association have been transferred. The total number of unsold homes or lots remaining is 27 units.

2. The control of the Board of Directors is presently under the Sponsor Anco Builders, Inc.

3. No other material changes have taken place in this Offering.

Dated: August 6, 1987

TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.

Sponsor:

Anco Builders, Inc.
27 Emerald Hill Circle
Fairport, New York 14450

TOWNHOMES OF SOUTHERN HILLS, PHASE I

Projected Schedule of Receipts and Expenses for the First
Year of Operation Commencing September 1, 1986

Projected Income:

\$935.00 Per Unit Per Year, payable monthly
at \$77.92 per month based on 40 Units

\$37,400.00

Projected Expenses:

1. Electricity for Common Property	\$ 185.00
2. Water and Sewer for Common Property	600.00
3. Management	5,000.00
4. Repairs and Maintenance:	
A. Buildings	1,000.00
B. Grounds (trees, shrubs, lawns)	8,410.00
C. Driveways and Roadways	500.00
5. Supplies and Office Equipment	200.00
6. Snow Removal and Salting	3,140.00
7. Refuse Removal	2,400.00
8. Insurance	9,000.00
9. Accounting	1,000.00
10. Legal	500.00
11. Taxes:	
A. Real Estate	150.00
B. Franchise and Income	300.00
12. Reserve for Maintenance	4,000.00
13. Reserve for Contingencies	1,015.00
TOTAL	<u>\$37,400.00</u>

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1986

STATEMENT OF REVENUES & EXPENSES

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

JAY R. GELB & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

610 WILDER BUILDING

1 MAIN STREET EAST

ROCHESTER, NEW YORK 14614

TELEPHONE 232-7046
AREA CODE 716

July 31, 1987

To the Members of
Southern Hills Homeowners
Association, Inc.
Fairport, New York 14450

Dear Members,

We have examined the Balance Sheet of Southern Hills Homeowners Association, Inc., as of December 31, 1986 and the related Statements of Revenues & Expenses and Changes in Financial Position for the 9 months then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Southern Hills Homeowners Association, Inc., as of December 31, 1986 and the results of their operations and the changes in their financial position for the 9 months then ended in conformity with generally accepted accounting principles, applied on a basis consistent with those of the preceding year.

Sincerely,

Jay R. Gelb & Company, Inc.

JAY R. GELB & Company, Inc.

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1986

ASSETS

Total Assets -0-

LIABILITIES & MEMBERS EQUITY

Total Liabilities -0-

Members Equity -0-

Total Liabilities & Members Equity -0-

Statement of Members Equity

Members Equity: Beginning of Year -0-

Excess (Deficit) of Revenues over Expenses -0-

Members Equity - End of Year -0-

"THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUES & EXPENSES

FOR THE '9 MONTHS ENDED DECEMBER 31, 1986

Revenue:

Total Revenue -0-.

Expenses:

Total Expenses -0-.

Excess (Deficit) of Revenue
over expenses for the period -0-.

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

Source of Funds:

Total Sources of Funds -0-

Application of Funds:

Total Application of Funds -0-

Change in Working Capital -0-

Changes in Working Capital

Increase/(Decrease) in Current Assets:

Total Increase/(Decrease) in Current Assets -0-

Increase/(Decrease) in Current Liabilities:

Total Increase/(Decrease) in Current Liabilities -0-

Change in Working Capital -0-

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

Note #1 The Association was formed on April 4, 1986 and as yet has no members. Therefore, there are no Assets, Liabilities, Revenues or expenses to date. The Association plans to begin operations in 1987.

AMENDMENT FILING FORM
(Cooperatives, Condominiums, H.O.A.'s, Timeshares, etc.)

Re: TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.
(Address of Premises &/or Name of Project)

File No: H860069 Filing Date: August 6, 1987
Sponsor: Anco Builders, Inc.
Sponsor's Attorney's Name: Joseph S. Guadagnino
Law Firm: Faraci, Guadagnino, Lange & Johns
Address: 300 Times Square Building, Rochester, New York 14614

- Check whichever are applicable:
- | | | |
|--------------------------------------------|------------------------------------------|------------------------------------------------------------|
| <input type="checkbox"/> Cooperative | <input type="checkbox"/> Loft | <input type="checkbox"/> Conversion |
| <input type="checkbox"/> Condominium | <input type="checkbox"/> Commercial | <input type="checkbox"/> Eviction |
| <input checked="" type="checkbox"/> H.O.A. | <input type="checkbox"/> Timeshare | <input type="checkbox"/> Non-Eviction, since Filing Date |
| | <input type="checkbox"/> New Const/Rehab | <input type="checkbox"/> Non-Eviction, since Am. No. _____ |
| | <input type="checkbox"/> Vacant | <input type="checkbox"/> Non-Eviction, by <u>this</u> Am. |

The primary purposes of this amendment are as follows:

The acceptance date of the original filing will expire on September 8, 1987.

(We) hereby certify under penalty of perjury that the offering plan for the subject premises as amended by the proposed amendment complies with Article 23-A of the General Business Law and the applicable regulations promulgated by the Department of Law.

WITNESSED:
August 6, 1987
Rochester, NEW YORK
SPONSOR Anco Builders, Inc.
by: [Signature]
PRINT NAME & TITLE: John Colaruotolo, Vice Pres

OTHER SIGNATORIES:
CAPACITY OF
principal(s) of sponsor
Holder(s) of Unsold Shares
or Unsold Units

SWORN TO BEFORE ME
S) 6th DAY OF August, 1987
[Signature]
Notary Public

WALTER J. LICATA
Notary Public, State of New York
Monroe County
Commission Expires Nov 30 1987



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, NY 10271

ROBERT ABRAMS
Attorney General

FREDERICK K. MEILMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2131

ANCO Builders Inc.
c/o Faraci, Guadagnino, Lange & Johns
Attn: Joseph S. Guadagnino
45 Exchange Street
Rochester, NY 14614

RE: TownHomes of Southern Hills HOA
File Number: H860069
Date Amendment Filed: 12/18/87
Receipt Number: 511522507

Amendment No: 2
Filing Fee: \$ 75.00

Dear Sponsor:

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

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

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

Very truly yours,

Jacqueline Orrantia
JACQUELINE ORRANTIA
ASSISTANT ATTORNEY GENERAL *Jr*

AMENDMENT NO. 2 OF OFFERING PLAN

FOR

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

Date of Plan: September 9, 1986
Date of Amendment No. 1: August 18, 1987
Date of Amendment No. 2: December 17, 1987

STATEMENT OF AMENDMENT

1. As of the date of this Amendment, 22 units in Phase I under the Townhomes of Southern Hills Homeowners Association have been sold. The total number of unsold homes or lots in Phase I remaining is 18 units.

2. The control of the Board of Directors is presently under the Sponsor Anco Builders, Inc.

3. The Declaration of Covenants, Conditions and Restrictions have been recorded in the Monroe County Clerk's Office.

4. Phase II is now ready for development and subsequent sale of units to purchasers.

5. No other material changes have taken place in this Offering.

Dated: November 25, 1987

TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.

Sponsor:
Anco Builders, Inc.
27 Emerald Hill Circle
Fairport, New York 14450

DESCRIPTION OF OPEN AREA WITHIN TOWNHOUSE AREA
OF SOUTHERN HILLS, SECTION 2A SUBDIVISION

All that tract or parcel of land containing 5.237 acres, more or less, situate in Town Lot 39, Township 12, Range 4, Town of Perinton, County of Monroe, State of New York as shown on a map entitled "Southern Hills, Section 2A, Subdivision Plan", prepared by Sear-Brown Associates, P.C. of Rochester, New York, dated January, 1987, and having Drawing No. 2826E-01 being more particularly bound and described as follows:

Beginning at a point on the westerly right-of-way line of Chardonnay Drive (60 foot wide right-of-way), said point also being on the northerly property line of Southern Hills, Section 2A Subdivision; thence

1. S 00°41'00" E, along said westerly right-of-way line, a distance of 49.18 feet to a point of curvature, said point having centerline P.C. Station 14+75.70; thence

2. Southerly and westerly, continuing along said westerly right-of-way line along a curve to the right having a radius of 170.00 feet through a central angle of 30°41'00", a distance of 91.04 feet to a point of tangency, said point having centerline P.T. Station 15+82.81; thence

3. S 30°00'00" W, continuing along said westerly right-of-way line, a distance of 226.34 feet to a point of curvature, said point having centerline P.C. Station 18+09.15; thence

4. Southerly and easterly, continuing along said westerly right-of-way line along a curve to the left having a radius of 355.00 feet through a central angle of 29°44'04", a distance of 184.23 feet to a point, said point being the northeasterly property corner of Lot 144 of the aforementioned Southern Hills, Section 2A, Subdivision; thence

5. S 89°17'00" W, along the northerly property line of said Lot 144 and along the northerly property line of the proposed Section 3 Southern Hills Subdivision, a distance of 340.73 feet to a point, said point having New York State Plane Coordinates of N = 1,118,633.28, E = 806,440.47; thence

6. N 00°43'00" W, along the westerly property line of the aforementioned Southern Hills, Section 2A, Subdivision, a distance of 140.49 feet to a point; thence

7. N 39°55'00" E, continuing along said westerly property line, a distance of 123.46 feet to a point; thence

8. N 50°05'00" W, continuing along said westerly property line, a distance of 65.00 feet to a point; thence

9. N 39°12'59" E, continuing along said westerly property line, a distance of 679.18 feet to a point, said point having New York State Plane Coordinates of N = 1,119,436.36, E = 806,897.50; thence

9/22/87

S.H.

10. Southerly and easterly, along the easterly property line of Southern Hills, Section 2A, Subdivision, along a curve to the right having a radius of 535.00 feet through a central angle of $18^{\circ}39'20''$, a distance of 174.20 feet to a point; thence

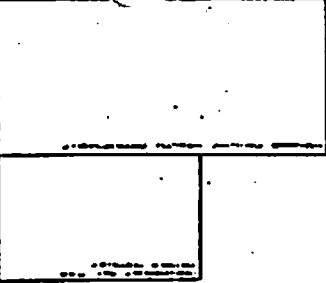
11. S $00^{\circ}41'00''$ E, continuing along said easterly property line, a distance of 120.39 feet to a point, said point having New York State Plane Coordinates of N = 1,119,145.20, E = 806,929.08; thence

12. N $89^{\circ}19'00''$ E, along the northerly property line of Southern Hills, Section 2A, Subdivision, a distance of 35.00 feet to the Point of Beginning, all as shown on a subdivision map filed in the Monore County Clerk's Office in Liber 247 of Maps at page 72.

Subject to any easements or encumbrances of record.

Excepting therefrom Blocks I through P, inclusive, as shown on the above described map.

LEGEND



—	Lot Boundary
- - -	Easement
---	Proposed Road
---	Proposed Utility
---	Proposed Sewer
---	Proposed Water
---	Proposed Gas
---	Proposed Electric
---	Proposed Telephone
---	Proposed Cable
---	Proposed Other

1. The proposed subdivision is shown on the attached plan and is subject to the following conditions:

2. The proposed subdivision is subject to the following conditions:

3. The proposed subdivision is subject to the following conditions:

4. The proposed subdivision is subject to the following conditions:

5. The proposed subdivision is subject to the following conditions:

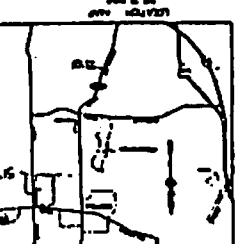
6. The proposed subdivision is subject to the following conditions:

7. The proposed subdivision is subject to the following conditions:

8. The proposed subdivision is subject to the following conditions:

9. The proposed subdivision is subject to the following conditions:

10. The proposed subdivision is subject to the following conditions:



1. The proposed subdivision is subject to the following conditions:

2. The proposed subdivision is subject to the following conditions:

3. The proposed subdivision is subject to the following conditions:

4. The proposed subdivision is subject to the following conditions:

5. The proposed subdivision is subject to the following conditions:

6. The proposed subdivision is subject to the following conditions:

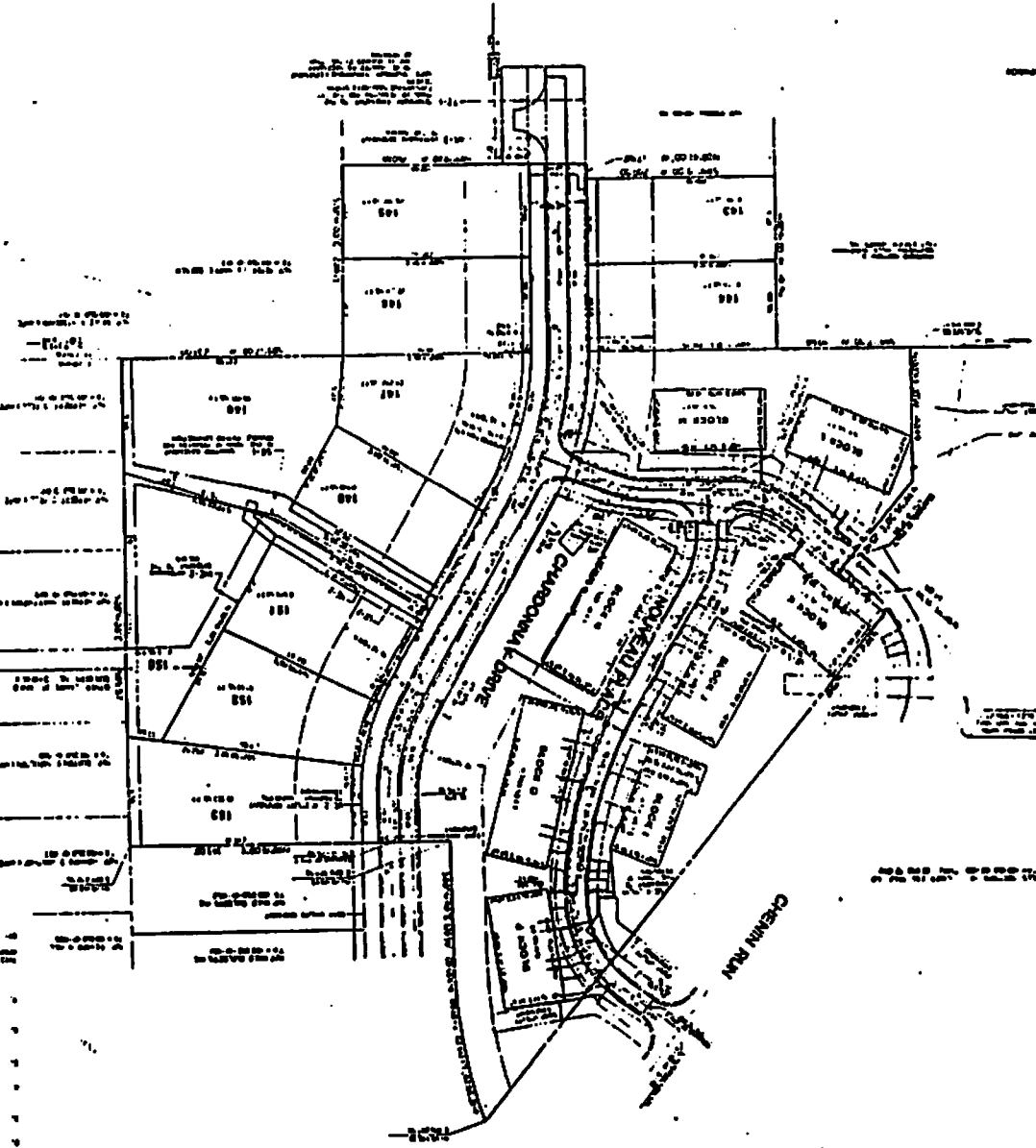
7. The proposed subdivision is subject to the following conditions:

8. The proposed subdivision is subject to the following conditions:

9. The proposed subdivision is subject to the following conditions:

10. The proposed subdivision is subject to the following conditions:

TURK HILL ROAD



---	Proposed Road
---	Proposed Utility
---	Proposed Sewer
---	Proposed Water
---	Proposed Gas
---	Proposed Electric
---	Proposed Telephone
---	Proposed Cable
---	Proposed Other

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1986

STATEMENT OF REVENUES & EXPENSES

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

SCHEDULE A-I

TOWNHOMES OF SOUTHERN HILLS, PHASE I and PHASE II

Projected Schedule of Receipts and Expenses for the First
Year of Operation Commencing September 1, 1987

Projected Income:

\$882.00 Per Unit Per Year, payable monthly
at \$73.50 per month based on 76 Units

\$67,032.00

Projected Expenses:

1. Electricity for Common Property	\$ 250.00
2. Water and Sewer for Common Property	970.00
3. Management	9,500.00
4. Repairs and Maintenance:	
A. Buildings	1,900.00
B. Grounds (trees, shrubs, lawns)	13,500.00
C. Driveways and Roadways	950.00
5. Supplies and Office Equipment	380.00
6. Snow Removal and Salting	6,000.00
7. Refuse Removal	4,560.00
8. Insurance	17,100.00
9. Accounting	1,200.00
10. Legal	500.00
11. Taxes:	
A. Real Estate	300.00
B. Franchise and Income	300.00
12. Reserve for Maintenance	7,600.00
13. Reserve for Contingencies	<u>2,022.00</u>
TOTAL	<u>\$67,032.00</u>

JAY R. GELB & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

610 WILDER BUILDING

1 MAIN STREET EAST

ROCHESTER, NEW YORK 14614

TELEPHONE 232-7046

AREA CODE 716

July 31, 1987

To the Members of
Southern Hills Homeowners
Association, Inc.
Fairport, New York 14450

Dear Members,

We have examined the Balance Sheet of Southern Hills Homeowners Association, Inc., as of December 31, 1986 and the related Statements of Revenues & Expenses and Changes in Financial Position for the 9 months then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Southern Hills Homeowners Association, Inc., as of December 31, 1986 and the results of their operations and the changes in their financial position for the 9 months then ended in conformity with generally accepted accounting principles, applied on a basis consistent with those of the preceding year.

Sincerely,

Jay R. Gelb & Company Inc.

JAY R. GELB & Company, Inc.

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1986

ASSETS

Total Assets -0-

LIABILITIES & MEMBERS EQUITY

Total Liabilities -0-

Members Equity -0-

Total Liabilities & Members Equity -0-

Statement of Members Equity

Members Equity: Beginning of Year -0-

Excess (Deficit) of Revenues over Expenses -0-

Members Equity - End of Year -0-

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUES & EXPENSES

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

Revenue:

Total Revenue -0-

Expenses:

Total Expenses -0-

Excess (Deficit) of Revenue
over expenses for the period -0-

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9 MONTHS ENDED DECEMBER 31, 1986

Source of Funds:

Total Sources of Funds -0-

Application of Funds:

Total Application of Funds -0-

Change in Working Capital -0-

Changes in Working Capital

Increase/(Decrease) in Current Assets:

Total Increase/(Decrease) in Current Assets -0-

Increase/(Decrease) in Current Liabilities:

Total Increase/(Decrease) in Current Liabilities -0-

Change in Working Capital -0-

SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

Note #1 The Association was formed on April 4, 1986 and as yet has no members. Therefore, there are no Assets, Liabilities, Revenues or expenses to date. The Association plans to begin operations in 1987.

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SPECIAL RISKS

Purchasers are advised of the following:

1. The Sponsor contemplates the construction of 40 units in Phase I and 36 units in Phase II, for a total of 76 units in the completed development. In addition, Sponsor will complete the development of the Common Area. The Sponsor has not been required to post a completion bond by the Town of Perinton concerning any improvement to the Common Area and its ability to complete the construction of the Common Area will depend solely on its financial resources during the period of construction.

2. The Sponsor will retain control of the Homeowners Association, together with the right to designate the Directors for up to 3 years after the sale of the first unit or until all 76 units are conveyed, whichever occurs first.

INTRODUCTION

The Sponsor, ANCO BUILDERS, INC., a New York corporation, hereinafter called the Sponsor, intends to develop a 76 lot subdivision to be developed in two stages and to be known as TOWNHOMES OF SOUTHERN HILLS SUBDIVISION, Phase I and Phase II, situate on approximately 12.86 acres of land in the Town of Perinton, County of Monroe and State of New York. The property which is subject to this Offering Plan is bounded on the north by Chardonnay Drive and other lands of Anco Builders, Inc., on the south by the Southern Hills Subdivision, Section 1 (owned by developer O'Brien Homes), on the east by Chardonnay Drive and on the west by other lands of Anco Builders, Inc. and by lands now or formerly owned by Janice S. and Saul Birnbaum.

The Townhomes of Southern Hills Subdivision, Phase I and Phase II, when completed, shall consist of a total of 76 townhouse and attached ranch units. Phase I shall consist of 40 units in 8 blocks and Phase II shall consist of 36 units in 8 blocks. Upon recording of the deed of conveyance, the purchasers of the units will automatically become members in Townhomes of Southern Hills Homeowners Association, Inc., hereinafter called the Association. This requirement is set forth in the Purchase Agreement and in the Deed of conveyance. Said Deed refers to the Declaration of Covenants, Conditions and Restrictions, hereinafter called the Declaration, which governs the use and ownership of the land within the development.

The Association is a corporation formed under the Not-for-Profit Corporation Law of the State of New York for purposes of owning and maintaining the common property and maintaining the exteriors of the individual residential units who are a part of the Association. Upon the sale of a unit by an owner/member of the Association, his membership in the Association will automatically terminate and the new owner will automatically become a member of the Association.

The development of Phase I and Phase II, when completed, will have approximately 10.83 acres of Common Area, consisting of natural and landscaped areas, common drives and individual driveways and parking areas. Phase I shall consist of approximately 6.62 acres of Common Area and Phase II shall consist of approximately 4.21 acres of Common Area.

All of the land within the development will be owned in fee by the sponsor, the Association or by the individual unit owner. The Sponsor will convey all water mains, sanitary sewer and storm sewer easements to the Town of Perinton and/or the Monroe County Water Authority. Said easements will be maintained by the Town of Perinton and/or the Monroe County Water Authority. Easements for electric service, telephone service and cable have been or will be conveyed to the appropriate utility companies.

The Owner of each residential unit will acquire title to the fee interest in the land on which the unit is built, together with a ten (10) foot strip of land behind each unit. The lot

lines of the unit Owner's parcel will coincide with the front and side exterior walls of each unit, or with the center line of the party wall where the unit joins a neighboring unit and with a line ten (10) feet parallel to the rear building line of each unit between an extension of the side lines of each unit. The ten (10) foot strip of land will be improved by a patio and grass area, or a deck and grass area, and when at grade level, by a privacy fence.

The initial Common Area in Phase I is comprised of all of the land in Phase I, excluding Blocks A through H, as shown on the map of the subdivision filed in the Monroe County Clerk's Office in Liber 236 of Maps at page 68. Upon the completion of construction of each building which will include either four or six residential units, depending on the size of the Block, the actual dimensions of each residential unit will be located by an instrument survey. A resubdivision map of each Block showing the dimensions of each residential unit will then be filed in the Monroe County Clerk's Office. Subsequent to the filing of the resubdivision map, any land within the Block located outside of the residential unit will be conveyed by the Sponsor to the Association. Simultaneously therewith, any land outside of the Block which is within the dimensions of any residential unit shall be conveyed by the Association to the Sponsor. Either conveyance pursuant hereto shall be without compensation. The acceptance of additional land by the Association and the conveyance

of land by the Association shall be accepted and granted by the Association without the consent of its members. It is contemplated that a conveyance of additional land from the Association to the Sponsor will only be necessary in connection with the construction of an attached ranch unit. The present plans of the Sponsor provide for the construction and sale of approximately seven attached ranch units by the Sponsor which will be the only units that will require a conveyance of additional land by the Association. Based upon the foregoing, it is anticipated that the Association will gain additional land area by reason of such conveyances.

Commencing with the recording of the Declaration, each unit Owner will become responsible for the payment of a pro rata portion of the expenses of the Association arising from the operation and maintenance of the Common Areas, the maintenance of the roofs, the painting and/or staining of the exterior facades of all units on the Properties, snow plowing of the common drives, driveways and parking areas, landscape maintenance and other expenses, including premiums for liability and property insurance covering the units and the Common Areas, and the creation of such reserves for contingencies as the Board of Directors of the Association may deem proper.

The Association is responsible for procuring fire and liability insurance covering the units and Common Areas, but fire and liability insurance for Owner's personal effects and the interior

of the units should be carried by the individual Owners. Owners will be required to pay monthly maintenance charges in advance, the first of which will be due upon the acquisition of title to each unit.

Police protection will be provided by the Monroe County Sheriff's Department and fire protection will be provided by the Egypt Fire Department.

This Offering Plan relates solely to the rights and obligations of Owners as members of the Association and as contained in the annexed Declaration, which will be recorded prior to the conveyance of the first unit. Upon the recording of each deed, unit owners will automatically become members of the Association. This Offering Plan does not relate to the purchase of land or units other than as set forth above and should not be relied upon except for the specific purposes as set forth herein. The prices for units to be sold in the Townhomes of Southern Hills Subdivision, Phase I and Phase II, have been set by the sponsor, Anco Builders, Inc., alone, and are not subject to review or approval by the New York State Department of Law or any other governmental agency. The price of each unit set by the Sponsor includes the cost of membership in the Association.

The purpose of this Offering Plan is to set forth all of the terms of the Offer concerning the Association.

The Plan as presented to prospective purchasers contains all of the detailed terms of the transaction as it relates to

the Association. Certain exhibits designated Parts A, B and D have been delivered to the State of New York, Department of Law. These exhibits contain all of the documents referred to in the Plan; copies of the Plan and Parts A, B and D of the exhibits will be available for inspection without charge to prospective purchasers or their attorneys at the office of Sponsor, Anco Builders, Inc. during normal business hours.

The minimum number of units that will be part of the Association is 40. The maximum number of units will be 76 in the total development if Sponsor completes and annexes all future phases planned for the total land area presently owned by Anco Builders, Inc. consisting of approximately 12.86 acres, including Phase I.

This Plan may be amended from time to time to set forth any material changes in the offering by Sponsor filing an amendment with the New York State Department of Law and serving it on all unit purchasers and member unit owners.

The offering of interests in a homeowners association is governed by and subject to Section 352-e of the New York General Business Law as an offering of cooperative interests in real property. This plan has been filed with the Department of Law in order to comply with that statute.

THE PURCHASE OF A HOME ASSOCIATED WITH MANDATORY MEMBERSHIP IN A HOMEOWNERS ASSOCIATION HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINAN-

CIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A CONTRACT OF SALE.

There is no minimum number of contracts which must be signed before the Sponsor subjects the property to the covenants, easements and restrictions as set forth in this Plan, and records the Declaration and establishes the Association.

SCHEDULE ATOWNHOMES OF SOUTHERN HILLS, PHASE I

Projected Schedule of Receipts and Expenses for the First
Year of Operation Commencing September 1, 1986

Projected Income:

\$935.00 Per Unit Per Year, payable monthly
at \$77.92 per month based on 40 Units

\$37,400.00

Projected Expenses:

1. Electricity for Common Property	\$ 185.00
2. Water and Sewer for Common Property	600.00
3. Management	5,000.00
4. Repairs and Maintenance:	
A. Buildings	1,000.00
B. Grounds (trees, shrubs, lawns)	8,410.00
C. Driveways and Roadways	500.00
5. Supplies and Office Equipment	200.00
6. Snow Removal and Salting	3,140.00
7. Refuse Removal	2,400.00
8. Insurance	9,000.00
9. Accounting	1,000.00
10. Legal	500.00
11. Taxes:	
A. Real Estate	150.00
B. Franchise and Income	300.00
12. Reserve for Maintenance	4,000.00
13. Reserve for Contingencies	<u>1,015.00</u>
TOTAL	<u>\$37,400.00</u>

FOOTNOTES TO SCHEDULE A

1. Electricity for the Common Property - Electricity is separately metered to each home which pays for electric service directly to the Fairport Municipal Commission. The Association will pay for lighting the common areas in the estimated amount of \$185.97, computed as follows; 15 - 60 Watt Incandescent Fixtures = 900 Watts x 12 hours per day usage = 10,800 Watts per day x 365 days = 3,942,000 Watts per year ÷ 1,000 = 3,942 KWH per year x .035 Average cost per KWH = \$137.97 per year + \$24.00 per year for 2 services used to feed the lights.
2. Water and Sewer for Common Property - Public water is separately metered to each home which pays for water consumed directly to the Monroe County Water Authority.

The Homeowners Association will pay for water service as required for watering the common area laws during June, July, August and September. Based upon the sponsors prior experience, it has been calculated that approximately 3,800,000 gallons of water will be required per season at Monroe County Water Authority rates costing approximately \$600.00 yearly.

Each home will be connected to public sewers. The bill for public sewers by Monroe County Pure Waters Authority will appear as a separate line item on the County and Town tax bill received by each homeowner in January. The Homeowners Association will not incur any expense for common area sewers.

3. Management - Based upon a contracted price of \$5,000.00 for a one-year period for professional management with JC Management Services, 15 Vista View Drive, Fairport, New York, 14450. Although J.C. Management Services is operated by John Colaruotolo, one of the officers of the sponsor, the contract amount is consistent with charges by other professional real estate management companies in the Rochester, New York area. Therefore, the Homeowners Association should not experience any significant increase should it need or want to contract with another management company. The term of the contract with JC Management Services is one (1) year.
4. Repairs and Maintenance:
 - A. Buildings - This item includes projected maintenance of the existing buildings in an amount of \$1,000.00, as estimated by J.C. Management Services, 15 Vista View Drive, Fairport, New York, 14450, which should cover all first year building maintenance not covered by warranty. In future years, building maintenance such as painting, staining, roof repairs, etc. will be budgeted in accordance with the then current needs.
 - B. Grounds (trees, shrubs, lawns) - Estimate is based upon a proposed full service maintenance contract with Property Maintenance Service. The contract will provide for fall cleanup, bed upkeep, a fertilization program, spring cleanup and 24 mowing trips. All work will be performed by employees of the contractor and, therefore the Homeowners Association will not have to employ anyone to perform such services.
 - C. Driveways and Roadways - All driveways and roadways will be asphalt and constructed according to standard specifications, which will call for a gravel base, asphalt binder and asphalt top coat. Because asphalt will be newly installed, there should be no maintenance expense during the first year of operation, not covered by contract or

warranty. A nominal amount of \$500.00 has, however, been set aside during the first year to sweep the driveways and roadways, inspect them for damage and make minor repairs as needed.

5. Supplies and Office Equipment - A nominal amount has been budgeted to provide necessary office and bookkeeping supplies, postage, stationary and communications to homeowners.
6. Snow Removal and Salting - The projected expense for snow removal and salting as needed from the driveways and roadways of the property have been based upon a proposed contract with Property Maintenance Services. All work will be performed by employees of the contractor and, therefore the Homeowners Association will not have to employ anyone to perform such services.
7. Refuse Removal - The expense for a one time per week removal of refuse, placed in driveways in front of the garage doors. The price is based on a quote from Fred Hoff, Residential and Commercial Refuse Services, Inc., 17 Glenbrook Drive, Fairport, New York, 14450. All work will be performed by employees of the contractor and, therefore the Homeowners Association will not have to employ anyone to perform such services.
8. Insurance - The Homeowners Association will carry a master insurance policy providing fire and extended coverage on an all-risk basis in all of the units, and liability insurance protecting the Association. As currently quoted, the master policy is a special multi-peril policy to which each unit is added as it is transferred at an annual premium prorated to the policy expiration date. The total blanket policy on the 40 homes is in the amount of \$3,200,000.00. There will be a \$1,000.00 deductible. The amount of the coverage is based upon 100% of estimated replacement costs for the homes and garages. Liability insurance coverages are comprehensive, general public liability in the amount of \$1 million. As quoted, the policy does not include officers and directors liability coverage, but if the Association decides to add such insurance, the estimated premium will be approximately \$900.00. The above premiums are based upon a quote provided by Tyler Agency, Inc., 2846 West Ridge Road, Rochester, New York, 14626.
9. Accounting - This item is an estimate of the cost for routine accounting services, including a certified annual report and required tax reports by a professional accountant, including the cost of duplicating. This estimate was provided by Jay R. Gelb & Company, P.C., C.P.A., 16 Main Street West, Rochester, New York, 14614.
10. Legal - Attorney Walter J. Licata of the law firm of Levy, Feldman & Licata, P.C., 1025 Times Square Building, Rochester, New York, 14614 has estimated that the corporate books of the Homeowner's Association can be maintained and its other legal matters handled for \$500.00 during each year of operation. This cost is considered as a contingency fund for routine advice or letters from counsel on matters pertaining to interpretations of the Declaration or By-Laws.
11. Taxes:
 - A. Real Estate Taxes - Margaret A. Kenney, the Assessor for the Town of Perinton, New York, has indicated that the assessment for the common areas will be assessed at a nominal assessment of \$1,000.00. Based

upon current real estate tax rates, the real estate taxes will be approximately \$150.00.

B. Franchise and Income Tax - Tax counsel for the sponsor estimated that the property will be subject to New York State Franchise Tax and Federal Income Tax in the amount of \$300.00.

12. Reserve for Maintenance - The amount of \$100.00/unit/year has been allotted to reserve for future replacements and capital improvements. This fund is distinguished from the contingency fund as stated below in Footnote #13 and is accumulated as a working capital fund to provide the Homeowner's Association with the monies for capital items and/or emergencies. Since the roofs, sidings and asphalt areas of the property will be newly constructed, it is not likely that major capital repairs will be necessary during the first five years. However, the details of the individual reserve items as they apply to the entire property are as follows: roof - first quality work and materials, estimated life in excess of 20 years, estimated replacement cost of \$1,450.00/unit; siding - will be horizontal cedar with estimated life of 20 years, the largest unit will contain approximately 1,500 square feet of siding with a replacement cost of \$2,500.00. Total estimated replacement cost of exterior building materials covered by a reserve fund equals \$158,000.00. Total estimated pavement area of the private roads and parking facilities for Phase I equals 45,000 square feet. Asphalt has an estimated useful life in excess of 20 years with an estimated cost to resurface with 1½ inch asphalt for \$21,000.00. The total of the above items to be funded from reserves is \$179,000.00, exclusive of inflation. Estimated Phase I scheduled deposits to reserves are as follows:

Year 1 @ \$100.00/unit/year	=	\$ 4,000.00
Year 2 @ \$100.00/unit/year	=	4,000.00
Year 3 @ \$125.00/unit/year	=	5,000.00
Year 4 @ \$130.00/unit/year	=	5,200.00
Year 5 @ \$135.00/unit/year	=	5,400.00
Years 6 - 10 @ average of \$200.00/unit/year	=	40,000.00
Years 11 - 20 @ average of \$240.00/unit/year	=	<u>96,000.00</u>
Total 20 year additions exclusive of interest or early use of funds		\$159,600.00

NOTE: At the time of replacement, should the established reserves be insufficient to fund the entire cost, there exists the possibility of a special assessment. (NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THESE FUNDS.)

13. Reserve for Contingencies - Sponsor has estimated \$1,015.00 for unanticipated contingency. This amount may be used at the discretion of the Board of Directors for casualty insurance loss deductible and to make up deficits in other items of the budget and, thus, it may not be available at the end of the year or sufficient to pay for major capital repairs or replacement items (see Footnote #12).

SCHEDULE A-ITOWNHOMES OF SOUTHERN HILLS, PHASE I and PHASE II

Projected Schedule of Receipts and Expenses for the First
Year of Operation Commencing September 1, 1987

Projected Income:

\$882.00 Per Unit Per Year, payable monthly
at \$73.50 per month based on 76 Units

\$67,032.00

Projected Expenses:

1. Electricity for Common Property	\$ 250.00
2. Water and Sewer for Common Property	970.00
3. Management	9,500.00
4. Repairs and Maintenance:	
A. Buildings	1,900.00
B. Grounds (trees, shrubs, lawns)	13,500.00
C. Driveways and Roadways	950.00
5. Supplies and Office Equipment	380.00
6. Snow Removal and Salting	6,000.00
7. Refuse Removal	4,560.00
8. Insurance	17,100.00
9. Accounting	1,200.00
10. Legal	500.00
11. Taxes:	
A. Real Estate	300.00
B. Franchise and Income	300.00
12. Reserve for Maintenance	7,600.00
13. Reserve for Contingencies	<u>2,022.00</u>
TOTAL	<u>\$67,032.00</u>

FOOTNOTES TO SCHEDULE A-I

1. Electricity for the Common Property - Electricity is separately metered to each home which pays for electric service directly to the Fairport Municipal Commission. The Association incurs the expense for electricity only for lighting the common areas. The exterior common area is lighted by 22 street lamps with 60 watt incandescent bulbs on photo-electric timers at an estimated expense of \$241.16 per year ($\$193.16 + [12 \times (2.00 \times 2)] = \241.16). This cost includes electricity and the monthly charge for two (2) meters. This estimate is based upon the figures for Phase I in Schedule A, projected proportionately for the entire development.

2. Water and Sewer for Common Property - Public water is separately metered to each home which pays for water consumed directly to the Monroe County Water Authority.

The Homeowners Association will pay for water service as required for watering the common area laws during June, July, August and September. Based upon the sponsors prior experience, it has been calculated that approximately 6,100,000 gallons of water will be required per season at Monroe County Water Authority rates costing approximately \$970.00 yearly. This estimate is based upon the figures for Phase I in Schedule A, projected proportionately for the total common lawn areas for the entire development.

Each home will be connected to public sewers. The bill for public sewers by Monroe County Pure Waters Authority will appear as a separate line item on the County and Town tax bill received by each homeowner in January. The Homeowners Association will not incur any expense for common area sewers.

3. Management - Based upon a proposal price of \$9,500.00 for a one year period for professional management with JC Management Services. Although J.C. Management Services is operated by John Colaruotolo, one of the officers of the sponsor, the proposal amount is consistent with charges by other professional real estate management companies in the Rochester, New York area. Therefore, the Homeowners Association should not experience any significant increase should it need or want to contract with another management company. The term of the proposal with JC Management Services is one (1) year, and would be on the same terms and conditions as the management contract for Phase I.

4. Repairs and Maintenance:

A. Buildings - This item includes projected maintenance of the existing buildings in an amount of \$1,900.00, which should cover all first and second year building maintenance not covered by warranty. In future years, building maintenance such as painting, staining, roof repairs, etc. will be budgeted in accordance with the then current needs. This estimate is based upon the figures for Phase I in Schedule A, projected proportionately for the entire development.

B. Grounds (trees, shrubs, lawns) - Estimate is based upon a proposed full service maintenance contract with Property Maintenance Service, for Phase I. The contract will provide for fall cleanup, bed upkeep, a fertilization program, spring cleanup and 24 mowing trips. All work

will be performed by employees of the contractor and, therefore the Homeowners Association will not have to employ anyone to perform such services. This estimate is based upon the figures for Phase I in Schedule A, projected proportionately for the total common lawn areas for the entire development.

- C. Driveways and Roadways - All driveways and roadways will be asphalt and constructed according to standard specifications, which will call for a gravel base, asphalt binder and asphalt top coat. Because asphalt will be newly installed, there should be no maintenance expense during the first and second year of operation, not covered by contract or warranty. A nominal amount of \$950.00 has, however, been set aside during the second year to sweep the driveways and roadways, inspect them for damage and make minor repairs as needed. This estimate is based upon figures for Phase I in Schedule A, projected proportionately for the total common paved areas for the entire development.
5. Supplies and Office Equipment - A nominal amount has been budgeted to provide necessary office and bookkeeping supplies, postage, stationary and communications to homeowners. This estimate is based upon figures for Phase I in Schedule A, projected proportionately for the entire development.
6. Snow Removal and Salting - The projected expense for snow removal and salting as needed from the driveways and roadways of the property have been based upon a proposed contract with Property Maintenance Services for Phase I. All work will be performed by employees of the contractor and, therefore the Homeowners Association will not have to employ anyone to perform such services. This estimate is based upon figures for Phase I in Schedule A, projected proportionately for the total common paved areas for the entire development.
7. Refuse Removal - The expense for a one time per week removal of refuse, placed in driveways in front of the garage doors. The price is based on a quote from Fred Hoff, Residential and Commercial Refuse Services, Inc., for Phase I. All work will be performed by employees of the contractor and, therefore the Homeowners Association will not have to employ anyone to perform such services. This estimate is based upon figures for Phase I in Schedule A, projected proportionately for the entire development.
8. Insurance - The Homeowners Association will carry a master insurance policy providing fire and extended coverage on an all-risk basis in all of the units, and liability insurance protecting the Association. As currently quoted for Phase I, the master policy is a special multi-peril policy to which each unit is added as it is transferred at an annual premium prorated to the policy expiration date. The total blanket policy on the 76 homes will be in the amount of \$6,080,000.00. There will be a \$1,000.00 deductible. The amount of the coverage is based upon 100% of estimated replacement costs for the homes and garages. Liability insurance coverages are comprehensive, general public liability in the amount of \$1 million. As quoted, the policy does not include officers and directors liability coverage, but if the Association decides to add such insurance, the estimated premium will be approximately \$900.00. The above premiums are based upon a quote provided by Tyler Agency, Inc., for Phase I. This

estimate is based upon figures for Phase I in Schedule A, projected proportionately for the entire development.

9. Accounting - This item is an estimate of the cost for routine accounting services, including a certified annual report and required tax reports by a professional accountant, including the cost of duplicating. That estimate was provided by Jay R. Gelb & Company, P.C., C.P.A. for Phase I. This estimate is based upon the figures for Phase I in Schedule A, increased slightly to allow for estimated additional costs.
10. Legal - Attorney Walter J. Licata of the law firm of Levy, Feldman & Licata, P.C., has estimated that the corporate books of the Homeowner's Association can be maintained and its other legal matters handled for \$500.00 during each year of operation. This cost is considered as a contingency fund for routine advice or letters from counsel on matters pertaining to interpretations of the Declaration or By-Laws.
11. Taxes:
 - A. Real Estate Taxes - Margaret A. Kenney, the Assessor for the Town of Perinton, New York, has indicated that the assessment for the common areas for Phase I will be assessed at a nominal assessment of \$1,000.00. Based upon the figures for Phase I in Schedule A, it is projected that the assessment for the common areas of the entire development will be \$1,700.00. Based upon projected real estate tax rates, the real estate taxes for the common areas will be approximately \$300.00.
 - B. Franchise and Income Tax - Tax counsel for the sponsor estimated that the property will be subject to New York State Franchise Tax and Federal Income Tax in the amount of \$300.00. It is projected that the increase in the number of units for the entire development will not change the amount of the taxes.
12. Reserve for Maintenance - The amount of \$100.00/unit/year has been allotted to reserve for future replacements and capital improvements for the first and second years. This fund is distinguished from the contingency fund as stated below in Footnote #13 and is accumulated as a working capital fund to provide the Homeowner's Association with the monies for capital items and/or emergencies. Since the roofs, sidings and asphalt areas of the property will be newly constructed, it is not likely that major capital repairs will be necessary during the first five years. However, the details of the individual reserve items as they apply to the entire property are as follows: roof - first quality work and materials, estimated life in excess of 20 years, estimated replacement cost of \$1,450.00/unit; siding - will be horizontal cedar with estimated life of 20 years, the largest unit will contain approximately 1,500 square feet of siding with a replacement cost of \$2,500.00. Total estimated replacement cost of exterior building materials covered by a reserve fund equals \$300,200.00. Total estimated pavement area of the private roads and parking facilities for the entire development equals 82,700 square feet. Asphalt has an estimated useful life in excess of 20 years with an estimated cost to resurface with 1½ inch asphalt for \$38,900.00. The total of the above items to be funded from reserves is \$339,100.00, exclusive of

inflation. Estimated Phase I and Phase II scheduled deposits to reserves are as follows:

Year 1 @ \$100.00/unit/year	=	\$ 7,600.00
Year 2 @ \$100.00/unit/year	=	7,600.00
Year 3 @ \$125.00/unit/year	=	9,500.00
Year 4 @ \$130.00/unit/year	=	9,880.00
Year 5 @ \$135.00/unit/year	=	10,260.00
Years 6 - 10 @ average of \$200.00/unit/year	=	76,000.00
Years 11 - 20 @ average of \$240.00/unit/year	=	<u>182,400.00</u>
Total 20 year additions exclusive of interest or early use of funds		\$303,240.00

NOTE: At the time of replacement, should the established reserves be insufficient to fund the entire cost, there exists the possibility of a special assessment. (NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THESE FUNDS.)

13. Reserve for Contingencies - Sponsor has estimated \$2,022.00 for unanticipated contingency. This amount may be used at the discretion of the Board of Directors for casualty insurance loss deductible and to make up deficits in other items of the budget and, thus, it may not be available at the end of the year or sufficient to pay for major capital repairs or replacement items (see Footnote #12).

THE CABOT GROUP

June 18, 1986

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attn: Real Estate Financing Bureau

RE: Townhomes of Southern Hills, Phases I and II

Gentlemen:

The sponsor of the homeowners association offering plan for the captioned property retained our firm to review Schedules A, and A-1, containing projections of income and expenses for the first four years of homeowner association operation. Our experience in this field includes 15 years in the management of over 2,000 condominiums and 5,000 rental apartments in the Western New York area.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 22 insofar as they are applicable to Schedules A, and A-1.

I have reviewed Schedules A, and A-1, investigated the facts set forth in Schedules and the facts underlying it with due diligence in order to form a basis for this certification. I also have relied on my experience in managing residential property.

I certify that the projections in Schedules A, and A-1, appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the first years of operation as a homeowners association.

I certify that the Schedules do:

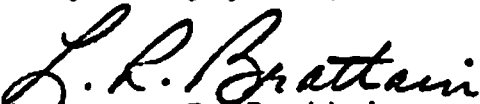
(1) set forth in detail the terms of the transaction as it relates to the Schedules and are complete, current and accurate;

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

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Certification is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. I understand that a copy of this Certification is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.

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

Very truly yours,


Lawrence R. Brattain
Vice President

LRB/ah

Sworn to before me this
19 day of June 1986



Notary Public

DAWN R. LEENHOUTS
Notary Public in the State of New York
Monroe County
Commission Expires March 30, 1987

FARACI, GUADAGNINO, LANGE & JOHNS

ATTORNEYS AND COUNSELORS AT LAW

309 TIMES SQUARE BUILDING

45 EXCHANGE STREET

ROCHESTER, NEW YORK 14614

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MICHELLE L. CALLAN

ELIZABETH L. WISHMAN
—
OF COUNSEL
RAYMOND L. SCIARRINO
—
OF COUNSEL

June 25, 1986

Anco Builders, Inc.
27 Emerald Hill Circle
Fairport, New York 14450

Re: Townhomes of Southern
Hills Homeowners Association,
Inc.

Gentlemen:

We have examined the Offering Plan and various supporting documents for the above captioned Association. It is our opinion that:

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

2. The members of the Association will not be entitled to deduct any portion of Association membership dues, fees or assessments for federal or New York State tax purposes.

3. With regard to the future tax-exempt status of the Homeowners Association, we have reviewed Internal Revenue Code §528 which was enacted in October, 1976 as part of the Tax Reform Act of 1976. This section of the Internal Revenue Code provides tax exempt status for certain homeowners associations which meet the conditions set forth in the law. Based on our review of the foregoing, and assuming Townhomes of Southern Hills Homeowners Association, Inc. meets the following conditions, tax-exempt status should be available on Townhomes of Southern Hills Homeowners Association's exempt function income:

(a) Townhomes of Southern Hills Homeowners Association, Inc. elects to have §528 apply for its taxable year;

(b) Townhomes of Southern Hills Homeowners Association, Inc. must be organized and operated to provide for the acquisition, construction, management, maintenance and care of Association property;

(c) Sixty per cent (60%) or more of the gross income of the Association for the taxable year must consist of amounts received as membership dues, fees or assessments from member-owners of residences or residential lots;

(d) Ninety per cent (90%) or more of the expenditures of the Association for the taxable year must be for the acquisition, construction, management, maintenance and care of Association property;

(e) No part of its net earnings may inure to the benefit of any private shareholder or individual; and

(f) Substantially all of the lots or buildings must be used by individuals for residences.

4. Any non-exempt function income received by the Association is taxable to the Townhomes of Southern Hills Homeowners Association, Inc. at regular corporate tax rates (without the surtax exemption). Non-exempt function income would include, but not be limited to, interest earned on amounts set aside in a sinking fund for future improvements.

5. With regard to the tax-exempt status of Townhomes of Southern Hills Homeowners Association, Inc. under the tax laws of the State of New York, it is provided that membership corporations which are organized and operated exclusively for non-profit purposes are exempt from taxation under Article 9-A of the Tax Law of the State of New York. In the event a Not-for-Profit Corporation is deemed to be carrying on a business for profit, it may be taxed upon its income.

6. Section 277 of the Internal Revenue Code applies only to organizations which are not exempt from taxation and will not apply to the Association if it qualifies under §528, as described above.

7. The Association's property and the lots sold in conjunction with the Association and the homes to be constructed thereon, if built in accordance with the plans and specifications set forth in the Offering Plan, will conform to applicable zoning ordinances and statutes.

8. The subdivision plans have been approved by the Planning Board of the Town of Perinton and are in compliance with all local zoning ordinances.


We express no opinion with respect to any matters not expressly set forth herein, and our opinion is based solely on the facts and documents referred to above. Although we have assisted in the preparation of the Offering Plan and the Exhibits referred to therein and attached thereto, we have not independently verified the accuracy, completeness and fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Association has made any untrue statement of a material fact or omitted to state any material fact necessary in order to make any statements made, in light of the circumstances under which they are made, not misleading.

No warranties are made that the laws, regulations, rulings or judicial decisions upon which we have based our opinion will not change. In no event will the sponsor, the sponsor's counsels, the Association, the Association's counsel, the selling agent or any other person be liable if, by reason of future changes in fact or applicable law, regulations, rulings or judicial decisions, the status of, or the rules governing, the Association shall cease to be as opined above.

Very truly yours,

FARACI, GUADAGNINO, LANGE & JOHNS

By:


JOSEPH S. GUADAGNINO

JSG:msq

**DECLARATION OF COMMON AREAS AND FACILITIES TO BE
OWNED OR MAINTAINED BY THE HOMEOWNERS ASSOCIATION**

The development, when completed, will have approximately 10.83 acres of Common Area, consisting of grass areas and paved areas. The total grass area in Phase I totals 5.59 acres; the total grass area in Phase II is 3.34 acres. The private drives, individual driveways and parking areas make up the paved areas for both Phase I and Phase II. The total paved area for Phase I is 1.03 acres and 0.87 acres for Phase II.

The Homeowners Association will own and maintain all pavements. The pavements included are the private drives, parking spaces and individual lot driveways. The private drives will be 20 feet wide constructed using a 9" stone pavement base, 2" pavement binder course, and 1" pavement top course. Individual unit driveways will be constructed on a stone or gravel base and paved. The pavement section to be constructed will depend on the soil conditions encountered.

Private drives will be of a normal crown construction with pavement inlets located at intervals along the gutters. Roadway, sump pump and downspout drainage will be conveyed by a storm sewer system that discharges into Detention Area A.

The paved part of the Common Area consists of a private drive known and designated as Chenin Run, a second private drive to be known and designated as Nouveau Place, individual driveways for all 76 units and common parking areas. That part of the Common

Area which is not paved will be grassed and landscaped with trees and shrubbery.

The Sponsor will dedicate all water mains, sanitary sewer and storm sewer easements, to the Town of Perinton and/or the Monroe County Water Authority. Said rights and easements will be maintained by the Town of Perinton and/or the Monroe County Water Authority. The Sponsor will convey to the appropriate utility companies easements for electric, telephone and cable services.

THE ASSOCIATION

Prior to the conveyance of the first unit, the Sponsor will file the Declaration of Covenants, Conditions and Restrictions in the Office of the Monroe County Clerk. The full text of the Declaration is set forth in Part II of this Offering Plan. The only members of the Homeowners Association will be unit owners, and all unit owners will automatically become members.

The Declaration provides that the membership in the Homeowners Association is mandatory for unit owners and that its provisions shall remain with the land and shall be enforceable by the Sponsor, the Association and the Owner of a unit. The minimum and maximum number of townhouse and attached ranch units that will be part of the Association are 40 in Phase I and 36 in Phase II totaling 76 units.

The Sponsor organized the **TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.** on April 4, 1986 under the provisions of the New York Not-For-Profit Corporation Law. The purpose of the Association is to own, maintain and repair the Association property; to maintain and repair the exterior of the units and landscaping of the individual lots and Common Areas; administer and enforce protective covenants, conditions, restrictions, charges and liens imposed on the property; obtain and maintain fire and casualty insurance on the units, liability insurance on the Association property and such other insurance as the Association may obtain in accordance with the provisions of the Declaration.

The Declaration gives to the Association the power to collect and disburse the assessments and charges necessary to perform its functions, all for the benefit of the members of the Association. In the event there is a violation of the Declaration, By-Laws or Rules and Regulations, the Association has the power to levy and enforce penalties as expressly stated in said documents.

By accepting a deed, the grantee is bound by the provisions of the Declaration and is personally responsible for the payment of all charges and assessments during the period that such person is the Owner in fee of such unit. Upon conveyance of said unit, the Owner is no longer liable for the payment of such charges and assessments and the subsequent Owner will be bound by the provisions of the Declaration, including the personal responsibility for the payment of all charges and assessments for his unit.

There will be a maximum of 76 units whose Owners will be members of the Homeowners Association if the Sponsor completes the project as contemplated. Although the Sponsor contemplates completion of the entire development within three years after the conveyance of the first unit, there is no time limit placed on the Sponsor for completion.

The Declaration of Covenants, Conditions and Restrictions will run with and bind the land for a term of 20 years from the date it is recorded in the Monroe County Clerk's Office. Said Declaration will be automatically extended for additional periods of 10 years unless, however, 90% of the members elect to amend

the Declaration during the first 20-year period and thereafter by 75% of the members.

The purchaser of a unit takes title subject to certain easements as more particularly set forth in the Declaration. Easements reserving to municipalities and utility companies over any part of the property are beneficial to the Association and unit Owner. The Declaration has created additional easements addressing itself to the problems of encroachments caused by construction, settlings, and overhangs for all buildings constructed by Sponsor and for the rebuilding of any buildings due to fire loss or other destruction. The Declaration does establish a blanket easement over all the property for the maintenance and repair of all utilities and for the entry by the Association or its agents or employees to maintain and repair the improvements as needed.

There are no restrictions on who may become a member of the Homeowners Association, except that occupancy is limited to single-family use. The Declaration contains numerous restrictions relating to the use of the premises.

Window air conditioners, exterior antennas, clothes poles and other types of exterior items are prohibited. The Declaration recites that there shall be no commercial activity, advertising or political signs allowed on the premises. Unit Owners have an absolute right to sell or mortgage their units.

The Board of Directors of the Association must approve alterations made to the exterior of the units.

Unit Owners are precluded from storing motor vehicles, trailers, boats, campers, etc., except within the garages, nor can any person park a motor vehicle or otherwise obstruct any resident's use of ingress and egress, driveway or parking space nor may any vehicle be parked on the roadways and obstruct access by emergency or service vehicles.

The Declaration does give to a unit Owner the right to keep a domestic household pet.

Any land or construction loan mortgage on any part of the planned unit development will be subordinate to the Declaration.

The Association shall obtain and maintain fire and casualty insurance and the cost of said fire insurance shall become a part of the common charges. The unit Owner may desire to insure his personal effects and the interior of the home itself for fire and liability. Such insurance, if taken by the purchaser, will be payable by the purchaser directly.

Any Owner of property in the development will take title subject to the Declaration. A mortgagee who acquires title through foreclosure or by deed in lieu of foreclosure will take title free and clear of the lien for delinquent common charges. Said mortgagee, however, will be liable for common charges which accrue after it takes title.

The Homeowners Association will be run by a Board of Directors consisting of at least three, but not more than five, members. These directors need not be members of the Association. The initial

directors will be selected by the Sponsor, who will have the power to designate the directors until all 76 units are conveyed, or for a period of three years after the first unit is conveyed, whichever occurs first, after which time the Sponsor shall have one vote for as long as it owns at least one unit for the election of the Board of Directors, which vote will be similar to the vote of any other member. After the Sponsor's right to select the directors has terminated, directors will serve for a three-year term, and they may be removed by a majority vote of the members of the Homeowners Association. The directors shall meet on a monthly basis at a time and place as set by the resolution of the Board. The first meeting of the Board of Directors will be within 90 days after the transfer of title of the first unit. The first regular meeting held in each calendar year shall be the annual meeting of the Board.

The Board of Directors shall elect a president, vice president, secretary and treasurer. The term for an officer shall be one year. Any officer may be removed by the Board of Directors with or without cause, whenever, in the judgment of the Board, the best interest of the Association will be served thereby.

Each member of the Association, regardless of the number of units he owns, shall be entitled to one vote in the operation of the Homeowners Association. In the event a unit is owned jointly by one or more persons, they shall jointly be considered a member and shall share in and be entitled to one vote. The Sponsor shall

be entitled to one vote for so long as the Sponsor owns at least one lot, except that the Sponsor shall have the right to designate the Board of Directors until all 76 units have been conveyed or a period of 3 years has elapsed after the conveyance of the first unit, which occurs first, as stated above.

The activities of the Association shall be governed by a majority of the members. However, special assessments may be made only with the approval of two-thirds of the votes of the Association members. The Declaration may be amended by a vote of 90% of the members during the first 20 years after recording and by a vote of 75% of the members thereafter during the automatic 10 year extension periods. Any amendment to the Declaration must be recorded in the Monroe County Clerk's Office.

The initial Board of Directors shall consist of:

Andrew Colaruotolo
27 Emerald Hill Circle
Fairport, New York 14450

Antoinette M. Colaruotolo
27 Emerald Hill Circle
Fairport, New York 14450

John Colaruotolo
15 Vista View Drive
Fairport, New York 14450

Andrew Colaruotolo, Antoinette M. Colaruotolo and John Colaruotolo are principals of Sponsor, Anco Builders, Inc.

Each lot will be subject to an annual assessment for Common Area maintenance, insurance, water charges and related expenses as well as special assessments for capital improvements, as needed.

The assessments will be levied on an annual basis as set by the Association's Board of Directors. The annual assessment shall be paid by each Owner in monthly installments on the first day of each calendar month in advance to provide operating funds for the Association. Assessments will be pro rated for each purchaser based on the date of closing.

Special assessments for the purpose of paying for capital improvements may be imposed by the Board with the assent of at least two-thirds of the members.

The annual assessments and any special assessments shall be paid equally by all unit Owners.

All assessments and special assessments are the personal obligation of the unit Owner and, in addition, are liens against a unit Owner's lot. If a unit owner fails to pay any assessment when it is due and continues in default for more than 30 days, the Association may sue the delinquent unit owner personally for the overdue amount plus late charges, interest, costs and attorneys fees. It may also file a Notice of Lien in the County Clerk's Office for such amount which may be foreclosed against the owner's lot in the same way that a mortgage may be foreclosed. Foreclosure of the lien may be instituted instead of or in addition to the action against the unit owner personally for a money judgment.

The obligation to pay assessments is personal to the unit Owner and the lien for the assessments will continue after transfer of title except in the event of a foreclosure of a first mortgage

lien or transfer of title to a first mortgagee by deed in lieu of foreclosure.

Owners who are delinquent may be prohibited by the Homeowners Association from using any common facilities other than the access road and private driveways while they are delinquent. A unit Owner's voting rights will not be suspended even though he is delinquent in payment of assessments.

The Board of Directors shall have the power to establish penalties for violation of rules and regulations adopted by the Board of Directors governing the use of the Common Areas and Common Facilities and the personal conduct of the Owners, their families and guests thereon.

As shown on the proposed budget, a reserve for capital/major repair will be collected at the rate of \$100 per unit per year. There will be no initial contribution from the Sponsor, although the Sponsor will contribute thereto as part of the yearly assessment for those unsold completed units owned by it. (A unit will be deemed to be completed when the Certificate of Occupancy has been issued by the Town of Perinton.) It is estimated that sufficient funds will be available as needed to cover foreseeable capital expenditures. If additional funds are needed, the Association's Board of Directors is empowered to propose special assessments. While the Sponsor is in control of the Board of Directors, the working capital fund shall not be used to reduce projected Association charges. The Sponsor may not exercise his control of the

Board to reduce the level of services described in the Offering Plan or prevent capital repairs or prevent expenditure required to comply with applicable laws and regulations.

At the time of closing of title to a unit, the purchaser will contribute \$250 to the Association as an initial working capital contribution. Neither the Department of Law nor any other government agency has passed on the adequacy of the capital reserve fund.

During the period that the Sponsor is empowered to designate the Directors, no mortgage liens will be placed on the Association property without the consent of at least 51% of the unit Owners, excluding the Sponsor or Sponsor's nominees. Certified financial statements for Association activities will be provided to members each year for so long as the Sponsor remains in control of the Board of Directors.

The Sponsor shall pay, as its share of the Common Area charges, an amount equal to the difference between the assessments charged to individual unit Owners as estimated in the projected budget and actual expenses of operating the Homeowners Association until such time as all units have been sold. In no event, however, will the Sponsor be required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying assessments on unsold homes. The Sponsor will pay into the working capital fund for each completed unit owned by Sponsor and not conveyed to a purchaser.

Sponsor will provide a set of "as built" plans or specifications, as specified on the drawings for the common property improvements, to the Board of Directors, including specifications of roads, sewers and/or water lines; and said plans or specifications are in substantial compliance with the terms of the Offering Plan.

As long as Sponsor has unsold units which are offered for sale pursuant to this plan, the Sponsor shall amend the plan whenever there is a change in the budget or when one year has passed since the last budget was updated. The amendment shall include the prior year's certified financial statements.

On May 3, 1986 the Planning Board of the Town of Perinton approved the Townhomes of Southern Hills Subdivision, which includes Phase I as a 40 lot subdivision for the construction of residential units. Southern Hills Subdivision, Section IA, map was filed in the Monroe County Clerk's Office in Liber 236 of Maps, page 68, which map is included herein as Exhibit E-1.

Anco Builders, Inc., acting as Sponsor of this Offering Plan, has agreed that it will assume specific obligations under this Plan. It will complete and pay for construction of all of the site improvements, together with improvements for the Common Areas, in a good and workmanlike manner. It will construct 76 residential units, comprising all of the units to be included in the Association. The Sponsor will file the Declaration and will convey the Association property free and clear of liens and encumbrances, except for utility easements of record, prior to closing title

to the first unit. Sponsor will, at its own expense, complete construction of all driveways, common drives and parking areas serving the units in the Townhomes of Southern Hills Subdivision, Phases I and II. The Sponsor will escrow funds with the Town of Perinton, if required, for items which are incomplete at the time of transfer of title provided said items are not vital to the health and safety of the prospective Owners and if the Town of Perinton permits occupancy prior to the completion.

The Sponsor is obligated to complete all work to be performed under the plan and in the event mechanics liens are filed with respect to the development and construction, the Sponsor will promptly discharge or bond said mechanics lien. Sponsor will defend any suits or proceedings arising out of Sponsor's acts or omissions and indemnify the Board of Directors in any of said suits or proceedings.

The Sponsor does not intend to furnish any bond or other security to secure its obligation to complete the Common Area property.

Sponsor, Anco Builders, Inc. is a domestic corporation and has been in the business of developing land and constructing residential housing in the Monroe County area for the past 28 years. During said time, Anco Builders, Inc. has built and sold approximately 1,000 residential units. Although Sponsor could dissolve at any time, the Sponsors' obligations under this plan would continue.

Sponsor will retain the right of ingress and egress through properties being offered for sale pursuant to this plan in order to complete construction of units offered for sale. Sponsor will remain liable for any damage caused in the course of developing the property under this plan. At no time will Sponsor obstruct homeowners' access to their units.

Title will be insured at the time of transfer to the Association by the Lawyer Title Insurance Corporation, a company authorized to do business in the State of New York. The title insurance policy will be written in the amount of \$580,000 for Phase I and \$369,000 for Phase II.

If any mortgages or liens remain on the property covered by this plan following the conveyance of the first unit, the lien or mortgage must subordinate to the Declaration.

TRUST FUNDS

Upon the execution and delivery of a purchase agreement by a prospective purchaser and the acceptance of the same by the Sponsor, Anco Builders, Inc., purchaser will remit to Sponsor a deposit not to exceed 10% of the purchase price. Such deposit shall be deposited into a special interest-bearing account at Central Trust Company, 44 Exchange Street, Rochester, New York, entitled "Townhomes of Southern Hills Escrow Account". Such funds may only be released by the signature of a member of the firm of Levy, Feldman & Licata, P.C., as attorneys for Sponsor, at the closing or prior to closing if the purchaser rescinds the

contract or defaults in performance of the same. The purchaser shall receive a credit at closing for all interest earned on such deposit. Sponsor shall comply with the trust fund provisions of Sections 352-e(2)(b) and 352-h of the General Business Law of the State of New York.

MANAGEMENT AGREEMENT

Sponsor will enter into an Agreement with John Colaruotolo, doing business as JC MANAGEMENT SERVICES, with principal offices located at 15 Vista View Drive, Fairport, New York, 14450, to manage Phase I of the Townhomes of Southern Hills Homeowners Association, Inc. for a period of one year.

The managing agent shall:

1. Cause the building, appurtenances and grounds of the property to be maintained according to the standards of the Board of Directors.

2. Negotiate all contracts as agent for the Association for lawn mowing, snow removal and other necessary services as the Board shall deem advisable.

3. Investigate and invite bids or quotes from licensed insurers for all necessary form of insurance as, in the opinion of the Board of Directors, may be required by the Declaration or otherwise be appropriate, including, but not limited to public liability, fire and extended coverage insurance on all dwellings.

4. Maintain the Association's records, books and accounts and render a quarterly statement of income and expenses to the

Association.

5. Collect all assessments and other charges due the Association.

6. The managing agent shall place orders for the purchase of supplies, tools and materials as are necessary to properly maintain the property. However, expenses incurred for such contracts and orders shall not exceed \$500 per occurrence unless specifically authorized by the Association's Board of Directors.

All expenses incurred by the managing agent pursuant to the Agreement shall be for the account, on behalf, and at the expense of the Association. The Association shall also indemnify the managing agent against any liability for acts properly performed by the managing agent pursuant to the Agreement or the Board of Directors' instructions.

The managing agent shall indemnify the Association from any claims or loss arising as a result of bodily injuries and/or property damage caused by the negligence of the managing agent, its agents or employees.

The Management Agreement shall not be assignable by the managing agent without the prior written consent of the Association.

IDENTITY OF PARTIES

The Sponsor, Anco Builders, Inc., is a New York corporation with principal offices located at 27 Emerald Hill Circle, Fairport, New York, 14450. The officers and directors of the corporation are Andrew Colaruotolo, President, Antoinette M. Colaruotolo,

Secretary-Treasurer, and John Colaruotolo, Vice President, all with the same business address as the Sponsor.

The Sponsor and principals have been active in the construction industry in New York for the past 28 years and has been involved in the construction and design of multiple family developments, single family homes and institutional buildings.

The Sponsor has offered for sale memberships in a homeowners association known as Stillmeadows Courts Homeowners Association, Inc., located in the Town of Perinton, Monroe County, New York.

The general counsel of Sponsor, Anco Builders, Inc. is the law firm of Levy, Feldman & Licata, P.C., 1025 Times Square Building, Rochester, New York, 14614. This Offering Plan has been prepared by Joseph S. Guadagnino of the law firm of Faraci, Guadagnino, Lange & Johns.

Levy, Feldman & Licata, P.C., with offices at 1025 Times Square Building, Rochester, New York, 14614, will represent the Sponsor in the sale and closing of individual homes.

The Homeowners Association will initially be managed by JC MANAGEMENT SERVICES. The managing agent is presently managing Stillmeadow Courts. The Sponsor has retained the engineering firm of Sear-Brown Associates, P.C., 85 Metro Park, Rochester, New York, 14623.

REPORTS TO MEMBERS

The Association, through its Board of Directors, will deliver a financial statement prepared by a certified public accountant

or a public accountant to all members on an annual basis. In addition, all members will have at least 30 days notice prior to the holding of the annual meeting.

DOCUMENTS ON FILE

The Sponsor shall retain copies of the Offering Plan and parts A, B and D of the Exhibits and documents referred to in the plan on file at 27 Emerald Hill Circle, Fairport, New York, for at least 6 years after the closing of the first unit. These documents will be available for inspection and copying at a minimal charge during normal business hours.

GENERAL

There are no lawsuits, administrative proceedings or other proceedings the outcome of which may materially affect the offering, the property, Sponsor's capacity to perform all of its obligations under the plan or operation of the Homeowners Association.

The property offered under this plan is not subject to any prior offering and no preliminary nonbinding agreements have been entered into, nor money collected from prospective purchasers as of the date of this plan.

The Sponsor and its agents will not discriminate against any person based on race, creed, color, sex, national origin or any other basis prohibited by state or federal civil rights laws.

ANCO BUILDERS, INC.

By _____

Dated: July ., 1986

MANAGEMENT AGREEMENT

AGREEMENT commencing the _____ day of _____, 1986, by and between TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC., a New York not-for-profit corporation, hereinafter called the "Association" with its principal office at 27 Emerald Hill Circle, Fairport, New York, 14450, and JC MANAGEMENT SERVICES, with its principal office at 15 Vista View Drive, Fairport, New York, 14450, hereinafter called "JC Management".

WITNESSETH

In consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto mutually agree as follows:

I. The Association hereby appoints JC Management, and JC Management hereby accepts appointment pursuant to the terms and conditions herein provided, as exclusive managing agent of the Townhouse Project known as Townhomes of Southern Hills, Phase I, in the Town of Perinton, County of Monroe and State of New York, consisting of or to consist of forty (40) townhouses.

II. The authority and duties conferred upon JC Management herein are confined to:

A. The Common Area as defined in the recorded Declaration of Covenants, Conditions and Restrictions (hereinafter called the "Declaration") and the recorded Plat thereof; and

B. The exterior surfaces for which the the Association has maintenance responsibilities as defined in the Declaration.

Such authority and duties do not and shall not include supervision or management of individual townhouses except as stated above.

III. The Association shall furnish JC Management with a complete set of the plans and specifications of the Townhouse Project; with the aid of these documents, JC Management will inform itself with respect to the layout, construction, locations, character, plan and operation of the Common Areas and the roofs and exterior walls of the townhouse units. Copies of any and all guarantees pertinent to the Common Area, roofs and exterior walls of the Townhouse Project and in force at the time of the execution of this Agreement shall be furnished to JC Management by the Association. JC Management shall have no responsibility for any replacement, repairs or maintenance of the interiors of the Townhouse units except insofar as the Association has an interest in a casualty loss.

IV. JC Management shall render services and perform duties as follows:

A. Maintain businesslike relations with members, whose service requests shall be received, considered and recorded in systematic fashion in order to show the action taken with respect to each. Complaints of a serious nature shall, after investigation, be reported to the Association's Board of Directors with appropriate recommendations. As part of a continuing program, JC Management will assist the Association in seeking full performance by members of all items of maintenance for which they are responsible.

B. Cause the buildings, appurtenances and grounds of the Townhouse Project to be maintained according to standards acceptable to the Association's Board of Directors.

C. As may be requested or required by the Board, take such action as the Board deems necessary to comply with any and all orders or requirements affecting the premises or improvements placed thereon by any Federal, State, County or Town authority having jurisdiction thereover, and the Board of Fire Underwriters or other similar bodies.

D. Negotiate all contracts as Agent for the Association for law mowing, snow removal and other necessary services as the Board of Directors may deem advisable.

E. JC Management shall place orders for such equipment, tools, materials and supplies as are necessary to properly maintain the Townhouse Project. Expenses incurred for such purchases shall not exceed \$500.00 per occurrence unless specifically authorized by the Association.

F. Insurance:

1. Investigate and seek out bids or quotes from licensed insurers for all necessary forms of insurance as in the opinion of the Board may be required by the Declaration or otherwise be appropriate, including but not limited to public liability insurance and fire and extended coverage insurance on all dwellings. All the various types of insurance coverage required shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Association's Board of Directors.

2. Investigate and maintain reports of all accidents or claims for damage as reported to it relating to the management, operation and maintenance of the Townhouse Project, including any damage or destruction thereof and the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith.

G. Maintain the Association's records, books and accounts. As a standard practice, JC Management shall render to the Association a statement of income and expense as of the end of every quarter. Annually, such records, books and accounts shall be audited and appropriated tax returns prepared by a Certified Public Accountant, acceptable to the Association's Board of Directors, whose report shall be submitted to the Association's Board of Directors.

H. Collect and, as necessary, receipt for all monthly assessments and other charges due the Association. The only responsibility that JC Management has for the collection of delinquent assessments is as follows: (i) send a delinquency notice during the first delinquent month; (ii) prepare and file a lien if no response or payment is received by the 10th day of the following month; the Association hereby authorizes JC Management to file such liens.

I. Designate one of its employees as property manager for the Association; such employee shall attend quarterly meetings of the Board of Directors as well as the Annual Meeting of the Members of the Association. For additional meetings of the Board with the property manager or with other JC Management employees, JC Management may charge the Association at an hourly rate not to exceed

\$60.00 per hour, which rate may be lessened or waived depending on the employee, the frequency, location and/or the time of the day and day of the week of such meeting(s).

V. Everything done by JC Management under the provisions of this Article V shall be done as Managing Agent contracted by the Association, and all obligations or expenses incurred thereunder shall be for the account, on behalf, and at the expense of the Association including but not limited to attorneys fees and/or fees to Certified Public Accountants. JC Management shall not be obligated to make any advance to or for the Association or to pay any sum, except of funds held or provided as aforesaid, nor shall JC Management be obligated to incur any liability or obligation for the account of the Association without assurance that the necessary funds for the discharge thereof will be provided. JC Management shall not reimburse itself for any portion of its overhead expenses, administrative expenses, managerial or reasonable secretarial and bookkeeping expenses. However, materials for repairs, postage, long distance telephone calls and supply expenses are Association expenses and JC Management is authorized to reimburse itself for such expenses. Charges for copies shall be \$0.10 per page for letter or legal size and \$0.15 per page for ledger size. Other services which are not included in the management fee may be available from JC Management at fees mutually agreeable to both parties. Examples of such services are preparation of newsletters, annual insurance billing, negotiations with Developers or governmental officials and revision of control documents. Charges by JC Management for preparation of closing packages are billed to the requesting party (usually the purchaser).

VI. For casualty losses requiring reconstruction expense of \$4,000.00 or more resulting from a single occurrence, JC Management shall not be responsible for supervision except as may be mutually agreed by JC Management and the Association at an additional cost to the Association.

VII. Notwithstanding the provisions of this Agreement regarding JC Management's general manage responsibilities, the services provided by JC Management do not include research or bidding of new capital improvements for any items or projects exceeding \$1,000.00 in expense.

VIII. Notwithstanding the provisions of this Agreement regarding JC Management's general management responsibilities, the services provided by JC Management's do not include preparation of specifications or bidding of repair or replacement work (any single project) which project shall incur expense in excess of \$10,000.00.

IX. For provision of services excluded from this Agreement pursuant to the terms of paragraphs VI, VII, or VIII, the Association may enter into separate agreements with JC Management or with any third party.

X. JC Management shall establish and maintain, in a bank whose deposits are insured by an agency of the Federal Government, a separate bank account in the name of the Association for the deposit of monies of the Association, with authority to draw thereon for any payments to be made to discharge any liabilities or obligations incurred by the Association pursuant to this Agreement including JC Management's fee. JC Management shall also establish and maintain, in investment vehicles approved by the Board of Directors, and also in the name of the Association, one or more additional accounts for the deposit of monies of the Association.

XI. A. The compensation which JC Management shall be entitled to receive for services performed under this agreement shall be a fee in the total amount of \$5,000.00, payable in equal monthly installments, in advance, on the first day of each month.

B. The Association shall give sixty (60) days notice of its intention to enter into a new contract with JC Management at the end of the term.

XII. The Association and JC Management agree that all repairs to the Common Area and the exteriors of the Townhouses which do not require a specialized contractor shall be performed by JC Management at the expense of the Association on a time and materials basis. The maximum hourly rate which JC Management may charge to the Association for repair service personnel shall be initially \$27.00 per hour (plus applicable tax). The parties hereto further agree that the Association shall pay JC Management for the time of its Service personnel in inspecting repair and replacement work performed by outside contractors.

XIII. TERMINATION:

A. This Agreement shall be effective as of the date first above written unless terminated as provided below shall continue in effect for a period of one (1) year.

B. EARLY TERMINATION:

1. This Agreement may be terminated by mutual consent in writing of the parties hereto as of the end of any calendar month.

2. In the event a petition of bankruptcy is filed by or against JC Management or the Association or in the event that either party shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party may terminate this Agreement without notice to the other. In the event this Agreement is terminated pursuant to this subparagraph, the Association shall immediately and automatically have a lien upon all funds held by JC Management for the benefit of the Association in accordance with the terms of the Agreement. The Association's Board of Directors shall have the right and power to do all things necessary for the enforcement and foreclosure of said lien.

XIV. INDEMNIFICATIONS:

A. JC Management agrees to indemnify and hold harmless the Association from any claim or loss arising from personal injury, bodily injury or property damage caused by the negligence of JC Management, its agents or employees in the performance of its operations. JC Management agrees to defend promptly and diligently, at its sole cost and expense, any such claim, action or proceeding brought against the Association even if such claim is asserted after the term of this Agreement.

B. The Association agrees to indemnify and hold harmless JC Management from any claim or loss arising from personal injury, bodily injury or property damage by reason of cause other than JC Management's negligence either on or about the Association's premises or elsewhere. The Association agrees to defend promptly and diligently, at its sole cost and expense, any such claim, action or proceeding brought against JC Management even if such claim is asserted after the term of this Agreement.

XV. As Used in this Agreement:

A. The term "assessments" shall mean those monthly rates, or one-time charges, established by the Association's Board of Directors which the members are bound to pay as their share of common expenses under the Declaration.

B. The term "Association" means, as used herein, a corporation existing of all owners of townhouses in the Townhouse Project, organized and existing under the laws of the State of New York.

XVI. A. This Agreement shall inure to the benefit of and constitute a binding obligation upon the contracting parties, their respective successors and assigns, except that JC Management shall not, without the prior written consent of the Association, make an assignment of this Agreement.

B. This Agreement shall constitute the entire Agreement between the contracting parties and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this Agreement, and shall be construed according to New York State Law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective the day and year first above written.

TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.

DATED: _____

By: _____

JC MANAGEMENT SERVICES

DATED: _____

By: _____

PART II

EXHIBITS

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EXHIBIT A

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS DECLARATION, made on the date hereinafter set forth by ANCO BUILDERS, INC., hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the Town of Perinton, County of Monroe and State of New York, which is more particularly described on Schedule A attached hereto and made a part hereof.

NOW, THEREFORE, Declarant hereby declares that all of the Properties described in the attached Schedule A shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. Such property includes all of the Lots and the designated Common Area.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Townhomes of Southern Hills Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record Owner,

whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 5. "Unit" shall mean and refer to all dwellings of residential housing situated upon the Properties.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 7. "Declarant" shall mean and refer to Anco Builders, Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, including any necessary rights of ingress and egress to Owners' property over the Common Area, which easement shall be

appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to suspend the right to use of any facilities on the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published Rules and Regulations;

B. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members and their mortgagees has been recorded.

C. The right of the Association, pursuant to its By-Laws, to adopt Rules and Regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

D. The right of invitees and business visitors of any Owner to ingress and egress over those portions of the Common Areas that lie within private roadways.

E. The initial Common Area in Phase I is comprised of all of the land in Phase I, excluding Blocks A through H, as shown on the map of the subdivision filed in the Monroe County Clerk's

Office in Liber 236 of Maps at page 68. Upon the completion of construction of each building which will include either four or six residential units, depending on the size of the Block, the actual dimensions of each residential unit will be located by an instrument survey. A resubdivision map of each Block showing the dimensions of each residential unit will then be filed in the Monroe County Clerk's Office. Subsequent to the filing of the resubdivision map, any land within the Block located outside of the residential unit will be conveyed by the Sponsor to the Association. Simultaneously therewith, any land outside of the Block which is within the dimensions of any residential unit shall be conveyed by the Association to the Sponsor. Either conveyance pursuant hereto shall be without compensation. The acceptance of additional land by the Association and the conveyance of land by the Association shall be accepted and granted by the Association without the consent of its members. It is contemplated that a conveyance from the Association to the Sponsor will only be necessary in connection with the construction of an attached ranch unit. The present plans of the Sponsor provide for the construction of approximately seven attached ranch units which will be the only units that will require a conveyance by the Association. Based upon the foregoing, it is anticipated that the Association will gain additional land area by reason of such conveyances.

ARTICLE III

EASEMENTS

Section 1. Easements for Utilities. Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Properties.

Section 2. Easements for Encroachments. Each Lot, and the property included in the Common Area, shall be subject to an easement for encroachments created by construction, settling and overhangs for all buildings constructed by Declarant. A valid easement for said encroachments, and for the maintenance of same, so long as such encroachments stand, shall and does exist. In the event that any structure containing two or more living units is partially or totally destroyed and then rebuilt, or is in need of repair, the Owners of the living units so affected agree that minor encroachments of parts of the adjacent living units on adjoining Lots or on the Common Area due to such construction shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 3. Other Easements. There is hereby created a blanket easement upon, across, over and under all of the Properties, for ingress, egress, installation, replacement, repair and maintenance of all utilities, including but not limited to water, sewers, telephones and electricity, and a master cable television system. By virtue of this easement it is expressly

permissible to erect and maintain the necessary transformers or other equipment on the Properties, and to affix and maintain underground electrical or telephone wires and conduits, sewer and water lines on or below any residence of land owned by an Owner. An easement is hereby granted to the Association, its officers, agents, employees, including employees of any management company having a contract with the Association over all of the Common Area, and to enter any residence to perform the duties of maintenance and repair of the residences or Common Area, to maintain any utilities for which an easement has been granted and to prevent damage to any other residence. An easement is hereby reserved to Declarant to enter the Common Areas during the period of construction and sale of the Properties, or any additions to the Properties, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, a business office, sales office, storage area, construction yards, signs and model units, provided that this does not unreasonably obstruct access by members of the Association.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of

any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of Declarant. Each Class A member shall be entitled to one vote. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot, nor shall any member be entitled to more than one vote regardless of the number of Lots owned by that member.

Class B. The Class B member(s) shall be the Declarant or its successors or assigns, and shall be entitled to one vote for so long as one lot is owned by Declarant. The Class B membership shall cease and be converted to Class A membership when title to all 76 units have been conveyed, or 3 years after the date that the first unit has been conveyed by Declarant, whichever occurs first. Class A members shall not be entitled to vote for members of the Board of Directors until after all 76 units have been conveyed or until 3 years after the first unit is conveyed, whichever occurs first.

ARTICLE V

COVENANT FOR ANNUAL OR SPECIAL ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the

Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The covenant in this Section shall not constitute a guarantee, or promise of any kind by Declarant to pay any assessment, or any other obligation of any Owner, other than Declarant. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to the Owner's successors in title unless expressly assumed by them.

Notwithstanding the provisions of this Article V, the Declarant shall be obligated to pay only the difference between the amount collected on completed units (which amount will not exceed the budgeted amount per completed unit) and the actual cost of operation for the Association. In addition, the Declarant shall pay the capital improvement charges only for completed units.

Section 2. Purpose of Assessments. Assessments levied

by the Association shall be used exclusively (1) to operate, maintain, repair, improve, construct, reconstruct and preserve, on a non-profit basis, the Common Area owned by the Association, exclusively for the benefit of its members, their guests, tenants and invitees; and (2) to maintain, repair, reconstruct, replace and preserve, on a non-profit basis the Lots, and the improvements constructed thereon, for the purpose of preserving the exterior appearance and configuration of said Lots and Units, including, but not limited to, foundations, all exterior (outside) walls, including window casements (excluding, nevertheless, all glass replacements or breakage and window screens and excluding window cleaning), exterior chimney and exterior doors (excluding, nevertheless, storm and screen doors), roof and roof members, fascia and exterior trim, gutters and down spouts, driveways, walks and parking areas, trees, shrubs and grasses and other exterior improvements. Except for the structural portion of the exterior walls and roof members, there shall be no obligation on the part of the Association to maintain, repair, reconstruct, replace or preserve any part of the interior of any Unit or any fixtures or mechanical system (including but not limited to heating, including chimney, lighting, plumbing, air conditioning) for any Owner. The above obligation shall not include any maintenance, repairs or replacements caused by fire or other casualty to a unit, except as provided under Article VII, Section 3 and Article X.

Section 3. Date of Commencement of Annual Assessments and

Due Dates. The assessments provided for herein shall be fixed from time to time, but at least annually, and shall commence as to all Lots on the 1st day of the month following the recording of this Declaration, and shall be prorated on the basis of the Estimated Budget for the first year, published in the Offering Plan, according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of subsequent assessments from time to time, but at least annually, for each Lot at least 30 days in advance of annual assessment period. Written notice of the assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors, and, unless otherwise provided, the Association shall collect each month from the Owner of each Lot one-twelfth of the annual assessment for such Lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer, or the Managing Agent, if any, of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, and the Lots,

or any of them, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of the members, present in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of this Article V shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. The presence of members, in person or by proxy, entitled to cast two-thirds of all the votes of the membership shall constitute a quorum.

Section 6. Uniform Equal Rate of Assessment. Both annual and special assessments must be fixed at a uniform equal rate for all Lots and may be collected on a monthly basis.

Section 7. Effect of Non-Payment of Assessment and Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum prevailing legal rate per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to a Lot, hereby expressly vests

in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of liens against real property, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage foreclosure on real property and such Owner hereby expressly grants to the Association a power of sale in connection with the foreclosure of said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association, acting on behalf of the Lot Owners, shall have the power to bid for the interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting Owner's portion of the premium for fire and other hazard insurance. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area, abandonment of his lot, or by renunciation of membership in the Association. An Owner may give to the Association, nevertheless, subject to acceptance thereof by the Association, a deed in lieu of foreclosure.

Section 8. Subordination of the Association Lien to First Mortgages. The lien of the assessments provided for herein shall

be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of any first mortgage, or by deed in lieu of foreclosure, given as above provided, shall extinguish the lien of such assessments as to payments which were due prior to the foreclosure sale and transfer. No foreclosure sale or transfer shall relieve such Lot Owner from liability for any assessments thereafter becoming due or relieve the Lot from the lien thereof.

Section 9. Reserves and Surplus. The Association's Board may establish, from time to time, reserves for such lawful purposes as in its sole discretion it may determine necessary to be desirable for the greater financial security of the Association and the affectation of its purposes. The Association shall not be obligated to spend in any fiscal year all the sums collected in such year, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply any such surplus to the reduction of the amount of the annual assessment in the succeeding year, but may carry forward the same from year to year.

Section 10. Contractual Authority. The Association shall be entitled to contract with any corporation, firm or other entity in the performance of the various duties imposed on the Association hereunder and the performance by any such entity shall be deemed the performance of the Association hereunder.

Section 11. In spite of any provision to the contrary in this Article V, the Declarant shall not be liable for the payment of common charges for any unsold lots owned by it, unless and until said lots are improved by completed units. For purposes of this section, a completed unit shall be a unit for which a Certificate of Occupancy has been issued by the Town of Perinton. The Declarant shall, however, contribute to the Association the amount equal to the difference between the cost of operating the Association and the assessments collected from Owners as set forth in the projected budget. Similarly the Declarant shall not be obligated to make any capital contribution except for the units which have been completed and are retained by Declarant. In no event, however, will the Sponsor be required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying assessments on unsole homes.

ARTICLE VI

EXTERIOR MAINTENANCE

In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder as follows: Paint, repair, replace and care of roofs, gutters, downspouts and exterior building surfaces. The Association shall also be responsible for landscape, maintenance, and snow removal of the driveways, common drives, parking areas and maintenance and repair of the walks, driveways, and facilities comprising the Common Properties. Such exterior

maintenance shall not include glass surfaces, screens, screen for storm doors, nor shall it include the maintenance or snow shoveling of individual sidewalks. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guests or invitees, the costs of such maintenance and repairs shall be added to and become part of the assessment to which such Lot is subject. The Association shall also purchase water from various Association members and said members shall be required to sell water to the Association to be used for the maintenance of all of the landscaped areas including but not limited to the Common Areas. Said water charge shall be the difference between the water bill for the spring and summer seasons compared with the fall and winter seasons, respectively.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the units upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be

shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VIII

USE OF PROPERTY

The use of a Unit by a Member or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Directors and the following covenants and restrictions:

(a) Each Member's Unit and Lot shall be maintained in good repair and overall appearance.

(b) Any Member who mortgages or sells his Unit shall notify the Board of Directors providing the name and address of his mortgagee or new owner.

(c) The Board of Directors shall, at the request of the mortgagee of the Unit, report any delinquent assessments due from the Owner of such Unit.

(d) No nuisances shall be allowed upon the property nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents.

(e) No improper, offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances, the regulations of all governmental bodies having jurisdiction thereof, shall be observed.

(f) Regulations promulgated by the Board of Directors concerning the use of the property shall be observed by the Members, provided, however, that copies of such regulations are furnished

to each Member prior to the time the said regulations become effective.

(g) The maintenance and special assessments shall be paid when due.

(h) No owner or resident shall keep or maintain any animals or birds except a single animal or bird commonly known as a household pet unless prior written consent is obtained from the Board of Directors. No Owner or resident shall allow any pet to run free on the Common Areas. Pets on the Common Areas shall be on leash and accompanied by an adult. Owners shall be responsible for picking up after pets.

(i) No resident of a unit shall post any advertisement or posters of any kind in or on the Properties except as authorized by the Board of Directors. This paragraph shall not apply to Declarant.

(j) No fence or gate shall be erected on the Properties without the prior written consent of the Board of Directors. This paragraph shall not apply to Declarant.

(k) No television or radio antenna or any other type of receiving or transmitting antenna nor awnings or other projections or structure shall be attached or erected on the exterior of Units or on any Lot without the prior written consent of the Board of Directors.

(l) No Unit Owner shall move, remove, add, or otherwise change the landscaping on the Properties.

(m) No Unit Owner shall paint the exterior surfaces of windows, walls or doors opening out of his Unit.

(n) No boats, trailers, motorcycles, bicycles or motor vehicles of any kind shall be parked on the premises except in the unit garage, nor shall any person park a motor vehicle or otherwise obstruct any resident's use of ingress or egress to any sidewalk, garage, driveway, or parking space nor may any motor vehicle be parked on the roadways when parking would obstruct access by emergency or service vehicles. No baby carriages or bicycles shall be allowed to stand on the sidewalks, entrances, driveways or other Common Areas.

(o) No Unit Owner shall install or permit to be installed any window mounted or through the wall mounted air conditioning unit in his Unit.

(p) No repair of motor vehicles shall be made in any of the roadways, driveways or parking areas to the Development nor shall such areas be used for storage parking of any boat, trailer, camper, bus, truck, commercial vehicle or automobile without the written permission of the Board of Directors.

(q) No Unit Owner shall make or permit any disturbing noises in any building or do or permit anything to be done therein, which will interfere with the rights, comforts or conveniences of other Unit Owners.

(r) Units may be used for residential purposes only.

(s) The Common Area shall not be obstructed, littered,

defaced or misused in any manner.

(t) Every Member shall be liable for any and all damage to the Common Area and the property of the Association, which shall be caused by said Owner or such other person for whose conduct he is legally responsible.

(u) No interior alterations to a home are permitted, which would impair the structural soundness of any party walls, reduce the levels of fire safety in neighboring Units, or diminish the heat and sound insulation between Units.

(v) It is prohibited to install clothes poles, exterior antennas and other types of exterior items or to hang garments, rugs, etc., or to string clothes lines on any portion of the Unit, Lot or Common Area.

(w) Rubbish shall be kept in receptacles within the garage except that it shall be placed in front of the garage on the pickup day.

(x) Except in the individual patio area behind each unit, no permanent planting or gardening shall be done, and such planting as is done within a patio area shall be kept trimmed so as not to encroach on neighboring property or the Common Area.

(y) All units shall be used for single family residence purposes only.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. No building, fence, wall or other structure

shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of 3 or more representatives appointed by the Board.

In the event said Board, or its designated committee, fails to approve or disapprove such design and location within 60 days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The provisions of this article shall not apply to the Declarant.

ARTICLE X

INSURANCE

Section 1. Insurance to be Carried by the Board. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring all of the Buildings in the Development, including all of the Units (but not including furniture, furnishings or other personal property supplied or installed by Unit Owners), together with all heating, air conditioning and other

service machinery, contained therein, covering the interest of the Association, the Board of Directors and all Unit Owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the Units and Buildings. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Directors and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Directors may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Directors with the approval of the Insurance Trustee, and that the net proceeds thereof, if \$50,000 or less, shall be payable to the Association, and if more than \$50,000 shall be payable to the Insurance Trustee.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least 10 days prior written notice to all of the insured, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together

with proof of payment of premiums, shall be delivered to all mortgagees of Units at least 10 days prior to expiration of their current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Units and Buildings for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Directors may also require, to the extent obtainable, public liability insurance in such limits as the Board of Directors may from time to time determine, covering each member of the Board of Directors, the managing agent and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

The unit Owner may desire to insure his personal effects and the interior of the home for fire and liability. Such insurance, if taken by the unit Owner, will be paid by the Owner directly.

Section 2. Insurance Trustee. The Insurance Trustee shall

be a bank or trust company located in the State of New York designated by the Board of Directors. All fees and disbursements for the Insurance Trustee shall be paid by the Board of Directors and shall constitute a common expense of the Association. In the event the Insurance Trustee resigns or fails to qualify, the Board of Directors shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Units and Buildings as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration of the Buildings (including any damaged Units, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners in the Units), and the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Directors may assess all Unit Owners for such deficit as part of the common charges.

ARTICLE XI**ADDITIONAL PROPERTY SUBJECT TO THIS DECLARATION**

Declarant, its successors or assigns, shall have the right, without the consent of the members of the Association, within 3 years of the date of this instrument, to bring within the scheme of this Declaration additional properties to be developed substantially as the properties contained herein, which shall be Phase II of the proposed development consisting of 36 townhouse and attached ranch units on approximately 5.24 acres of land, which will include approximately 4.21 acres of Common Area. However, neither Declarant nor its successors or assigns shall be bound to make such addition. Such addition shall be made by recording in the Monroe County Clerk's Office a supplemental Declaration with respect to the additional properties which shall extend the scheme of this Declaration to such properties. Such supplemental Declaration may contain additions and modifications to the covenants and restrictions contained in this Declaration, which will not be inconsistent with the scheme of this Declaration. In no event, however, shall such supplemental Declaration revoke or modify the covenants established by this Declaration.

ARTICLE XII**GENERAL PROVISIONS**

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations,

liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years. This Declaration may be amended during the first 20 year period by an instrument signed by not less than 90% of the Lot Owners, and thereafter by an instrument signed by not less than 75% of the Lot Owners. Any amendment must be recorded.

Section 4. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable and the necessary grammatical changes required to make the provisions hereof apply either in corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 5. Notice. Any notice required to be sent to the Sponsor, Owner or mortgagee under the provisions of this Declara-

tion shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as the Sponsor, Owner or mortgagee on the records of the Association at the time of such mailing.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 8th day of July, 1986.

ANCO BUILDERS, INC.

By [Signature]
ANDREW COLARUOTOLO, President

STATE OF NEW YORK)
COUNTY OF MONROE)

On this 8th day of July, 1986, before me personally appeared ANDREW COLARUOTOLO, to me known, who being by me duly sworn, did depose and say that he resides in Fairport, New York; that he is the President of ANCO BUILDERS, INC., the corporation described in and which executed the above Instrument; that he knows the seal of said corporation; that the seal affixed to said Instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

[Signature]
NOTARY PUBLIC

WALTER J. LICATA
Notary Public in the State of New York
MONROE COUNTY, N.Y.
Commission Expires March 30, 1987.

SCHEDULE A

PHASE I

THAT TRACT OR PARCEL OF LAND, containing 7.62 acres, more or less, being part of Town Lot 39, Township 12, Range 4, Town of Perinton, Monroe County, State of New York, as shown on Drawing No. 2826A-19A, dated May, 1986, entitled "Southern Hills, Section IA and IIA, Preliminary Site Plan" as prepared by Sear-Brown Associates, P.C., and being more particularly bounded and described as follows:

Commencing at a point on the south right-of-way line of Pittsford-Palmyra Road, N.Y.S. Route #31, said point also being the northwest corner of lands, now or formerly owned by Edward F. DeWeaver and wife, Tax Account No. 180.050-01-003; thence

A. N 83° 36' 12" W, along the south right-of-way line of Pittsford-Palmyra Road, Route #31, a distance of 99.87 feet to a point; thence

B. S 00° 41' 00" E, along the westerly right-of-way of Chardonay Drive, a distance of 204.26 feet to a point of curvature; thence

C. Southeasterly, along a curve to the left having a radius of 180 feet, through a central angle of 72° 19' 11", a distance of 227.20 feet to a point of tangency; thence

D. S 83° 02' 05" E, a distance of 182 feet to a point of curvature; thence

E. Southeasterly, along a curve to the right having a radius of 120 feet, through a central angle of 42° 20' 04", a distance of 88.67 feet to the Point of Beginning; thence

1. Southeasterly, along the southerly right-of-way of Chardonay Drive, along the same curve to the right having a radius of 120 feet, through a central angle of 15° 42' 01", a distance of 32.88 feet to a point of tangency; thence

2. S 25° 00' 00" E, along the southwesterly right-of-way of Chardonay Drive, a distance of 269.12 feet to a point of curvature; thence

3. Southerly, along a curve to the right having a radius of 570 feet, through a central angle of 24° 19' 00", a distance of 241.91 feet to a point of tangency; thence

4. S 00° 41' 00" E, along the westerly right-of-way of Chardonay Drive, a distance of 120.39 feet to a point; thence

5. S 89° 19' 00" W, a distance of 35 feet to a point; thence
6. N 00° 41' 00" W, a distance of 120.39 feet to a point of curvature; thence
7. Northerly, along a curve to the left having a radius of 535 feet, through a central angle of 18° 39' 20" W, a distance of 174.20 feet to a point; thence
8. S 39° 12' 59" W, a distance of 679.18 feet to a point; thence
9. S 50° 05' 00" E, a distance of 65 feet to a point; thence
10. S 39° 55' 00" W, a distance of 123.46 feet to a point; thence
11. S 00° 43' 00" E, a distance of 140.49 feet to a point; thence
12. S 89° 17' 00" W, a distance of 165 feet to a point; thence
13. N 04° 30' 21" W, a distance of 495 feet to a point; thence
14. N 39° 55' 00" E, a distance of 843.37 feet to the Point of Beginning.

PHASE II

THAT TRACT OR PARCEL OF LAND, containing 5.24 acres, more or less, being part of Town Lot 39, Township 12, Range 4, Town of Perinton, Monroe County, State of New York, as shown on Drawing No. 2826A-19, dated May, 1986, entitled "Southern Hills, Section IA and IIA, Preliminary Site Plan" as prepared by Sear-Brown Associates, P.C., and being more particularly bounded and described as follows:

Commencing at a point on the south right-of-way line of Pittsford-Palmyra Road, N.Y.S. Route #31, said point also being the northwest corner of lands, now or formerly owned by Edward F. DeWeaver and wife, Tax Account No. 180.050-01-003; thence

A. N 83° 36' 12" W, along the south right-of-way line of Pittsford-Palmyra Road, Route #31, a distance of 99.87 feet to a point; thence

B. S 00° 41' 00" E, along the westerly right-of-way of Chardonnay Drive, a distance of 204.26 feet to a point of curvature; thence

C. Southeasterly, along a curve to the left having a radius

of 180 feet, through a central angle of $72^{\circ} 19' 11''$, a distance of 227.20 feet to a point of tangency; thence

D. S $83^{\circ} 02' 05''$ E, a distance of 182 feet to a point of curvature; thence

E. Southeasterly, along a curve to the right having a radius of 120 feet, through a central angle of $58^{\circ} 02' 05''$, a distance of 121.55 feet to the point of tangency; thence

F. S $25^{\circ} 00' 00''$ E, along the southwesterly right-of-way of Chardonnay Drive, a distance of 269.12 feet to a point of curvature; thence

G. Southerly, along a curve to the right having a radius of 570 feet, through a central angle of $24^{\circ} 19' 00''$, a distance of 241.91 feet to a point of tangency; thence

H. S $00^{\circ} 41' 00''$ E, along the westerly right-of-way of Chardonnay Drive, a distance of 120.39 feet to a point, said point being the Point of Beginning; thence

1. S $00^{\circ} 41' 00''$ E, a distance of 49.18 feet to a point; thence

2. Southwesterly, along a curve to the right, having a radius of 170 feet through a central angle of $30^{\circ} 41' 00''$, a distance of 91.04 feet to a point of tangency; thence

3. S $30^{\circ} 00' 00''$ W, a distance of 226.34 feet to a point of curvature; thence

4. Southwesterly, along a curve to the left having a radius of 355 feet through a central angle of $29^{\circ} 44' 04''$, a distance of 184.23 feet to a point; thence

5. S $89^{\circ} 17' 00''$ W, a distance of 340.73 feet to a point; thence

6. N $00^{\circ} 43' 00''$ W, a distance of 140.49 feet to a point; thence

7. N $39^{\circ} 55' 00''$ E, a distance of 123.46 feet to a point; thence

8. N $50^{\circ} 05' 00''$ W, a distance of 65 feet to a point; thence

9. N $39^{\circ} 12' 59''$ E, a distance of 679.18 feet to a point; thence

10. Southeasterly, along a curve to the right having a radius of 535 feet, through a central angle of $18^{\circ} 39' 20''$, a distance of 174.20 feet to a point of tangency; thence

11. S $00^{\circ} 41' 00''$ E, a distance of 120.39 feet to a point;

thence

12. N 89° 19' 00" E, a distance of 35 feet to the Point of Beginning.

CERTIFICATE OF INCORPORATION

OF

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

Under Section 402 of the Not-for-Profit Corporation Law

The undersigned, for the purpose of forming a corporation under Section 402 of the Not-for-Profit Corporation Law of the State of New York, does hereby certify:

1. The name of the Corporation is TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.
2. The Corporation is a Corporation as defined in Subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law.
3. The purposes for which the Corporation is formed are: To acquire title to the common areas in the subdivision known as Townhomes of Southern Hills Subdivision in the Town of Perinton, County of Monroe and State of New York, and to construct, manage, maintain, care for, preserve, and protect the corporation property, and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation; to enforce all covenants, restrictions, easements and agreements pertaining to the subdivision described in the Declaration of Covenants, Restrictions, Easements, Charges and Liens for Townhomes of Southern Hills Subdivision, to be recorded in the Monroe County Clerk's Office, and any supplements or additions thereto; and to do any act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its members, directors or officers except as permitted under the Not-for-Profit Corporation Law.
4. The Corporation is a Type A Corporation under Section 201 of the Not-for-Profit Corporation Law.

5. The office of the Corporation is to be located in the Town of Perinton, County of Monroe and State of New York.

6. The names and addresses of the initial directors of the Corporation are:

ANDREW COLARUOTOLO

27 Emerald Hill Circle
Fairport, New York 14450

ANTOINETTE M. COLARUOTOLO

27 Emerald Hill Circle
Fairport, New York 14450

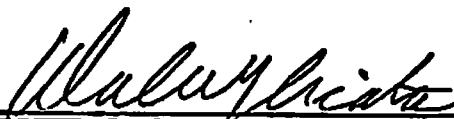
JOHN COLARUOTOLO

15 Vista View Drive
Fairport, New York 14450

7. The Secretary of State is hereby designated as the agent of the Corporation upon whom process against the Corporation may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon the Secretary of State is: Townhomes of Southern Hills Homeowners Association, Inc., 27 Emerald Hill Circle, Fairport, New York, 14450.

8. The incorporator of this Corporation is a natural person at least eighteen (18) years of age.

IN WITNESS WHEREOF, this Certificate has been subscribed this 18th day of March, 1986, by the undersigned who affirms that the statements made herein are true under the penalties of perjury.



WALTER J. LICITA
1025 Times Square Building
Rochester, New York 14614

ORGANIZATION NAME

TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.

<u>FILED</u> 04/04/86	<u>DURATION & COUNTY CODE</u> P MONR	<u>FILM NUMBER</u> B342655-3	<u>CASH NUMBER</u> 703894
<u>NUMBER AND KIND OF SHARES</u>		<u>LOCATION OF PRINCIPAL OFFICE</u>	

TYPE A

<u>ADDRESS FOR PROCESS</u> THE CORP. EMERALD HILL CIRCLE PORT JEFFERSON NY 14450	<u>REGISTERED AGENT</u>
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FEES AND TAX PAID AS FOLLOWS:

CHECK \$ 00050.00 AMOUNT OF MONEY ORDER \$ _____ AMOUNT OF CASH \$ _____

00 DOLLAR FEE TO COUNTY

\$ 050.00 FILING
\$ TAX
\$ CERTIFIED COPY
\$ CERTIFICATE

NAME AND ADDRESS:

LEVY FELDMAN & LICATA, P.C.
15 EXCHANGE STREET
ROCHESTER NY 14614

TOTAL PAYMENT \$ 0000050.00

REFUND OF \$

TO FOLLOW

EXHIBIT C
BY-LAWS OF TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.

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EXHIBIT C**BY-LAWS OF****TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.****ARTICLE I****NAME AND LOCATION**

Section 1. "Name and Location". The name of the corporation is **TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.** The principal office of the corporation shall be located at 27 Emerald Hill Circle, Fairport, Monroe County, New York, but meetings of members and directors may be held at such places within the State of New York, Monroe County, as may be designated by the Board of Directors.

ARTICLE II**DEFINITIONS**

Section 1. "Association" shall mean and refer to the **TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC.**, its successors and assigns.

Section 2. "Owner" shall mean and refer to the owner, whether now or hereafter owned, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation, unless or until such secured parties have acquired title pursuant to a foreclosure, or any proceedings in lieu of foreclosure.

Section 3. "Member" shall mean and refer to those persons

entitled to membership as provided in the Declaration. It shall be appurtenant to and may not be separated from such Lot ownership.

Section 4. "Common Area" shall mean all real property which will be conveyed to the Association pursuant to the Declaration for the common use and enjoyment of its members as shown on a map of the Properties, entitled Southern Hills Subdivision, Section IA, which map is filed in the Monroe County Clerk's Office in Liber 236 of Maps at page 68.

Section 6. "Common Facilities" shall mean all improvements located on the Common Area for the common use and enjoyment of the Association and its members.

Section 7. "Lot" shall mean and refer to any plot of land shown upon the filed subdivision map of the Properties, with the exception of the Common Areas, which is or will be, improved by one unit dwelling structure.

Section 8. "Unit Dwelling Structure" shall mean and refer to a dwelling structure erected on a unit Lot, attached and separated from other like dwelling structures by one or more common party walls, each being capable of separate ownership and designated for occupancy by a single family.

Section 9. "Maps" shall mean and refer to any and all subdivision maps recorded or filed, from time to time, in the Monroe County Clerk's Office covering the Properties.

Section 10. "Declarant" shall mean and refer to Anco Builders, Inc., its successors and assigns.

Section 11. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Monroe County Clerk's Office.

ARTICLE III

MEMBERSHIP: MEETING OF MEMBERS

Section 1. "Exercise of Rights and Privileges". The exercise of membership rights and privileges are contingent upon payment of any and all assessments provided for in the Declaration. The Association has the right to suspend the use of any facilities on the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed 30 days for any infraction of its published rules and regulations.

Section 2. "Annual Meetings". The first annual meeting shall be held within 1 year from the date of incorporation of the Association. Each subsequent regular annual meeting shall be held during the month of June at a time and place to be determined by the Board of Directors.

Section 3. "Special Meetings". Special meetings of the Members may be called at any time by the president, by the vice president or by 2 or more members of the Board of Directors, or upon written request of the Members who are entitled to cast one-fourth of all of the votes of Class A Membership.

Section 4. "Notice of Meetings". Written notice of each meeting shall be given by, or at the direction of, the secretary

or person authorized to call the meeting, by mailing a copy thereof, postage prepaid, at least 15 days before such meeting to each Member entitled to vote thereat. Such notice shall specify the purpose, place, day and hour of the meeting.

Section 5. "Quorum". The presence at the meeting of Members, or of proxies, entitled to cast one-half of the votes of the Members entitled to vote shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at proxies at any meeting, the Members present and entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum, as aforesaid, shall be present or be represented by such proxies.

Section 6. "Proxies". At all meetings of Members, the casting of votes may be accomplished in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of that Member's Lot.

Section 7. "Notice and Quorum for Levying Special Assessments". Written notice of any meeting called for the purpose of levying special assessments shall be as is described in Article V, Section 4 of the Declaration.

If the required quorum, as described in the preceding paragraph, is not present, a second meeting may be called subject

to the same notice requirement and the required quorum at the second meeting shall be two-thirds of all votes of each class of membership.

No such second meeting or subsequent meeting shall be held later than 60 days following the preceding meeting.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. "Number". The affairs of the Association shall be managed by a Board of Directors, who need not be Members of the Association. The number of the Board of Directors shall not be less than three but not more than five.

Section 2. "Initial Board of Directors". Until the first annual meeting, the names and addresses of the Directors shall be as follows:

Andrew Colaruotolo
27 Emerald Hill Circle
Fairport, New York 14450

Antoinette M. Colaruotolo
27 Emerald Hill Circle
Fairport, New York 14450

John Colaruotolo
15 Vista View Drive
Fairport, New York 14450

The initial Board of Directors shall be designated by Declarant, who is authorized to choose the Directors until all 76 units are transferred, or for a period of 3 years after the conveyance of the first unit, whichever occurs first.

Section 3. "Term and Election". At such time as the Members

become empowered to elect a Board of Directors, they shall elect 3 Directors, the person receiving the greatest number of votes serving for 3 years, the person receiving the next highest number of votes serving for 2 years and the person receiving the next highest number of votes serving for 1 year. Thereafter and at each annual meeting the Members shall elect 1 Director to serve for 3 years.

Section 4. "Removal". Any Director may be removed from the Board with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, that Director's successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of said Director's predecessor.

Section 5. "Compensation". No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of that Director's duties.

ARTICLE V

MEETINGS OF BOARD OF DIRECTORS

Section 1. "Regular Meetings". Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed, from time to time, by resolution of the Board. The first meeting of the Board of Directors will be within 90 days after the transfer of title of the first unit. Should said meeting fall upon a legal holiday, then that meeting shall be held at

the same time on the next day which is not a legal holiday. Notice of the regular meetings shall be given to each Director personally or by mail, telephone or telegram at least 3 days prior to the day named for the meeting unless such notice is waived.

Section 2. "Special Meetings". Special meetings of the Board shall be held when called by the president or vice president of the Association, or by any two Directors, after not less than 3 days notice to each Director to be given personally, by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting. Any Director may waive notice of a meeting before, at or after the meeting and such waiver shall be equivalent to the giving of notice.

Section 3. "Quorum". A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting, at which quorum is present, shall be regarded as the act of the Board. If, at any meeting of the Board there be fewer than a quorum, the Directors present shall adjourn the meeting from time to time until a quorum is present. At an adjourned meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

Section 4. "Action Without Meeting". Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all of the members of the Board

consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board of Directors.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. "Powers". The Board of Directors shall have the power, in addition to the other powers already enumerated herein, to:

A. Exercise for the Association all powers, duties and authority of the Association, as vested in or delegated to it by and through the Declaration, and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration;

B. Establish, levy, collect and enforce all annual and special assessments on the Common Area and Common Facilities by any lawful means pursuant to the terms of the Declaration;

C. Pay all expenses incurred by the Association in the conduct of its business, including all licenses, taxes and other governmental charges;

D. With the consent of two-thirds of the members:

(1) Acquire by gift, purchase or otherwise own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real property in connection with the affairs of the Association;

(2) Borrow money for the purpose of improving the Common Area and Common Facilities, and in aid thereof, and with

the consent of two-thirds of the Members, mortgage, pledge, deed in trust or hypothecate any and all of its real or personal property as security for money borrowed or debts incurred;

(3) Dedicate, sell or transfer any or all of the Common Area or Common Facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members.

E. That the provisions of this Article VI, Section 1-D, subparagraphs (1) through (3), shall not apply to the conveyances and acquisition of real property provided in Article II, Section E of the Declaration.

F. Participate in mergers and consolidations with other not-for-profit corporations organized for the same purposes, provided such merger or consolidation shall have the consent of two-thirds of the Members;

G. Adopt and publish Rules and Regulations governing the use of the Common Area and Common Facilities, and the personal conduct of the Members, their families and guests thereon, and to establish penalties for the infraction thereof.

H. Declare the office of a Member of the Board to be vacant in the event such Member shall be absent from three consecutive regular meetings of the Board of Directors.

I. Employ a manager, independent contractor, managing agent, or such other employees as the Board deems necessary and to prescribe their duties so as to facilitate the efficient opera-

tion of the Properties, the Common Area and Common Facilities. It shall be the primary purpose of such management to provide for the administration, management, repair and disbursement of funds as may be authorized by the Board of Directors. The term of such agreements shall be determined by the Board, and shall be subject in all respects to the Certificate of Incorporation, these By-Laws and the Declaration;

J. Have and exercise any and all powers, rights and privileges which a corporation organized under the Not-For-Profit Corporation Law of the State of New York by law may now or hereafter have or exercise.

Section 2. "Duties". It shall be the duty of the Board of Directors to:

A. Cause to be kept a complete record of all of its acts and corporate affairs and to regularly present a written report thereon in compliance with New York statutes to the Members at the annual meeting of the Members, or at any special meeting to present a written report only when same is requested in writing by at least one-fourth of the Members who are entitled to vote;

B. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

C. As more fully provided in the Declaration, to:

(1) Fix the amount of the annual and special assessments to be assessed and levied against each Lot at least 30 days

in advance of such assessment and levy, as provided in the Declaration;

(2) Send written notice of each assessment to every Owner of a Lot subject thereto at least 30 days in advance of such assessment and levy;

(3) Foreclose the lien against any Lot for which assessments are not paid within 30 days after their due date, or to bring an action at law against the Owner thereof personally obligated to pay the same;

D. Issue, or cause an appropriate Officer to issue, upon demand by any person, a Certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these Certificates. If a Certificate states an assessment has been paid, such Certificate shall be conclusive evidence of such payment;

E. Procure adequate liability and/or casualty insurance for the units, Common Area and Common Facilities;

F. To assure the maintenance, repair and operation of all Association property for the common use and enjoyment of unit Owners;

G. Cause all officers or employees having fiscal responsibilities to be bonded, as the Association may deem appropriate; and

H. Cause to be prepared annual fiscal statements of the Association which are to be mailed to each Member by June

15 of each year.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. "Enumeration of Officers". The Officers of this Association shall be a president and vice president, who shall, at all times, be Members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may, from time to time by resolution create.

Section 2. "Election of Officers". The election of Officers shall take place at the first meeting of the Board following each annual meeting of the Members of the Association. Election shall be by a majority vote.

Section 3. "Term". The Officers of this Association shall be elected annually by the Board and each shall hold office for one year unless that Officer shall sooner resign or shall be removed, or otherwise disqualified to serve.

Section 4. "Special Appointments". The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. "Resignation and Removal". Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the president or secretary. Such resignation shall take effect

on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. "Vacancies". A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer replaced.

Section 7. "Multiple Offices". The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. "Duties". The duties of the Officers shall be as follows, or as may later be established by written resolution of the Board of Directors:

A. President: The president shall preside at all meetings of the Board of Directors; see that orders and resolutions of the Board are carried out; shall sign, when appropriate, all leases, mortgages, deeds and other written instruments.

B. Vice President: The vice president shall act in the place and instead of the president in the event of the president's absence, inability or refusal to act; and shall exercise and discharge such other duties as may be required of such officer by the Board.

C. Secretary: The secretary shall record the votes

and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses.

D. Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

E. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness issued in the name of the Association shall, unless otherwise provided by resolution of the Board of Directors, be signed by the president or treasurer.

F. The compensation, if any, of all Officers and employees of the Association shall be fixed by the Board of Directors. However, a Member of the Board shall not be entitled to compensation for his services as such, but he may be reimbursed for any out-of-pocket expenses incurred on behalf of the Association. This provision shall not preclude the Board of Directors

from employing a Director as an Officer or employee of the Association.

ARTICLE VIII

FISCAL MANAGEMENT

The provisions for fiscal management of the Association as set forth as follows:

Section 1. "Assessment Roll". The assessment roll shall be maintained in a set of books of account in which there shall be an account for each lot in the subdivision. Such an account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

Section 2. "Budget". The Board of Directors shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Association in the manner provided for in the Declaration.

Section 3. "Fiscal Year". The fiscal year of the Association shall begin on the 1st day of April and end on the 31st day of March of every year, except that the first fiscal year shall begin on the date title to the first unit is conveyed to a purchaser.

Section 4. "Depository". The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors and in which the monies of the

Association shall be deposited. Withdrawal of monies from such accounts shall only be by checks signed by the President or Treasurer or as otherwise authorized by the Board.

Section 5. "Audit". An audit of the accounts of the Association including a summarization of receipts and expenditures, shall be made annually at the end of each fiscal year by a certified public accountant, selected by the Board, and a copy of the report, including the summarization of receipts and expenditures for the year, shall be furnished to each member.

Section 6. "Fidelity Bonds". The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be an expense of the Association.

ARTICLE IX

INDEMNIFICATION

To the extent permitted by law, the Association shall indemnify and defend any person made a party to any proceeding by reason of the fact that he is, or was, a director or officer of the Association against any loss and expense incurred by him by reason of such proceeding, including the settlement thereof, except in relation to matters which such person is adjudicated to be liable for gross misconduct in the performance of his duties.

ARTICLE X

COMMITTEES

The Board of Directors may appoint an Architectural Committee,

as provided in the Declaration. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association, the assessments set out therein which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, the assessment shall bear interest from the date of delinquency at the maximum permissible rate and the association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment

of that Owner's Lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC., CORPORATE SEAL.

ARTICLE XIV

AMENDMENTS

Section 1. "Amendment". These By-Laws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. "Conflicts Between Documents". In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate shall control. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

SECRETARY

MANAGEMENT AGREEMENT

AGREEMENT commencing the _____ day of _____, 1986, by and between TOWNHOMES OF SOUTHERN HILLS HOMEOWNERS ASSOCIATION, INC., a New York not-for-profit corporation, hereinafter called the "Association" with its principal office at 27 Emerald Hill Circle, Fairport, New York, 14450, and JC MANAGEMENT SERVICES, with its principal office at 15 Vista View Drive, Fairport, New York, 14450, hereinafter called "JC Management".

WITNESSETH

In consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto mutually agree as follows:

I. The Association hereby appoints JC Management, and JC Management hereby accepts appointment pursuant to the terms and conditions herein provided, as exclusive managing agent of the Townhouse Project known as Townhomes of Southern Hills, Phase I, in the Town of Perinton, County of Monroe and State of New York, consisting of or to consist of forty (40) townhouses.

II. The authority and duties conferred upon JC Management herein are confined to:

A. The Common Area as defined in the recorded Declaration of Covenants, Conditions and Restrictions (hereinafter called the "Declaration") and the recorded Plat thereof; and

B. The exterior surfaces for which the the Association has maintenance responsibilities as defined in the Declaration.

Such authority and duties do not and shall not include supervision or management of individual townhouses except as stated above.

III. The Association shall furnish JC Management with a complete set of the plans and specifications of the Townhouse Project; with the aid of these documents, JC Management will inform itself with respect to the layout, construction, locations, character, plan and operation of the Common Areas and the roofs and exterior walls of the townhouse units. Copies of any and all guarantees pertinent to the Common Area, roofs and exterior walls of the Townhouse Project and in force at the time of the execution of this Agreement shall be furnished to JC Management by the Association. JC Management shall have no responsibility for any replacement, repairs or maintenance of the interiors of the Townhouse units except insofar as the Association has an interest in a casualty loss.

IV. JC Management shall render services and perform duties as follows:

A. Maintain businesslike relations with members, whose service requests shall be received, considered and recorded in systematic fashion in order to show the action taken with respect to each. Complaints of a serious nature shall, after investigation, be reported to the Association's Board of Directors with appropriate recommendations. As part of a continuing program, JC Management will assist the Association in seeking full performance by members of all items of maintenance for which they are responsible.

B. Cause the buildings, appurtenances and grounds of the Townhouse Project to be maintained according to standards acceptable to the Association's Board of Directors.

C. As may be requested or required by the Board, take such action as the Board deems necessary to comply with any and all orders or requirements affecting the premises or improvements placed thereon by any Federal, State, County or Town authority having jurisdiction thereover, and the Board of Fire Underwriters or other similar bodies.

D. Negotiate all contracts as Agent for the Association for law mowing, snow removal and other necessary services as the Board of Directors may deem advisable.

E. JC Management shall place orders for such equipment, tools, materials and supplies as are necessary to properly maintain the Townhouse Project. Expenses incurred for such purchases shall not exceed \$500.00 per occurrence unless specifically authorized by the Association.

F. Insurance:

1. Investigate and seek out bids or quotes from licensed insurers for all necessary forms of insurance as in the opinion of the Board may be required by the Declaration or otherwise be appropriate, including but not limited to public liability insurance and fire and extended coverage insurance on all dwellings. All the various types of insurance coverage required shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Association's Board of Directors.

2. Investigate and maintain reports of all accidents or claims for damage as reported to it relating to the management, operation and maintenance of the Townhouse Project, including any damage or destruction thereof and the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith.

G. Maintain the Association's records, books and accounts. As a standard practice, JC Management shall render to the Association a statement of income and expense as of the end of every quarter. Annually, such records, books and accounts shall be audited and appropriated tax returns prepared by a Certified Public Accountant, acceptable to the Association's Board of Directors, whose report shall be submitted to the Association's Board of Directors.

H. Collect and, as necessary, receipt for all monthly assessments and other charges due the Association. The only responsibility that JC Management has for the collection of delinquent assessments is as follows: (i) send a delinquency notice during the first delinquent month; (ii) prepare and file a lien if no response or payment is received by the 10th day of the following month; the Association hereby authorizes JC Management to file such liens.

I. Designate one of its employees as property manager for the Association; such employee shall attend quarterly meetings of the Board of Directors as well as the Annual Meeting of the Members of the Association. For additional meetings of the Board with the property manager or with other JC Management employees, JC Management may charge the Association at an hourly rate not to exceed

\$60.00 per hour, which rate may be lessened or waived depending on the employee, the frequency, location and/or the time of the day and day of the week of such meeting(s).

V. Everything done by JC Management under the provisions of this Article V shall be done as Managing Agent contracted by the Association, and all obligations or expenses incurred thereunder shall be for the account, on behalf, and at the expense of the Association including but not limited to attorneys fees and/or fees to Certified Public Accountants. JC Management shall not be obligated to make any advance to or for the Association or to pay any sum, except of funds held or provided as aforesaid, nor shall JC Management be obligated to incur any liability or obligation for the account of the Association without assurance that the necessary funds for the discharge thereof will be provided. JC Management shall not reimburse itself for any portion of its overhead expenses, administrative expenses, managerial or reasonable secretarial and bookkeeping expenses. However, materials for repairs, postage, long distance telephone calls and supply expenses are Association expenses and JC Management is authorized to reimburse itself for such expenses. Charges for copies shall be \$0.10 per page for letter or legal size and \$0.15 per page for ledger size. Other services which are not included in the management fee may be available from JC Management at fees mutually agreeable to both parties. Examples of such services are preparation of newsletters, annual insurance billing, negotiations with Developers or governmental officials and revision of control documents. Charges by JC Management for preparation of closing packages are billed to the requesting party (usually the purchaser).

VI. For casualty losses requiring reconstruction expense of \$4,000.00 or more resulting from a single occurrence, JC Management shall not be responsible for supervision except as may be mutually agreed by JC Management and the Association at an additional cost to the Association.

VII. Notwithstanding the provisions of this Agreement regarding JC Management's general manage responsibilities, the services provided by JC Management do not include research or bidding of new capital improvements for any items or projects exceeding \$1,000.00 in expense.

VIII. Notwithstanding the provisions of this Agreement regarding JC Management's general management responsibilities, the services provided by JC Management's do not include preparation of specifications or bidding of repair or replacement work (any single project) which project shall incur expense in excess of \$10,000.00.

IX. For provision of services excluded from this Agreement pursuant to the terms of paragraphs VI, VII, or VIII, the Association may enter into separate agreements with JC Management or with any third party.

X. JC Management shall establish and maintain, in a bank whose deposits are insured by an agency of the Federal Government, a separate bank account in the name of the Association for the deposit of monies of the Association, with authority to draw thereon for any payments to be made to discharge any liabilities or obligations incurred by the Association pursuant to this Agreement including JC Management's fee. JC Management shall also establish and maintain, in investment vehicles approved by the Board of Directors, and also in the name of the Association, one or more additional accounts for the deposit of monies of the Association.

XI. A. The compensation which JC Management shall be entitled to receive for services performed under this agreement shall be a fee in the total amount of \$5,000.00, payable in equal monthly installments, in advance, on the first day of each month.

B. The Association shall give sixty (60) days notice of its intention to enter into a new contract with JC Management at the end of the term.

XII. The Association and JC Management agree that all repairs to the Common Area and the exteriors of the Townhouses which do not require a specialized contractor shall be performed by JC Management at the expense of the Association on a time and materials basis. The maximum hourly rate which JC Management may charge to the Association for repair service personnel shall be initially \$27.00 per hour (plus applicable tax). The parties hereto further agree that the Association shall pay JC Management for the time of its Service personnel in inspecting repair and replacement work performed by outside contractors.

XIII. TERMINATION:

A. This Agreement shall be effective as of the date first above written unless terminated as provided below shall continue in effect for a period of one (1) year.

B. EARLY TERMINATION:

1. This Agreement may be terminated by mutual consent in writing of the parties hereto as of the end of any calendar month.

2. In the event a petition of bankruptcy is filed by or against JC Management or the Association or in the event that either party shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party may terminate this Agreement without notice to the other. In the event this Agreement is terminated pursuant to this subparagraph, the Association shall immediately and automatically have a lien upon all funds held by JC Management for the benefit of the Association in accordance with the terms of the Agreement. The Association's Board of Directors shall have the right and power to do all things necessary for the enforcement and foreclosure of said lien.

XIV. INDEMNIFICATIONS:

A. JC Management agrees to indemnify and hold harmless the Association from any claim or loss arising from personal injury, bodily injury or property damage caused by the negligence of JC Management, its agents or employees in the performance of its operations. JC Management agrees to defend promptly and diligently, at its sole cost and expense, any such claim, action or proceeding brought against the Association even if such claim is asserted after the term of this Agreement.

B. The Association agrees to indemnify and hold harmless JC Management from any claim or loss arising from personal injury, bodily injury or property damage by reason of cause other than JC Management's negligence either on or about the Association's premises or elsewhere. The Association agrees to defend promptly and diligently, at its sole cost and expense, any such claim, action or proceeding brought against JC Management even if such claim is asserted after the term of this Agreement.

XV. As Used in this Agreement:

A. The term "assessments" shall mean those monthly rates, or one-time charges, established by the Association's Board of Directors which the members are bound to pay as their share of common expenses under the Declaration.

B. The term "Association" means, as used herein, a corporation existing of all owners of townhouses in the Townhouse Project, organized and existing under the laws of the State of New York.

XVI. A. This Agreement shall inure to the benefit of and constitute a binding obligation upon the contracting parties, their respective successors and assigns, except that JC Management shall not, without the prior written consent of the Association, make an assignment of this Agreement.

B. This Agreement shall constitute the entire Agreement between the contracting parties and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this Agreement, and shall be construed according to New York State Law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective the day and year first above written.

TOWNHOMES OF SOUTHERN HILLS
HOMEOWNERS ASSOCIATION, INC.

DATED: _____

By: _____

JC MANAGEMENT SERVICES

DATED: _____

By: _____

PURCHASE AGREEMENT

Agreement made and dated _____, 198____, between ANCO BUILDERS, INC., a New York Corporation having its principal office at 27 Emerald Hill Circle, Fairport, New York 14450, hereinafter called the "Seller" and _____ residing at _____, hereinafter called the "Purchaser".

WHEREAS, the Seller desires to offer for sale single family residences to be situated on the land owned by it located in the Town of Perinton, Monroe County, New York, together with mandatory memberships in Townhomes of Southern Hills Homeowners Association, Inc., hereinafter called the "Homeowners Association", and the Purchaser is desirous of purchasing a single family residence therein and obtaining membership in the Homeowners Association.

NOW, THEREFORE, in consideration of the mutual promises and undertakings hereinafter set forth, the parties hereto mutually agree as follows:

1. Sale of Home. Seller agrees to sell and convey and Purchaser agrees to purchase that certain parcel of land situate in the Town of Perinton, Monroe County, New York, known as Lot No. _____ of Block _____ of Townhomes of Southern Hills Subdivision, as shown on a map of the subdivision, filed in the Monroe County Clerk's Office on March 13, 1986, in Liber 236 of Maps, at page 68, together with a membership in the Homeowners Association, to be improved by a single family dwelling thereon in accordance with basic plans and specifications for the model known as _____ on file with Seller at its office which plans and specifications are made a part of this Agreement as if they were set forth in full herein, the "Premises". These plans and specifications are amended only by the changes made on Schedule "A" attached hereto and made a part of this Agreement.

2. Homeowners Association. Seller has exhibited and delivered to Purchaser and Purchaser has read and agrees to be bound by the proposed Declaration of Covenants, Conditions and Restrictions, and the By-Laws and Offering Plan of the Homeowners Association (and the Exhibits attached thereto), as the same may from time to time be amended, all of which are incorporated by reference and made a part of this Agreement with the same force and effect as if set forth in full herein. With the purchase of the Premises, Purchaser acknowledges that Purchaser will automatically thereby become a member of the Homeowners Association, subject to its rules and regulations and liable for its assessments. This Agreement is being executed more than 72 hours after the receipt by Purchaser of a copy of the Offering Plan.

3. Purchase Price. The purchase price for the construction of the residence on the property described above as per basic plans and specifications including the cost of the optional items, if any, set forth in Schedule "A" is \$ _____.

4. Additions to the Price stated in Paragraph 3 above are to be charged as follows:

All charges for modifications, extras, or other items in addition to those listed on Schedule "A" attached hereto, shall be mutually agreed to in

writing between Purchaser and Seller and shall be paid for in cash upon the signing of such agreement, or at Seller's option, at closing.

5. Payment of the Purchase Price: The Purchase Price in the amount of \$ _____, is payable by Purchaser as follows:

Upon Signing this Agreement	\$ _____
Upon Purchaser's Receipt of a Mortgage Commitment	_____
Upon _____	_____
Cash or Certified Check at Time of Closing	_____
TOTAL	\$ _____

6. Deposits: Purchaser is advised that to assure the return of Purchaser's payments ("deposits") before delivery of the deed in the event this Agreement is terminated for reasons other than Purchaser's default:

Seller will obtain an irrevocable letter of credit from Central Trust Company, 44 Exchange Street, Rochester, New York, 14614 with funds to be available on the signed certification of a member of the firm of Levy, Feldman & Licata, P.C., attorneys for Seller; or

Deposits will be held in escrow by Seller at Central Trust Company, 44 Exchange Street, Rochester, New York, 14614, in a special account entitled "Townhomes of Southern Hills Escrow Account", until closing, and released upon the signature of a member of the firm of Levy, Feldman & Licata, P.C., attorneys for Seller.

In the event this Agreement is terminated for reasons other than Purchaser's default, deposits, with interest if any, will be returned to Purchaser within 15 days of such termination. The funds will be handled in accordance with Section 352-h and 352-e(2) (b) of the New York General Business Law.

YOU, AS THE PURCHASER OF THIS RESIDENCE, MAY REQUIRE THE RECIPIENT OR CONTRACTOR TO DEPOSIT THE INITIAL ADVANCE MADE BY YOU IN AN ESCROW ACCOUNT. IN LIEU OF SUCH DEPOSIT, THE RECIPIENT OR CONTRACTOR MAY POST A BOND OR CONTRACT OF INDEMNITY WITH YOU GUARANTEEING THE RETURN OF SUCH ADVANCE.

7. Contingencies (Check appropriate Contingency):

(a) This Agreement is subject to Purchaser obtaining a mortgage loan secured by a first mortgage on the Premises in the amount of \$ _____. Purchaser agrees to immediately apply for such loan and to furnish, deliver and/or execute all other instruments in connection with the application for such loan. If the mortgage application is refused because of the failure to comply with the foregoing, that is a default under this Agreement. If after compliance with the foregoing Purchaser does not obtain a written mortgage commitment from the lender within sixty (60) days from the date of this Agreement, then this Agreement shall become null and void and the deposit shall be refunded to the Purchaser, whereupon the parties hereto shall be released from any further liability hereunder. Any conditions of such mortgage commitment shall be the sole responsibility of Purchaser.

(b) This Agreement is further contingent upon Purchaser entering into a firm sale agreement with all contingencies removed, for the sale of

Purchaser's property located at _____ within ninety (90) days from the date of this Agreement. If such agreement is not entered into, and all contingencies removed therefrom, and Seller is not so notified in writing within the ninety (90) day period then, at Seller's option, this Agreement may be terminated by written notice to Purchaser, and the deposit shall be refunded to Purchaser, whereupon the parties hereto shall be released from any further liability hereunder.

Purchaser will, in good faith and with due diligence, actively seek to sell the above property and in connection therewith, Purchaser shall immediately enter into a multiple listing agreement with a reputable licensed real estate broker for the sale of the property. Purchaser shall cause the broker to advertise the property in an effort to obtain a buyer in a manner consistent with prevailing practices of said brokers in Monroe County, New York.

If Seller receives an offer from a third party to purchase Lot No. _____, acceptable to the Seller, Seller shall so notify Purchaser in writing and upon receipt of such notice, Purchaser shall, have seventy-two (72) hours, within which to remove the contingency set forth in this paragraph (b) in writing, or this Agreement shall become null and void, whereupon Purchaser shall have no further claim to or interest in said Lot No. _____ and the deposit shall be refunded to Purchaser, whereupon the parties hereto shall be released from any further liability hereunder.

() (c) Purchaser acknowledges that Lot No. _____ is part of a 4/6 unit cluster. Seller will not commence construction of Lot No. _____ until three fourths of all units in the Block are under contract with written mortgage commitments accepted by contract vendees and no other contingencies.

8. Closing Date and Completion of Home. Construction of the residence shall be completed and title transferred on or about the _____ day of _____, 198__, or one hundred twenty (120) days after Purchaser notifies Seller in writing of the removal of all Agreement contingencies, whichever is later.

These dates are not to be construed as a representation by Seller that possession will be available at said time and are subject to delays due to riots, strikes, labor disputes, war or acts of God; any governmental rulings, regulations or restrictions as to labor or materials; material availability; and any other cause or delay over which Seller has no control.

The parties agree that the residence shall be complete when a Certificate of Occupancy is issued by the Town of Perinton and final approval by the lender making a mortgage loan, if any, has been obtained, except for items which cannot be completed because of weather. Upon completion, Purchaser agrees to accept transfer of title and make all payments provided for herein within fifteen (15) days of being notified of completion. Transfer of title shall be completed at the Monroe County Clerk's Office or at such other place as determined by the parties hereto.

All sums due and unpaid on the Agreement, are to be paid on closing, and if any items remain incomplete, an escrow will be established limited to lawn seeding, grading, driveway blacktopping, exterior painting and gutter work, if

required by the mortgage lender. As to any other unfinished items, Purchaser will accept at closing an agreement signed by Seller to complete such items in a workmanlike manner, and within a reasonable period of time.

9. Deed. At the time of closing of title, Seller shall deliver to Purchaser a Warranty Deed, with lien covenant, conveying good and marketable title in fee simple to the Premises, free and clear of all liens and encumbrances, except as herein stated. Purchaser agrees to accept title to the Premises subject to the Declaration of Covenants, Conditions and Restrictions and the By-Laws of the Homeowners Association, which Seller will record or has recorded in the Monroe County Clerk's Office, both of which are included in the Offering Plan; public utility easements granted or to be granted; covenants and restrictions of record common to the tract or subdivision, provided that the same do not restrict the use and enjoyment of the Premises as a single family residential dwelling; easements and rights of way shown on the subdivision map filed in the Monroe County Clerk's Office; zoning and building codes applicable to the Premises.

10. Title Documents. Seller shall furnish and pay the cost thereof and deliver to the attorneys for Purchaser at least ten (10) days prior to date of closing, fully guaranteed tax, title, United States District Court searches, and an instrument survey map of the premises certified to Purchaser, Purchaser's lender and title insurer, if any, all dated or redated subsequent hereto. Seller shall pay for the continuation of said tax, title, United States District Court search, to and including the day of transfer.

11. Certificate of Occupancy: At the time of closing, Seller shall deliver to Purchaser a Certificate of Occupancy, issued by the Town of Perinton.

12. Marketability of Title. In the event that Purchaser raises written objection to Seller's title which, if valid, would render title unmarketable, Seller shall have the right to cancel this Agreement by giving written notice of such cancellation to Purchaser and the deposit shall be refunded to Purchaser, whereupon the parties hereto shall be released from any further liability hereunder. However, if Seller shall be able to cure the objection prior to the date set for closing or if Seller is able to obtain a commitment for title insurance locally at standard rates, in face amount equal to the purchase price, to insure against the objection raised, Seller shall pay for the cost thereof, and this Agreement shall continue in full force and effect. However, it shall be Purchaser's obligation to pay for the cost of insuring against such objection for Purchaser's mortgage lender, if any.

13. Recording Costs, Mortgage Tax, Transfer Tax, and Other Closing Costs. At the time of closing Purchaser will pay the real property transfer tax and the fee for recording the deed to the Premises. If Purchaser is obtaining a mortgage loan, Purchaser shall also pay at time of closing all costs related to the mortgage, which may include the following, mortgage origination and discount fees of the lender, legal fees of the lender, fees for credit reports, cost of appraisal and inspection fees, premium for mortgage title insurance for lender, governmental or private mortgage insurance initial premiums, if applicable, mortgage tax, fee for recording the mortgage, and any escrow deposits required by lender for future payments of real estate taxes and insurance premiums.

14. Closing Costs. Water charges, pure water charges, sewer charges, and current taxes computed on a fiscal year basis will be pro rated and adjusted between Seller and Purchaser as of the date of closing. Purchaser agrees to pay to the Homeowners Association at the closing the sum of \$250.00 to be used as initial working capital and in addition thereto the amount of the monthly Homeowners Association assessment during the month that title closes adjusted between the Purchaser and the Homeowners Association as of the date of closing. Purchaser will pay Purchaser's attorneys fees and for fee title insurance if Purchaser desires such coverage. Purchaser also agrees to reimburse Seller for the cost of the Town of Perinton recreation fee paid by Seller in connection with the Premises and for the water meter fee.

15. Subordination of Purchase Agreement to Building Loan Mortgage. Purchaser agrees that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage heretofore or hereafter made and any advances heretofore or hereafter made thereon, and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, to the full extent thereof without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule or payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. Seller shall satisfy all such mortgages or obtain a release of the Home from the lien of such mortgage at or prior to the closing date.

16. Risk of Loss. Risk of loss or damage to the property until transfer of title shall be assumed by Seller. If any substantial damage to the property occurs prior to transfer, either Purchaser or Seller shall have the option of cancelling this Agreement by written notice without any further liability to the other, whereupon the deposit shall be refunded to Purchaser, and the parties hereto shall be released from any further liability hereunder.

17. Breach of Purchase Agreement by Purchaser. Should Purchaser violate, repudiate, or fail to perform any of the terms of this Agreement, which default remains uncured for thirty (30) days after written notice of such default from Seller, Seller may, at its option, retain all or any part of the monies paid on account hereunder including any charges for modifications or extras and the price of any custom work ordered, as liquidated damages, in which event the parties shall be discharged of all further liability hereunder. The provisions shall apply whether or not construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

18. Lack of Labor/Materials; Seller's Right to Cancel. The parties hereto do hereby agree that Seller may cancel this Agreement by forwarding its check in the full amount paid by Purchaser, together with a notice in writing, addressed to Purchaser at the address hereinabove set forth in the event of the occurrence of either of the following:

(a) that any governmental bureau, department of subdivision thereto shall impose restrictions on the manufacture, sale, distribution and/or use of materials from Seller's regular suppliers or from using same in the construction and/or completion of the residence; or

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(b) that Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements or national emergencies, or the installation of public utilities is restricted or curtailed.

19. Possession by Purchaser Prior to Closing. It is expressly understood and agreed that Purchaser shall in no event take possession of the Premises prior to the time of the delivery of the deed and full compliance by Purchaser with the terms of this Agreement, and should Purchaser violate this provision, Purchaser consents that Seller shall have the right to remove Purchaser from the Premises by summary proceedings. Purchaser's unauthorized possession shall be a default under this Agreement. Prior to closing, Purchaser and Purchaser's mortgage lender, if any, shall have the right to inspect the Premises, upon reasonable notice to Seller.

20. Seller's Failure to Convey. Seller's liability under this Agreement for failure to complete and/or deliver title for any reasons other than Seller's willful default, shall be limited to the refund of the deposit returned hereunder, and upon the return of said deposit, this Agreement shall be null and void and the parties hereto released from any and all liability hereunder. In any event, Seller shall not be required to bring any action or proceeding or otherwise incur any unreasonable expense to render the title to the premises marketable or to cure any objection to title.

21. Acceptance of Deed - Full Compliance by Seller. Anything to the contrary herein contained notwithstanding, it is specifically understood and agreed by the parties hereto that the acceptance of the delivery of the deed at the time of the closing of title hereunder shall constitute full compliance by Seller with the terms of this Agreement and none of the terms hereof, except as otherwise herein expressly provided, shall survive the delivery and acceptance of the deed. All representations contained in the Offering Plan shall survive delivery of the deed.

22. Waiver of Jury Trial. The parties hereto do hereby agree that trial by jury in any action, proceeding or counterclaim arising out of or from this Agreement is hereby waived.

23. Construction of Residence by Seller. Seller agrees, at its own cost and expense to erect and complete the aforementioned residence in accordance with the requirements as to materials and workmanship of the Town of Perinton and the mortgage lender herein set forth, and further agrees that when completed, same will be in substantial accordance with the plans and specifications, as modified by the parties hereto.

24. Assignability: Notice. The parties agree that this Agreement shall be binding upon their respective heirs, executors, administrators, successors and assigns. Purchaser agrees not to record or assign this Agreement or any of his rights hereunder without the written consent of Seller. Any notice to be given hereunder shall be in writing and sent by mail to the parties at the address above given or at such address as either party may hereafter designate to the other in writing.

25. Warranty. For a period of one (1) year after closing, Seller shall continue to service all defects caused directly by defective materials or

workmanship. Seller's obligation to service defects caused directly by defective materials or workmanship shall be limited to the specific replacement or repair of the defective materials or the repair of defective workmanship, as the case may be. Seller shall not be responsible for any glass breakage, wind or storm damage, or any conditions caused by Purchaser's negligence after the closing, or if Purchaser misuses, abuses or otherwise interferes with or changes Seller's original construction or installations. This Warranty is specifically in lieu of any other guaranty or warranty, express or implied, including any warranty of merchantability. This warranty is personal to Purchaser and shall not be extended to any subsequent purchaser or mortgage lender who takes possession of the Premises. Seller will also deliver manufacturers appliance warranties to Purchaser. Seller does not guaranty the health or continued life of any grass, trees or shrubs on the Premises. The provisions of this paragraph shall survive the closing and delivery and acceptance of the deed.

26. No Broker. The parties agree that no broker brought about this sale and Purchaser agrees to indemnify Seller against any claim brought by anyone for brokerage fees based upon Purchaser's act. The provisions of this paragraph shall survive the closing and delivery and acceptance of the deed.

27. Purchasers-Agents for Each Other. If two or more persons are named as the Purchaser herein, any one of them is hereby made agent for the other in all matters of any and every kind or nature affecting the Premises herein or this Agreement.

28. Entire Agreement. This Agreement states the entire understanding of the parties and the parties hereto shall not be bound by any oral representations and/or agreements.

29. Representations and Warranties. Except for the representations and warranties in the Offering Plan, Declaration of Covenants, Conditions and Restrictions, and the By-Laws of the Homeowners Association and this Agreement, Seller has made no representations and/or warranties to Purchaser.

30. Joint and Several Liability and Gender. If more than one (1) person joins in the execution of this Agreement as Purchaser, the covenants and agreements hereof shall be joint and several obligations, and if other than the masculine sex, the relative words herein shall read as if written and the plural and/or such other gender accordingly as the case may be.

31. Governing Law. This Agreement and all of its terms and provisions shall be construed in accordance with the laws of the State of New York.

32. Inconsistencies. In the event there are inconsistencies between this Purchase Agreement and the Offering Plan, they shall be resolved in favor of the Offering Plan.

In Witness Whereof, the parties hereto have executed this Agreement the day and year first above written.

ANCO BUILDERS, INC.

Witness

By: _____

Witness

Purchaser

Witness

Purchaser

June 25, 1986

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attention: Real Estate Financing Bureau

Re: Townhomes of Southern
Hills Subdivision, Town of
Perinton, Monroe County,
New York

Gentlemen:

We are the sponsor and the principals of the sponsor of the Homeowners Association Offering Plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 22 and such laws and regulations as may be applicable.

We have read the entire Offering Plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. We jointly and severally certify that the Offering Plan for the Homeowners Association does, and that all documents submitted hereafter by us which amend or supplement the Offering Plan for the Homeowners Association will:

1. Set forth the detailed terms of the transaction and be complete, current and accurate;
2. Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. Not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale.
6. Not contain any promise or representation as

to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

7. Not contain any representation or statement which is false, where I/we (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

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

Very truly yours,

ANCO BUILDERS, INC..

By *Andrew Colaruotolo*
ANDREW COLARUOTOLO

Principals of Anco Builders, Inc.

Andrew Colaruotolo
ANDREW COLARUOTOLO

Antoinette M. Colaruotolo
ANTOINETTE M. COLARUOTOLO

John Colaruotolo
JOHN COLARUOTOLO

Sworn to before me this 8
day of July, 1986.

Walter J. Licata
NOTARY PUBLIC

WALTER J. LICATA
Notary Public in the State of New York
MONROE COUNTY, N.Y. 87
Commission Expires March 30, 19....

THE CABOT GROUP

June 18, 1986

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attn: Real Estate Financing Bureau

RE: Townhomes of Southern Hills, Phases I and II

Gentlemen:

The sponsor of the homeowners association offering plan for the captioned property retained our firm to review Schedules A, and A-1, containing projections of income and expenses for the first four years of homeowner association operation. Our experience in this field includes 15 years in the management of over 2,000 condominiums and 5,000 rental apartments in the Western New York area.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 22 insofar as they are applicable to Schedules A, and A-1.

I have reviewed Schedules A, and A-1, investigated the facts set forth in Schedules and the facts underlying it with due diligence in order to form a basis for this certification. I also have relied on my experience in managing residential property.

I certify that the projections in Schedules A, and A-1, appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the first years of operation as a homeowners association.

I certify that the Schedules do:

(1) set forth in detail the terms of the transaction as it relates to the Schedules and are complete, current and accurate;

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

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Certification is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. I understand that a copy of this Certification is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.


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

Very truly yours,


Lawrence R. Brattain
Vice President

LRB/ah

Sworn to before me this
19 day of June 1986


Notary Public

DAWN R. LEENHOUTS
Notary Public in the State of New York
Monroe County
Commission Expires March 30, 1987

ENGINEERS DESCRIPTION OF COMMON AREAS

FOR

TOWNHOMES OF SOUTHERN HILLS, PHASE I OF SECTION 1A
AND PHASE II OF SECTION IIA

Prepared for:

Anco Builders, Inc.
27 Emerald Hill Circle
Fairport, NY 14450

Prepared By:

Sear-Brown Associates, P.C.
85 Metro Park
Rochester, New York 14623

Project No. 2826A
May 1986

The sponsor of the captioned offering plan for a homeowners association retained our firm (Sear-Brown Associates, P.C., of Rochester, New York) to prepare a report describing the property when constructed (the "Report"). We examined the site plans that were prepared by Sear-Brown Associates, P.C., dated April 1985 and May 1986, and prepared the report entitled "Engineer's Description of Common Areas for Townhomes of Southern Hills Phase I of Section IA and Phase II of Section IIA" a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the report.

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

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. We certify the Report does:

1. Set forth in narrative form the significant elements of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;
2. In our opinion afford potential investors, purchasers, and participants an adequate basis upon which to found their judgment concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. Not contain any fraud, deception, concealment, or suppression;
6. Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
7. Not contain any representation or statement which is false, where we: A) knew the truth; B) with reasonable effort could have known the truth; C) made no reasonable effort to ascertain the truth; or D) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor and that our compensation for preparing this report is not contingent on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

By: B.G. Boncke
Bruce G. Boncke, P.E. No. 053124

DATE: 7/7/86

Townhomes of Southern Hills Phase I and Phase II are proposed for sale townhouse developments located in Southern Hills Subdivision Section IA and Section IIA, respectively, in the Town of Perinton, Monroe County, New York. The site features are shown on Sear-Brown Associates, P.C. Drawings 2826A-01 through 2826A-19A. Townhomes of Southern Hills Phase I, part of Southern Hills Section IA has received final approval and is filed in the Monroe County Clerk's Office in Liber 236 of Maps at page 68. Townhomes of Southern Hills Phase II, part of Section IIA will be submitted for final design approval. Southern Hills Section IA and Southern Hills Section IIA contain single family lots along the east side of Chardonay Drive. These lots are not a part of Townhomes of Southern Hills and are excluded from the following report. The project area for townhouse Phase I is 7.62 acres, containing 40 units in 8 separate buildings. The project area for Phase II is 5.24 acres, containing 36 units in 8 separate buildings. The overall project area is approximately 12.86 acres, containing 76 townhouse units.

Access to the site will be off of Pittsford-Palmyra Road, Route 31, a dedicated public road within the Town of Perinton onto Chardonay Drive. Chardonay Drive, a proposed dedicated road separates the single family lots from Townhomes Phase I and Townhomes Phase II. Private drives off of the dedicated road provide access to the townhouse units. Site topography varies from a slight increase in grades (2%±) to steeper inclines (10%±). An unnamed creek bisects the property.

II. DESCRIPTION OF COMMON AREA LANDS

All common area will be owned and maintained by the Homeowners Association. The common area will be determined according to the following: Initially upon filing the subdivision plan, the common area will be comprised of all Southern Hills lands not included in a block or lot as shown on said filed Subdivision Plan, Sear-Brown Associates, P.C. Drawing 2826A-01. Blocks shown on the referenced drawing represent proposed building locations and the number of lots (units encompassed by said buildings). Upon construction of each building, the actual building walls, exterior and common interior, will be located by an Instrument Survey. A resubdivision map will then be prepared defining lots for sale according to the actual building locations. Block and lot ownership will be retained by the developer (sponsor) until the resubdivision map has been filed, after which the lots will be available for sale to individual homeowners. With the filing of the resubdivision map, additional lands may be transferred between the developer and Homeowners Association. For example, any land within the block located outside of a residential unit will be conveyed to the association and any land outside the block which is within the dimensions of a residential unit will be conveyed by the association to the developer (sponsor). Upon completion of all resubdivision plans and the subsequent sale of all lots to individual homeowners, the Homeowners Association will own all lands not included within the building, garage and patio area proper. The remaining common lands include grass areas and paved areas. The total grass area in Phase I totals 5.59 acres; the total grass area in Phase II is 3.34 acres. The private drives, individual driveways and parking areas make up the paved areas for both Phase I and Phase II. The total paved area for Phase I is 1.03 acres and 0.87 acres for Phase II.

1. Pavements and Drainage

The Homeowners Association will own and maintain all pavements. The pavements included are the private drives, parking spaces and individual lot driveways. The private drives will be 20 feet wide constructed using a 9" stone pavement base, 2" pavement binder course, and 1" pavement top course. Individual unit driveways will be constructed on a stone or gravel base and paved. The pavement section to be constructed will depend on the soil conditions encountered.

Private drives will be of a normal crown construction with pavement inlets located at intervals along the gutters. Roadway, sump pump and downspout drainage will be conveyed by a storm sewer system that discharges into Detention Area A.

2. Soil Conditions

Soils in the area being developed are primarily a sandy silt and clay material. Neither bedrock nor groundwater was encountered from test pit excavations of depths up to 12'. The water table is located below the proposed basement elevations. Construction has occurred in other areas on similar soils without any particular construction problems.

3. Utilities

All utilities will be approved by the appropriate District, Town, Engineer or authority having jurisdiction, and are to be constructed according to the applicable specifications.

A. Electric

Electric service will be provided by the Fairport Municipal Commission. Electric utilities will be maintained on easement by the Fairport Municipal Commission installed using underground conduits.

B. Telephone Service

Telephone service will be through the Rochester Telephone Corporation. Telephone service will be by underground conduit and will be maintained by the Rochester Telephone Corporation by easement.

C. Watermains

Watermains are to be constructed according to the Monroe County Water Authority standards. Water supply is from an existing 16" watermain on Pittsford-Palmyra Road. The Monroe County Water

Authority will maintain all watermains and hydrants dedicated by easement. All water bills will be paid for by the individual homeowner.

D. Sanitary Sewers

Sewer service to be installed by the sponsor includes 8" local sewers to the cluster homes. Sewer material will be P.V.C. SDR-35 pipe installed within a crushed stone bedding. All internal sewers and manholes will be dedicated to the Town of Perinton for ownership and maintenance.

E. Utility Laterals

Water, storm, and sanitary laterals are to be provided to each unit. Laterals contained within the storm, sanitary, or water easement will be maintained by the appropriate agency. Laterals outside of the easement area will be owned and maintained by the Homeowners Association. Separate storm, sanitary and water laterals will be provided to serve each unit.

IV. REFUSE DISPOSAL

There will be no public refuse collection or incineration facilities in the development. The Association will contract with a refuse disposal company for collection and disposal at approved landfills.