

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 13

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Two Hundred Seventy-one (271) units have been sold and closed as of December 30, 1993. Sixteen (16) units are under construction. There are two (2) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1992, has been presented as prepared by Hall and Murphy, under date of March 9, 1993.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991. A Board of Directors was elected by the Homeowners and has been in place ever since. The Directors are as follows: Earl L. Oot, Judy Miller, Sharon Fowler, Marcia Philipp, Mary Jane Harris, Nina Lewis, Oliver Hinkley, Bernard Forth, Jack Howland, and Alan Petrie.

There has been no increase or decrease in the Association charges (Schedule A, attached hereto).

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of Law to provide complete and updated information.

The Plan with regard to Declaration of Covenants,

Restrictions, Easements, Charges and Liens, Article III, "Property Rights in the Common Areas, Section 7. Basements", has been deleted in full.

The Plan with regard to Paragraph 17 of the proposed Purchase Offers is amended and modified to read as follows: "TRUST FUNDS: Such funds will be held as trust funds pursuant to Section 352(h) and Section 352(e)(2) b of the General Business Law, in a special account entitled, CRAIG K. NICHOLS, ESQ., as Escrow Agent in Onbank & Trust Co., East Syracuse, NY. (See Amendment #11 to the Offering Plan for further details)", pursuant to the Escrow Trust Fund Model Amendment, with Escrow Agreement, attached and made a part hereof as Exhibit A.

The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 3<sup>rd</sup> day of January, 1994 ~~December, 1993.~~

OOT BROS., INC.

By: Earl L. Oot  
Earl L. Oot, President

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 3<sup>rd</sup> day of January, 1994 ~~December, 1993~~, before me personally came EARL L. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Fayetteville, NY, that he is the President of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

Ann J. Gates  
Notary Public

ANN J. GATES  
11/30/95

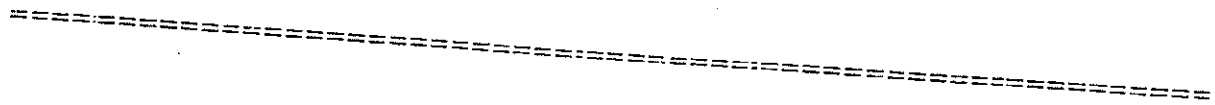
SCHEDULE A

ERIE VILLAGE HOMEOWNERS ASSOCIATION  
PROPOSED BUDGET  
7/1/92 - 6/31/93

EVHOA92.

ESTIMATED INCOME

Number of units		\$276,360
\$98 monthly x 12 =	235	
	\$1,176 each	



ESTIMATED EXPENSES

Snow Removal		\$10,000
Refuse Removal		\$33,220
Insurance	11.78 each	\$40,000
Accounting and Supplies		\$2,000
Legal		\$500
Home Exterior Maintenance	29.54 each	\$83,303
Real Estate Taxes / Taxes		\$4,775
Maintenance of Lake, Drains, etc		\$988
Lighting		\$3,525
Contingencies	3.55 each	\$10,000
Monitored	5.24 each	\$14,785
Ground Maintenance		\$73,264
Core Aeration - 2x		5,671
Gardening - Labor and Mall		9,250
Lawn Fertilizing - 2x		4,280
Lawn Mowing / shrubs - 30X	6.25 each	44,063
Estimates for Pump Repair & Misc.		10,000

TOTAL

\$276,360

*Lynne S. Hogeland*

ERIE VILLAGE HOMEOWNERS ASSOCIATION  
BUDGET BASIS

ASSESSMENT

Proposed Budget 1990-91 200 units	Actual 1990-91
235,200	248,775

Proposed Budget 1991-92 216 units	Estimated Actual 1991-92
254,016	285,609 E

Proposed Budget 1992-93 235 units
276,360

UNRESTRICTED

- Snow Removal
- Ground Maintenance
- Refuse Removal
- Insurance
- Accounting and Supplies
- Legal
- Real Estate Taxes / Taxes
- Maintenance of Lake, Drains, etc
- Lighting
- Monitored
- Contingencies

21,600	5,448
50,640	83,820
25,440	44,561
37,584	36,953
816	2,884
672	1,359
4,200	3,667
1,344	631
5,952	5,434
10,800	9,873
11,760	
<b>SUB</b>	
170,008	194,630

9,000	12,070 F
68,909	63,109 E
54,313	42,659 E
34,546	37,176 E
1,225	1,384 F
500	0 F
1,798	4,226 E
1,600	732 E
7,567	3,235 F
12,493	12,654 E
10,329	
<b>SUB</b>	
202,280	177,245

10,000
73,264
33,220
40,000
2,000
500
4,775
988
3,525
14,785
10,000
<b>SUB</b>
193,057
75,730
7573
83,303
<b>SUB</b>
276,360

RESTRICTED

- Long Term
- Annual Repairs

0
64,392
<b>SUB</b>
64,392
<b>TOTAL</b>
235,200

0
72,637
<b>SUB</b>
72,637
<b>TOTAL</b>
274,917

0

20,901

0

*Hyman's Appliance*

13-5

ERIE VILLAGE - BASIS FOR 1992-93 BUDGET

55% CONTRACTUAL BASIS \$151,269

Ground Maintenance:		
Core Aeration - 2x	\$5,671	Contract
Gardening - Labor and Matl	\$9,250	Contract
Lawn Fertilizing - 2x	\$4,200	Contract
Lawn Mowing / shrubs - 30X	\$44,063	Contract
Refuse Removal	\$33,220	Contract
Insurance	\$40,000	Contract
Monitored	\$14,785	Contract

15% HISTORICAL BASIS \$41,708

Snow Removal	\$10,000	Estimate from last years' costs
Contingencies	\$10,000	Estimate from last years, 5% of unrestricted acci
Ground Maintenance:		1991-2 Actuals plus 10%
Pump Repair and Misc.	\$10,000	\$9000 + 900
Maintenance of Lake, Drains, etc	\$988	Estimate from last years' costs
Lighting	\$1,525	Estimate from last years' costs, 9% incr
Real Estate Taxes / Taxes	\$1,775	30% of Interest Income + property tax bill
Accounting and Supplies	\$2,000	Estimate from last years' costs
Legal	\$500	Average of last years' costs
		Estimate from last years' costs

30% PROJECTIONS \$83,303

Home Exterior Maintenance	\$83,303	See separate worksheet Increased by 10% to cover ongoing building maintenance which had not been accounted for previously
---------------------------	----------	--

100% TOTAL \$276,360

Lynne S. Hoagland  
EVHOA Treasurer

## MEMORANDUM TO SCHEDULE A

It should be noted that the attached Schedule A has been prepared by Lynn S. Hogeland, who served the past year as Treasurer of the Erie Village Homeowners Association.

She is a computer analyst and has reviewed the records for the past years. As a result of that, she has compiled the Budget as set forth.

It should be noted that the Sponsor is no longer in charge of the affairs of the Homeowners Association; that the Board of Directors now manages the Budget and the payment of expenses relative to the Homeowners Association. In the review of the items, she has referred to on the second page of the analysis, to certain contracts that are now in existence covering Ground Maintenance, Refuse Removal, Insurance and monitoring of the units. She has based her analysis on actual expenditures for the past few years and relates to the proposed Budget for the forthcoming year.

All of the items marked as "Contract" were negotiated with the Board of Directors of the Homeowners Association and are on file with their records.

  
Earl L. Oot

## SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. The aggregate monthly rent received from tenants of the units owned by the Sponsor is for Unit 128 and Unit 300. These units are the only units that any of the Sponsors have individual control of and are renting on a month to month basis. The renters pay their own respective charges.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payments of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.

7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.
8. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.
9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.



14-1

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 14

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Two Hundred Seventy-four (274) units have been sold and closed as of May 31, 1994. Four (4) units are under construction. There are eleven (11) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1993, has been presented as prepared by Hall and Murphy, under date of March 10, 1994.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991. A new Board of Directors was elected by the Homeowners and has been in place ever since. The Directors are as follows: Earl L. Oot, Judie Miller, Sharon Fowler, Marcia Philipp, Mary Jane Harris, Nina Lewis, Bernard Forth, Jack Howland, James Lutz, Jean DeSantis, Earle C. Edwards, Stephen Slocum and Alan Petrie.

There has been an increase in the Association charges (Schedule A, attached hereto).

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of

Law to provide complete and updated information.

The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 23<sup>rd</sup> day of June, 1994.

OOT BROS., INC.

By: Earl L. Oot  
Earl L. Oot, President

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 23<sup>rd</sup> day of June, 1994, before me personally came EARL L. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Fayetteville, NY, that he is the President of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

Ann Z. Gates  
Notary Public

ANN Z. GATES  
Notary Public in the State of New York  
Qualified in Onon. Co. 12/24/91  
My Commission Expires 11/30/95

SCHEDULE A

ERIE VILLAGE HOMEOWNERS ASSOCIATION LTD.

Proposed Budget - Year ending December 31, 1994

Projected Revenues: \$ 336,168.

Projected Expenses:

Home Exterior Maintenance - restricted	99,360.
Ground Maintenance	102,000.
Snow Removal	30,000.
Refuse Removal	36,500.
Insurance	38,400.
Real Estate TAXes	300.
Lake Maintenance	1,200.
Lighting	5,100.
Security	17,400.
Accounting	1,400.
Office Supplies	500.
Legal	500.
Contingencies	3,508.
Total Projected Expenses:	<u>\$ 336,168.</u>

Projected revenues are based on an average of 276 units with an increase in maintenance fees to \$105. at July 1, 1994.

Members - January 1, 1993	252
Members - December 31, 1993	266
Projected Members - December 31, 1994	286

14-4


MEMORANDUM TO SCHEDULE A

At a meeting of the Erie Village Homeowners Association held on May 25, 1994, a discussion was had by the Treasurer and other members of the Board of Directors that, due to the very serious winter conditions that existed throughout the area, an additional amount should be budgeted to take care of the deficiency that arose during 1993 for the snowplowing and roof damages that took place.

They felt that, while this was rather sudden and rather unexpected and could be handled from the reserve funds, it was better to have sufficient funds on hand to justify the snow removal problems that might exist in the future and also roof damages that might occur by reason of harsh winters.

It was, therefore, the recommendation of the Board of Directors and those present attending the annual meeting, that the foregoing maintenance fee per month would be increased to \$105.00 starting August 1, 1994.

The decision was to accomplish this as of July 1, 1994. However, due to the shortness of time, it was adjourned to start August 1, 1994 so that timely notice could be delivered to all property owners.

  
\_\_\_\_\_  
Earl L. Oot

14-5

SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. The aggregate monthly rent received from tenants of the units owned by the Sponsor is for Unit 128 and Unit 300. These units are the only units that any of the Sponsors have individual control of and are renting on a month to month basis. The renters pay their own respective charges.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payment s of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.

7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.
8. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.
9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

15-1

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 15

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Three Hundred (300) units have been sold and closed as of May 31, 1995. Twelve (12) units are under construction. There are nine (9) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1994, has been presented as prepared by Hall, Murphy & Dettor, LLP, under date of March 11, 1995.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991. A new Board of Directors was elected by the Homeowners on May 16, 1995 and has been in place ever since. The Directors are as follows: Earl L. Oot, Judie Miller, Sharon Fowler, Mary Jane Harris, Nina Lewis, Bernard Forth, Jack Howland, James Lutz, Jean DeSantis, Earle C. Edwards and Stephen Slocum.

There has been no increase in the Association charges (Schedule A, attached hereto).

The Plan with regard to Paragraph 17 of the proposed Purchase Offer is amended and modified to read as follows:

"TRUST FUNDS: Such funds will be held as trust funds pursuant to Section 352(h) and Section 352(e)(2) b of the General Business Law, in a special account entitled, AMI S. LONGSTREET, as Escrow Agent, in Onbank & Trust Co., East Syracuse, NY. (See Amendment #11 to the Offering Plan for further details)", pursuant to the Escrow Trust Fund Model Amendment, with Escrow Agreement, attached and made a part hereof as Exhibit A.

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of Law to provide complete and updated information.

The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 23<sup>rd</sup> day of June, 1995.

OOT BROS., INC.

By: Earl L. Oot  
Earl L. Oot, President

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 23<sup>rd</sup> day of June, 1995, before me personally came EARL L. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Fayetteville, NY, that he is the President of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

Ann Z. Gates

ANN Z. GATES  
Notary Public in the State of New York  
Qualified in Gen. Co. 21541  
My Commission Expires 11/30/95



15-3

SCHEDULE A

ERIE VILLAGE HOMEOWNERS ASSOCIATION LTD.

Proposed Budget - Year ending December 31, 1995

Projected Revenues: \$ 336,168.

Projected Expenses:

Home Exterior Maintenance - restricted	99,360.
Ground Maintenance	102,000.
Snow Removal	30,000.
Refuse Removal	36,500.
Insurance	38,400.
Real Estate TAXes	300.
Lake Maintenance	1,200.
Lighting	5,100.
Security	17,400.
Accounting	1,400.
Office Supplies	500.
Legal	500.
Contingencies	3,508.
Total Projected Expenses:	<u>\$ 336,168.</u>

Projected revenues are based on an average of 276 units with an increase in maintenance fees to \$105. at July 1, 1994.

Members - January 1, 1993	252
Members - December 31, 1993	266
Members - December 31, 1994	287

SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. The aggregate monthly rent received from tenants of the units owned by the Sponsor is for Unit 154. This unit is the only unit that any of the Sponsors have individual control of and are renting on a month to month basis. The renter pays her own respective charges.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payments of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.

7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.

8. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Island View Homeowners Association, Inc., having purchased this development December 12, 1994. This HOA consists of two Phases; Phase I - 12 units, 9 of which have been sold and closed and 3 are not under contract to date. Phase II - consisting of 14 units has not been commenced. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association and Island View Homeowners Association, Inc. are current in all financial obligations as an individual, general partner or principal.

9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 16

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Three Hundred Twenty-seven (327) units have been sold and closed as of May 31, 1996. Fourteen (14) units are under construction. There are sixteen (16) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1995, has been presented as prepared by Hall, Murphy & Dettor, LLP, under date of April 29, 1996.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991. A new Board of Directors was elected by the Homeowners as follows: Thomas M. Oot, Judie Miller, Todd Humphrey, Bernard Forth, Patricia Tierney, Bart Solenthaler, Thomas Callendar, Marcia Phillips, Jean DeSantis, and Earle C. Edwards.

There has been no increase in the Association charges. A new budget has been adopted for the year 1996 (See Schedule A, with attached Treasurer's Report letter, attached hereto).

The Purchase Offer has been amended and modified to read as

follows:

Paragraph .8) CLOSING PAYMENTS: (a) Purchaser shall pay the costs, fees, charges and expenses of title examination and policy to insure the mortgagee, mortgagee's attorney's fees, if any, for preparation of mortgage instrument and closing, mortgage, taxes, recording fees of the mortgage instruments, survey (print to be delivered to Purchaser) ..... (print to be delivered to Purchaser) shall be deleted;

Paragraph 9) TITLE: Second sentence shall be amended to read as follows: Seller will provide a preliminary title insurance commitment.....

(See attached Erie Village Contract of Sale)

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of Law to provide complete and updated information.

• The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 20<sup>th</sup> day of June, 1996.

OOT BROS., INC.

By: Earl L. Oot  
Earl L. Oot, President

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 20<sup>th</sup> day of June, 1996, before me personally came EARL L. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Fayetteville, NY, that he is the President of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

Debrah M. Pulloa

DEBRAH M. PULLOAK  
Notary Public in the State of New York  
Qualified in Gen. Co. No. 406454  
My Commission Expires 6-30-96

Erie Village Homeowners Association Ltd.

16-4

BUDGET  
Year Ending December 31, 1996

Projected Revenues \$408,240

Projected Expenses		Monthly Assessment
Home exterior maint./Painting/Roads/Driveways	\$133,826	\$34.42
Ground maintenance	121,500	31.25
Insurance	35,000	9.00
Refuse removal	40,500	10.42
Security	27,041	6.95
Snow removal	32,400	8.33
Lighting	5,000	1.29
Contingencies	5,000	1.29
Accounting	1,500	0.39
Legal and Collection	2,500	0.64
Office supplies and expenses	2,383	0.61
Miscellaneous	1,590	0.41
<b>Total expenses</b>	<u>\$408,240</u>	<u>\$105.00</u>

Projected revenues are based on an average of 324 units.

Members December 31, 1992	252
Members December 31, 1993	266
Members December 31, 1994	287
Members December 31, 1995	309
<b>PROJECTED MEMBERS:</b>	
December 31, 1996	339

16-5

ERIE VILLAGE HOMEOWNERS ASSOCIATION, LTD.

Treasurer's Report  
May 12, 1996

To The Members:

The accompanying audited financial statements of the Association reflect the operations of the Association through December 31, 1995. As you will note from the audited financial statement operating expenses were in excess of revenues by \$4,412.00. Revenues allocated to the restricted funds for exterior maintenance and capital improvements were in excess of expenditures for exterior maintenance, capital improvements and income taxes by \$22,756.00 and this amount was added to our reserves for future maintenance and improvements.

Through the diligent efforts of all of the members of the Board we have been able to keep any increases in per unit expenses at a minimum while maintaining or increasing our level of service. The most significant increase in budgeted expense was for snowplowing. As a result of the light snowfall experienced in 1995 we only budgeted \$15,000.00 for snow removal an actually paid only \$13,705.00. For 1996 we have budgeted \$32,400.00 for snow removal which is what we would spend in a "normal" year. To date in 1996 we have spent \$14,642.50 for snow removal due to the abnormal snowfall received from January through April of this year.

We have experienced an increase in minor maintenance and repair items due to the age of many of the units and are taking steps to get these problems resolved. For 1995 we spent \$31,564.00 for these items which consist mainly of minor roof repairs, replacement of missing shingles and replacement of lower panels on garage doors. In 1995, we repainted 83 units to maintain our painting schedule which is based primarily on the date of construction of the unit. For 1996 we project the painting of 56 units to maintain our schedule. The reserve requirements our continually under review to assure that we have adequate funds available for future maintenance and replacement.

The Members of the Board solicit your suggestions to enhance the operation of your Association and the volunteering of your services to assist in the jobs necessary to maintain and provide a quality living environment in our Erie Village Community.

Respectfully,

Bernard Forth  
Treasurer



ERIE VILLAGE  
CONTRACT OF SALE

16-6

AGREEMENT, made and dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, between:

OOT BROS., INC.	AND	_____
5912 N. BURDICK ST.		_____
EAST SYRACUSE, N.Y. 13057		_____
(HEREINAFTER CALLED SELLER)		(HEREINAFTER CALLED PURCHASER)
TELEPHONE: 858-7251		TELEPHONE: _____

1) PREMISES: Seller agrees to sell and convey, and Purchaser agrees to purchase: ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, with the buildings and improvements thereon erected or to be erected, situate, lying and being in the Town of Manlius, County of Onondaga, and State of New York, known as Seller's Section No. \_\_\_\_\_, Lot No. \_\_\_\_\_ on a Map entitled FINAL PLAN OF ERIE VILLAGE, filed in the Office of the Onondaga County Clerk, New York .

2) Seller shall erect a one-family attached dwelling of frame construction (party walls of masonry construction - all other exterior of frame and gypsum construction) substantially similar in appearance to Unit \_\_\_\_\_ at ERIE VILLAGE, Town of Manlius, County of Onondaga, New York. Purchaser represents that the premises are purchased for use and occupancy as Purchaser's residence. Seller reserves the right to (a) make changes and substitutions of materials, appliances, quality; (b) determine the exterior color and design, reversal of layout, location of building, grading, elevation of plots, foundations and street, and location and design of walks and landscaping; and (c) determine whether trees and shrubs currently on the premises are to be removed.

3) INCLUDED: Included in this sale are the following: (a) Seeding of the entire plot, except areas to be otherwise landscaped and areas to be left as is; (b) plumbing system and fixtures including 40 gallon gas hot water heater; (c) gas forced air heating system \_\_\_\_\_

(d) range, range hood, dishwasher and garbage disposal; (e) wall-to-wall carpeting in all rooms; vinyl in kitchen, utility room and bathrooms; (f) painting of interior - two coats Seller's antique white; (g) pre-finished exterior sidings with stain divider strips and fascia of a color to be determined by Seller; and (h) door to rear of house.

Title to all items of personal property shall be delivered free of all encumbrances.

4) SELECTIONS: In cases where purchaser is given a right of selection, same shall be made from Seller's samples within (10) ten days of written notice and if Purchaser fails to comply, Seller's selections shall be final. Purchaser's right of selection shall not apply to items already installed or in production.

5) NOT INCLUDED: Except as specifically included in Paragraph 3, all items displayed in or about the models and model homesites are for exhibit purposes only and are not included in this sale. Without limitation, the following are excluded unless specifically included above as an optional extra: (a) wallpaper, (b) storm doors, (c) door screens, (d) washing machine, (e) dryer, (f) furniture, furnishings, mirrors, drapes and window coverings, (g) interior lighting fixtures, except wall and ceiling lights, (h) refrigerator.

6) PURCHASE PRICE: The price is payable as follows: on the signing of this contract, the receipt whereof is hereby acknowledged (if by check, subject to collection); upon delivery of deed, by cash, good certified check, bank check and/or the proceeds of the mortgage loan.

\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

\* escrow held on deposit per section 17 of this contract at Onbank- Fremont Office

(7) MORTGAGE: (a) Purchaser shall make proper and truthful application to lending institution designated or approved by Seller and promptly furnish verification of bank accounts and employment and any other instruments or information required in processing a contract. Failure to comply with any of the foregoing shall be a material breach of this contract; (b) the loan shall be secured by a conventional first mortgage in the amount of \$\_\_\_\_\_ to run for a period of \_\_\_\_\_ years, and to bear interest at the rate of \_\_\_\_\_ percent per annum or at the maximum legal interest rate permitted at the time of closing title, and to contain such privilege of prepayment as may be required by law. This purchase offer shall be null and void after ninety (90) days from date of this contract of sale in the event a mortgage commitment is not obtained from a lending institution and a written copy of said commitment is given to sponsors. If the loan is approved in a reduced amount and the reduction is not more than \$1,000., Purchaser shall accept same and shall pay the difference at title closing so that the purchase price will not vary; (c) The mortgage shall be payable in monthly installments which shall include amortization of principal, interest, taxes, fire and other hazard insurance premiums, mortgage insurance premiums, if any, and such other items as may be required by the lending institution unless waived, and if this contract is executed by one individual, Purchaser agrees to obtain the execution by his or her spouse, if any, of all such instruments; (d) if Purchaser has complied with his obligations, but the lending institution does not approve the mortgage loan application, the down payment shall be returned to Purchaser, whereupon this contract shall be null and void and neither party shall have any further rights or liabilities as against the other, except the Seller reserves the right, on reasonable notice, to grant the mortgage loan itself on the same terms and conditions.

8) CLOSING PAYMENTS: (a) Purchaser shall pay the costs, fees, charges and expenses of title examination and policy to insure the mortgagee, mortgagee's attorney's fees, if any, for preparation of mortgage instruments and closing, mortgage, taxes, recording fees of the mortgage instruments, survey and other charges by the lending institution for services actually rendered for inspection, appraisal and credit approval. (b) Purchaser shall pay Seller the apportioned amounts found to be due at title closing for (1) taxes on lien year basis; (2) common charges, fees, and assessments of the Erie Lake homeowners Association, Ltd., and (3) insurance premiums on policies obtained by Seller, which policies shall be transferred to Purchaser. If the premises are affected by a special assessment concerning any matter which Seller is obligated to provide, then all installments, whether due and payable before or after delivery of deed, shall be paid by Seller at closing without apportionment to Purchaser. (c) If required by the Lender Purchaser shall make the required deposits with the lending institution for future payments of taxes and insurance premiums, and, if collected by the lending institution, for common charges, fees, and assessments of the Homeowners Association. (d) Purchaser shall also make the following additional payments at title closing: Reserve fund payment of \$100. to Erie Lake Homeowners Association, Ltd. (e) Purchaser understands that title insurance to protect his interest in the property may be purchased, at his option, from the title company at additional cost.

9) TITLE: Purchaser shall accept a marketable title such as Seller's title company will insure. Seller will provide a preliminary title insurance commitment through the title insurance company of its choice with the premium for such insurance to be paid by purchaser. The deed shall be a warranty deed with lien covenant so as to convey premises to Purchaser in fee simple, free of all encumbrances except as herein stated, the Seller shall pay for transfer tax stamps to be affixed thereto. The deed shall contain the covenant required by Section 13(5) of the Lien Law, and shall grant sufficient easements for ingress and egress. This Agreement is made, and title to the premises shall be conveyed, subject to (a) ordinances and regulations of competent municipal or other governmental authorities, (b) easements for screening and planting and for sewer, water, gas, fuel line, drainage, electric, CATV, telephone and other similar utilities, if any, granted or to be granted, (c) covenants, agreements, declarations, and restrictions of record affecting the premises, provided same do not prohibit the erection and maintenance of the structures herein, (d) the rights of others to use of common walks, walls, areas and the like, (e) any state of facts an accurate survey may show, encroachments of stoops, areaways, steps, trim and cornices, if any, and (g) unpaid taxes or liens, provided the title company shall insure against collection of same from the premises. Title to streets and road widenings is reserved by Seller to the Erie Village Homeowners Association, Ltd., and for granting of easements for utilities.

10) HOMEOWNERS ASSOCIATION: The Seller has exhibited and delivered to the Purchaser and Purchaser has read and agrees to be bound by the proposed Declaration of Covenants, Restrictions, Easements, Charges, and Liens, By-Laws and Offering Plan of the 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 his home, the Purchaser acknowledges that he will automatically thereby become a member of the Association, subject to its rules and regulations and liable for its assessments. Pursuant to regulation, this Agreement is being executed more than 72 business hours after the receipt by the Purchaser of a copy of the Offering Plan.

11) SUBORDINATION: Purchaser agrees that all terms and provisions of this contract are and shall be subject and subordinate to the lien of any building loan mortgage heretofore and hereafter made, and any advances heretofore or hereafter made thereon, and any payments or expenses heretofore or hereafter made or incurred pursuant to the terms thereof or incidental thereto or to protect the security thereof, to the full extent thereof, without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances, payments and expenses are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of payments.

12) TERMINATION: If for any cause beyond its reasonable control, Seller is unable to deliver the premises in accordance with the provisions of this contract, including without limitation, the inability of Seller to obtain materials from its usual suppliers or to use same for this construction, whether resulting from government restrictions, strikes, lockouts, war national emergency or any other cause beyond its reasonable control, then in any such event, Seller's sole liability shall be limited to the return of Purchaser's down payment and the net bulk rate cost of title examination actually charged to Purchaser, and upon the return of said sums, this contract shall be null and void and neither party shall have any further rights or liabilities as against the other. Purchaser's down payment and the net bulk rate cost of title examination, as aforesaid, are hereby made liens against the premises, but such liens shall terminate upon any default by Purchaser. If Purchaser defaults or becomes unwilling or unable to complete this transaction in accordance with the provisions of this contract, and Seller is not in default, then upon five (5) days written notice, Seller may cancel this contract. Upon such cancellation Seller may, at its option, either (a) retain Purchaser's down payment and all sums paid to Seller for additional work not specified herein, as liquidated damages and not as penalty and remedies it might otherwise have, including, without limitation, the right to specific performance, or (b) avail itself of any and all legal or equitable rights and remedies it may have as a result of Purchaser's default, including, without limitation, the right to specific performance. All of the foregoing shall apply irrespective of whether construction has commenced and regardless of any sale of the property subsequent to Purchaser's default.

13) POSSESSION: No work shall be installed, supplied or performed by any person not employed by or under contract to Seller, and Purchaser shall in no event take possession of the premises prior to title closing. If Purchaser violates this paragraph, Seller shall have the right to dispossess him from the premises by Summary Proceeding, but such proceedings shall not constitute a waiver by Seller of any other rights or remedies it may have at law or in equity by reason of the breach. Seller assumes the risk of loss or damage to the premises by fire or other causes until delivery of the deed, provided Purchaser complies with this paragraph.

14) CLOSING: Closing of title shall occur at Seller's office or at an office designated by lending institution at 10:00 a.m. on or about \_\_\_\_\_, 19\_\_\_\_\_, or at another date and time designated by Seller upon five (5) days written notice mailed to Purchaser. If all necessary reports and approvals have not been obtained by the date set for the closing of title, then title closing may be adjourned by Seller to a date not beyond one (1) month after said dwelling shall be ready for occupancy and all necessary reports, approvals, and instruments shall have been issued. Seller will deliver at or after closing of title, such appropriate certificates covering occupancy and electrical installation. In the event the dwelling is not completed on the date set by Seller for closing of title, same shall, either by appropriate escrow arrangement, or by letter-agreement to survive title closing, agree to complete any open items within sixty (60) days after closing, weather and circumstances permitting.

15) GUARANTEE: Seller guarantees a builders warranty against defective workmanship and materials for a period of one (1) year from the date of closing of title or of Purchaser's occupancy, whichever first occurs. Seller's liability is expressly limited to correcting the defect and damage. These guarantees are specifically limited to the named Purchaser only and are not transferable; are expressly in lieu of any other guarantee or warranty, express or implied, including any warranty or merchantability; shall survive delivery of the deed without the necessity for the execution of any further instrument; and shall be void if Purchaser, misuses, abuses, or otherwise interferes with or changes Seller's original construction or installations. Notwithstanding anything contrary in this contract, Purchasers shall agree to be bound by and provided with a copy of the "Home Builders of C.N.Y. Standards of Performance and Warranty Booklet", which each party will acknowledge to in writing at a time prior to closing.

16) GENERAL: This writing states the entire agreement and neither party is relying upon any statement or matter, whether oral, written, visual, or otherwise, not specifically contained herein. This contract may not be modified, nor may any provision be waived, except by similarly executed written instrument. Purchaser shall not record this contract nor assign same or any of his rights hereunder. Seller's obligations hereunder may be assumed by an assignee in complete substitution to Seller. The word "Purchaser" and the pronouns therefor as used herein shall be construed as masculine, feminine, or neuter, or in the singular or plural, as the sense requires. The captions are for convenience only and in no way affect, define, or limit the scope of any part of this Agreement. Delivery or acceptance of the Deed shall constitute full compliance with all of Seller's obligations hereunder, except as to those matters contained in written agreement, which by its terms survives title closing. none of the terms hereof, except those specifically made to survive title closing, or relating to matters to be performed subsequent thereto, shall survive such closing. Trial by jury in any action, proceeding or counterclaim arising out of this Agreement or in any way connected with this sale is waived by both parties. This Agreement shall bind the inure to the benefit of both parties, their respective heirs, executors, administrators, successors, and lawful assigns.

17) TRUST FUNDS: Such funds will be held as trust funds pursuant to Section 352(h) and Section 352(e) (2) b of the General Business Law, in a special account entitled, " Ami S. Longstreet as Escrow Agent"- (see Amendment #12 to the Offering Plan for further details).

THE ATTORNEY REPRESENTING THE SELLER OR ANY LENDER REPRESENTS SUCH PARTIES ONLY AND NOT THE PURCHASER. THEREFORE, THE PURCHASER MAY RETAIN INDEPENDENT COUNSEL AT HIS OWN EXPENSE IN ORDER TO PROTECT HIS INTERESTS.

18) The Buyer represents that Buyer has not dealt with any other Broker in this purchase other than

\_\_\_\_\_  
PURCHASER

OOT BROS., INC.

\_\_\_\_\_  
PURCHASER

by: \_\_\_\_\_

\_\_\_\_\_  
SALESPERSON

## SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. The aggregate monthly rent received from tenants of the units owned by the Sponsor is for Unit 154. This unit is the only unit that any of the Sponsors have individual control of and are renting on a month to month basis. The renter pays her own respective charges.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payments of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.

7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.
8. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.
9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 17

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Three Hundred Forty-nine (349) units have been sold and closed as of May 31, 1996. Fifteen (15) units are under construction. There are five (5) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1995, has been presented as prepared by Hall, Murphy & Dettor, LLP, under date of April 29, 1996.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991.

There has been no increase in the Association charges. A new budget was adopted for the year 1996 (See Schedule A, with attached Treasurer's Report letter, attached hereto).

The Declaration of Covenants, Restrictions, Easements, Charges and Liens, Article IV, Section 8 has been amended as follows:

The final sentence of paragraph 1 - "The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in

title, unless expressly assumed by them." shall be deleted and replaced by the following:

"The personal obligation of the then owner to pay such assessment, shall remain his/her personal obligation and shall not pass to his/her successors in title only and unless his/her successor in title is or are bona fide purchasers for value without notice."

The following shall be added as a final paragraph of Article IV, Section 8:

"The lien provided for herein shall be effective from the filing thereof in the Office of the Clerk of the County of Onondaga, a verified notice of lien, stating the address of the property, the liber and page of the record of the Declaration, the name of the record owner of the unit, the unit designation, the amount and purpose for which due and the date when due; and shall continue in effect until all sums secured thereby with interest thereon shall have been fully paid or until the expiration of six years from the date of filing, whichever shall occur first."

The Declaration of Covenants, Restrictions, Easements, Charges and Liens, Article VIII, Section 2, has been amended to add the following language:

"The area inside the white fence is the homeowners responsibility to maintain in a reasonably satisfactory manner.



No-one should be permitted to raise only weeds inside the fence and shrubbery should not be permitted to grow higher than the white fence. Should it come to the attention of the Board of Directors that the area inside the white fence is overgrown with weeds, the homeowner will be sent a letter requiring compliance.

If the property is not brought into compliance within a reasonable time, a second notification will be sent to the lot owner requiring compliance within 10 days. Further failure to comply will cause the Board of Directors to hire the necessary contractors to effectuate compliance and all charges shall be added to the Homeowner's monthly assessment and shall be a lien against the premises. All notices sent to the Homeowners shall be by registered mail."

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of Law to provide complete and updated information.

The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 6<sup>th</sup> day of December, 1996.

OOT BROS., INC.

By: Earl L. Oot  
Earl L. Oot, President

17-4

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 16<sup>th</sup> day of December, 1996, before me personally came EARL L. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Fayetteville, NY, that he is the President of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

*Alan J. Gates*  
\_\_\_\_\_  
Notary Public

AMSTERDAM, NY  
Notary Public  
By Commission Expires 11/30/97

SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. The aggregate monthly rent received from tenants of the units owned by the Sponsor is for Unit 154. This unit is the only unit that any of the Sponsors have individual control of and are renting on a month to month basis. The renter pays her own respective charges.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payments of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.

7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.

8. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.

9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

18-1

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 18

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Two Hundred Seventy-nine (279) units have been sold and closed as of December 31, 1997. Twelve (12) units are under construction. There are five (5) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1996, has been presented as prepared by Hall and Dettor, LLP, under date of April 18, 1997.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991.

There has been no increase in the Association charges. A new budget was adopted for the year 1998 (See Schedule A)

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of Law to provide complete and updated information.

The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 22<sup>nd</sup> day of December, 1997.

18-2

OOT BROS., INC.

By: Earl L. Oot  
Earl L. Oot  
Chairman of the Board

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 22<sup>nd</sup> day of December, 1997, before me personally came EARL L. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Fayetteville, NY, that he is the Chairman of the Board of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

Ann J. Gates  
Notary Public

By Commission No. 11B0199

Erie Village Homeowners Association Ltd.

18-3

BUDGET  
Year Ending December 31, 1998

Projected Revenues		<u>\$463,680</u>
		<u>Monthly Assessment</u>
Projected Expenses		
Home exterior maint./painting/roads/driveways	\$161,580	\$36.59
Ground maintenance	137,000	31.02
Insurance	39,600	8.97
Refuse removal	40,500	9.17
Monitored fire	30,700	6.95
Snow removal	35,000	7.93
Lighting	5,200	1.18
Contingencies	5,000	1.13
Accounting	1,500	0.34
Legal and collection	2,500	0.57
Bookkeeping services	2,400	0.54
Office supplies and expenses	1,200	0.27
Miscellaneous	1,500	0.34
Total expenses	<u>\$463,680</u>	<u>\$105.00</u>

Projected revenues are based on an average of 368 units.

SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. The aggregate monthly rent received from tenants of the units owned by the Sponsor is for Unit 154. This unit is the only unit that any of the Sponsors have individual control of and are renting on a month to month basis. The renter pays his own respective charges.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payments of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.



7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.

8. Sponsor Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.

9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 19

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Three Hundred Eighty (380) units have been sold and closed as of December 31, 1998. Twelve (12) units are under construction. There are eight (8) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1997, has been presented as prepared by Hall and Dettor, LLP, under date of May 2, 1998.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991. A Board of Directors was elected by the Homeowners consisting of Tom Callender, Dick Clark, Earle Edwards, Jack Howland, Marcia Philipp, Bart Solenthaler, Patricia Wild and Thomas Oot. The current Officers are Bernie Forth, President; Bud Musell, Vice President; Patricia Tierney, Treasurer and Jane Camenga, Secretary.

There has been an increase from \$105. to \$110. in the Association common charges. A new budget was adopted for the year 1999. (See Schedule A)

Attached to this amendment, as Schedule B, is a statement

concerning Financial Disclosure as required by the Department of Law to provide complete and updated information.


The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 29<sup>th</sup> day of January, 1999.

OOT BROS., INC.

By:

  
Thomas M. Oot  
President

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 29<sup>th</sup> day of January, 1999, before me personally came THOMAS M. OOT, to me known, who, being by me duly sworn, did depose and say that he resides in Manlius, NY, that he is the President of OOT BROS., INC., the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation, and that he signed his name thereto without seal.

  
Notary Public

Notary  
Qualification  
Comm. Expires  
2000

19-3

BUDGET  
Year Ending December 31, 1999

Projected Revenues \$514,800

		Monthly Assessment
<b>Projected Expenses</b>		
Home exterior maint./painting/roads/driveways	\$187,380	\$40.04
Ground maintenance	140,000	29.91
Insurance	45,000	9.62
Refuse removal	45,000	9.62
Monitored fire	31,720	6.77
Snow removal	45,000	9.62
Lighting	5,200	1.11
Contingencies	5,000	1.07
Accounting	1,500	0.32
Legal and collection	2,500	0.53
Bookkeeping services	3,000	0.64
Office supplies and expenses	2,000	0.43
Miscellaneous	1,500	0.32
<b>Total expenses</b>	<u>\$514,800</u>	<u>\$110.00</u>

Projected revenues are based on an average of 390 units.

Members December 31, 1992	252
Members December 31, 1993	266
Members December 31, 1994	287
Members December 31, 1995	309
Members December 31, 1996	338
Members December 31, 1997	358
Members December 31, 1998	380
<b>PROJECTED MEMBERS:</b>	
December 31, 1999	400

## SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are will be 500 units in Erie Village, including the unsold units.
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer.
3. There is no rent being received from tenants for any units owned by the Sponsor.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor of unsold units is current on payments of underlying mortgages and loans for which units have been pledged as collateral or mortgaged. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to the filing of the amendment.
7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as

general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.

8. General partner Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.

9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

ERIE VILLAGE HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO OFFERING PLAN

AMENDMENT NO. 20

The following is a statement of the Amendment as it relates to the Offering Plan already filed with the Department of Law of the State of New York.

Three Hundred Eighty (413) units have been sold and closed as of December 31, 1999. Eight (8) units are under construction. There are five (5) units under Contract of Sale.

The Financial Statement of Erie Village Homeowners Association, Ltd., as of December 31, 1998, has been presented as prepared by Hall and Dettor, LLP, under date of May 7, 1999.

The Sponsors are no longer in control of the Board of Directors as of August 1, 1991. A Board of Directors was elected by the Homeowners consisting of Tom Callender, Dick Clark, Earle Edwards, Marcia Philipp, Bart Solenthaler, Patricia Wild, Jim Beckman and Jim Lutz. The current Officers are Earle Edwards, President; Thomas Oot, Vice President; Bernie Forth, Treasurer; Patricia Tierney, Asst. Treasurer and Jane Camenga, Secretary.

A new budget was adopted for the year 2000. (See Schedule A, attached).

Attached to this amendment, as Schedule B, is a statement concerning Financial Disclosure as required by the Department of

Law to provide complete and updated information.

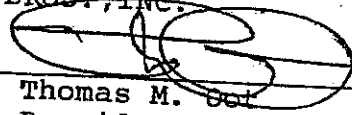
The Offering Plan is still in full force and effect.

There are no other facts or circumstances affecting the Homeowners Association.

IN WITNESS WHEREOF, the undersigned Sponsor has duly executed this Amendment this 10<sup>th</sup> day of February, 2000.

OOT BROS., INC.

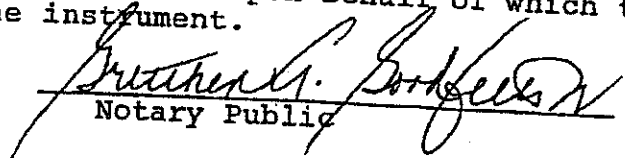
By:



Thomas M. Oot  
President

STATE OF NEW YORK )  
COUNTY OF ONONDAGA) ss:

On this 10<sup>th</sup> day of February, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS M. OOT, personally known to me, or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that the individual executed the same in the individual's capacity, and by the individual's signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

  
Notary Public

GRETCHEN A. GOODFELLOW  
Notary Public, State of New York  
No. 01G05028888  
Qualified in Onondaga County  
Commission Expires June 27, 2000



## SCHEDULE B

FINANCIAL DISCLOSURE as required by the Department of Law to provide complete and updated information.

1. There are 500 units in Erie Village, including the unsold units. There are 87 unsold units. (See Exhibit A, attached)
2. Unsold units do not bear a common charge until they are conveyed to the Purchasers. All costs associated with unsold units, including maintenance, fire and liability insurance are paid by the Sponsor prior to conveyance to the ultimate customer. The aggregate monthly maintenance and insurance costs paid directly by the Sponsor for all unsold homes and/or lots is in the approximate sum of \$1,000.00 per month. The Sponsor directly pays to the municipality all real estate taxes due on all unsold homes and/or lots. The total aggregate real estate taxes paid by the Sponsor is in the sum of \$1,916.00 per month.
3. There is no rent being received from tenants for any units owned by the Sponsor.
4. There are no financial obligations to the Homeowners Association that will become due within the next twelve (12) months from the date of the amendment other than the common charges for the Units owned by the Sponsor, including but not limited to reserve and working capital fund payments and payments for repair and improvement obligations.
5. The Sponsors have adequate resources in their own name to meet any financial obligation to the HOA, including common charges, reserves, working capital fund payments and payments for repair and improvement obligations.
6. The Sponsor of all unsold units is current on all financial obligations under the Offering Plan, including, but not limited to, maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements promised in the plan. The Sponsor, as owner of unsold units, is current with regard to all obligations and has not in the past had past due accounts during the year prior to

the filing of the amendment. There are no outstanding loans or mortgages and the units owned by the Sponsor are free and clear of all liens and encumbrances.

7. The Sponsors have no other interest in other buildings covering by Offering Plans with relation to unsold units or as general partner or principal of the Sponsor or holder owning more than ten percent (10%) of the units.

8. General partner Earl L. Oot is also Sponsor in a Homeowners Association filed with the State of New York with regard to Bacon Hill Homeowners Association, P.O. Box 256, Skaneateles, NY 13152. This HOA exists for the sale of lots only and does not have any structures constructed until after the closing and passing of title. The Sponsor and principal in the foregoing Bacon Hill Homeowners Association are current in all financial obligations as an individual, general partner or principal.

9. The Sponsor is no longer in control of the Board of Directors having relinquished control of the Homeowners Association on July 1, 1989.

Erie Village Homeowners Association Ltd.

20-5

BUDGET  
Year Ending December 31, 2000

Projected Revenues	<u>\$550,440</u>	
		Monthly Assessment
Projected Expenses		
Home exterior maint./painting/roads/driveways	182,540	36.49
Ground maintenance	168,000	33.57
Insurance	46,000	9.19
Refuse removal	39,000	7.79
Monitored fire	34,800	6.95
Snow removal	45,000	8.99
Lighting	6,000	1.20
Contingencies	5,000	1.00
Accounting	1,500	0.30
Legal and collection	2,500	0.50
Bookkeeping services	3,500	0.70
Office supplies and expenses	4,000	0.80
Office rent	5,400	1.08
Payroll service	700	0.14
Facilities expense	5,000	1.00
Miscellaneous	1,500	0.30
Total expenses	<u>\$550,440</u>	<u>\$110.00</u>

Projected revenues are based on an average of 417 units.

Members December 31, 1992	252
Members December 31, 1993	266
Members December 31, 1994	287
Members December 31, 1995	309
Members December 31, 1996	338
Members December 31, 1997	358
Members December 31, 1998	379
Members December 31, 1999	407
PROJECTED MEMBERS:	
December 31, 2000	427

HALL AND DETTOR, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

ROBERT D. HALL  
RICHARD D. DETTOR, CPA, PC  
ROBERT C. HALL

206  
551 EAST GENESEE STREET  
P.O. BOX 423  
FAYETTEVILLE, NEW YORK 13066-0423  
TELEPHONE 315 637-3159  
FACSIMILE 315 637-3830

INDEPENDENT AUDITORS REPORT

To the Board of Directors  
Erie Village Homeowners  
Association Ltd.  
5912 N. Burdick Street  
East Syracuse, NY 13057

We have audited the accompanying balance sheets of Erie Village Homeowners Association Ltd. as of December 31, 1998 and December 31, 1997, and the related statements of revenues and expenses, changes in fund balance and statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Erie Village Homeowners Association Ltd. as of December 31, 1998 and December 31, 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*Hall and Detton, LLP*

Fayetteville, New York  
May 7, 1999

BALANCE SHEETS

20-7  
AT  
DECEMBER 31,  
1997

AT DECEMBER 31, 1998

	RESTRICTED MANAGEMENT FUND	UNRESTRICTED OPERATING FUND	COMBINED TOTAL	COMBINED TOTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash - checking	\$ -	\$ 100	\$ 100	\$ 6,466
Cash - Good Neighbor Fund	-	418	418	101
Cash - savings	109,010	53,601	162,611	113,289
Cash - C.D.'s	379,303	-	379,303	358,253
U.S. Treasury notes, at cost	40,308	-	40,308	50,582
Accounts receivable	-	7,438	7,438	7,381
Accrued interest rec.	740	-	740	886
Prepaid insurance	-	11,108	11,108	-
<b>Total Assets</b>	<b>\$ 529,361</b>	<b>\$ 72,665</b>	<b>\$ 602,026</b>	<b>\$ 536,958</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 8,078	\$ 5,244	\$ 13,322	\$ 14,720
Income tax payable	1,091	-	1,091	964
Good Neighbor Fund	-	418	418	101
Deposit insurance proceeds	-	15,798	15,798	-
	<u>9,169</u>	<u>21,460</u>	<u>30,629</u>	<u>15,785</u>
<b>DEFERRED INCOME</b>				
Advance collections	-	13,305	13,305	12,506
<b>Total Current Liabilities</b>	<u>9,169</u>	<u>34,765</u>	<u>43,934</u>	<u>28,291</u>
<b>FUND EQUITY</b>				
<b>Unrestricted Fund -</b>				
Membership Capital				
Balance, Jan. 1	-	35,700	35,700	33,800
Contribution	-	2,200	2,200	1,900
Balance, Dec. 31	-	<u>37,900</u>	<u>37,900</u>	<u>35,700</u>
<b>Restricted Fund,</b>				
Retained balance, page 4	520,192	-	520,192	472,967
<b>Total Equity</b>	<u>\$ 529,361</u>	<u>\$ 72,665</u>	<u>\$ 602,026</u>	<u>\$ 536,958</u>

accompanying note and accountants report should be read with these statements.

THE VILLAGE HOMEOWNERS ASSOCIATION LTD.

STATEMENTS OF REVENUES AND EXPENSES AND  
CHANGES IN FUND BALANCE

20-P

AT DECEMBER 31, 1998

AT 12/31/1997

	RESTRICTED MANAGEMENT FUND	UNRESTRICTED OPERATING FUND	COMBINED TOTAL	COMBINED TOTAL
<b>REVENUES</b>				
Association assessments	\$ 161,047	\$ 301,109	\$ 462,156	\$ 438,422
Rental income	1,500	-	1,500	1,500
Interest earned	28,625	-	28,625	25,887
<b>Total Revenues</b>	<b>191,172</b>	<b>301,109</b>	<b>492,281</b>	<b>465,809</b>
<b>EXPENSES</b>				
Lake maintenance	-	-	-	1,192
Painting	97,514	12,517	12,517	85,298
Ground maintenance	-	-	97,514	133,188
Snow removal	-	128,253	128,253	17,138
Refuse removal	-	7,725	7,725	37,674
Road & driveway	-	38,925	38,925	11,755
Miscellaneous	14,808	-	14,808	1,390
Insurance	-	745	745	36,142
Exterior maintenance	-	40,001	40,001	53,895
Lighting	60,054	-	60,054	4,367
Fire monitor	-	4,631	4,631	25,781
Accounting	-	28,481	28,481	1,400
Legal	-	1,400	1,400	173
Office supplies	-	70	70	-
<b>Total Expenses</b>	<b>172,376</b>	<b>266,622</b>	<b>438,998</b>	<b>3,750</b>
Excess of revenues over expenses before income tax	<b>18,796</b>	<b>34,487</b>	<b>53,283</b>	<b>52,666</b>
<b>INCOME TAX</b>				
Franchise tax	-	-	-	-
Federal income tax	2,192	-	2,192	1,724
<b>Total Income Tax</b>	<b>6,566</b>	<b>-</b>	<b>6,566</b>	<b>5,880</b>
Excess of revenues over expenses	<b>8,758</b>	<b>34,487</b>	<b>8,758</b>	<b>7,604</b>
Fund balance	10,038	34,487	44,525	45,062
Balance, January 1	472,967	-	472,967	425,905
Transfer (from) Unrestricted Fund to Restricted Fund	34,487	(34,487)	-	-
Membership capital-resale contribution	2,700	-	2,700	2,000
<b>Balance, December 31</b>	<b>\$ 520,192</b>	<b>\$ -</b>	<b>\$ 520,192</b>	<b>\$ 472,967</b>

The accompanying notes and accountants' report should be read with these statements.

ERIE VILLAGE HOMEOWNERS ASSOCIATION LTD.

STATEMENTS OF CASH FLOWS

20-9

FOR THE YEAR ENDED  
12/31/98                      12/31/97

NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 44,525	\$ 45,062
(Increase) decrease in accounts receivable	(57)	3,151
(Increase) decrease in prepaid insurance	(11,108)	9,025
(Increase) decrease in accrued interest receivable	146	19
Increase (decrease) in accounts payable	(1,398)	(258)
Increase (decrease) in advance collections	799	2,185
Increase (decrease) in taxes payable	127	(644)
Increase (decrease) in Good Neighbor Fund	317	(48)
Increase (decrease) in deposits, insurance proceeds	15,798	0
	<hr/>	<hr/>
NET CASH FLOWS PROVIDED BY OPERATIONS	49,149	58,492
NET CASH FLOWS FROM FINANCING ACTIVITIES:		
(Purchase) redemption of U.S. Treasury notes	10,274	180,417
Membership contributions	2,700	1,900
Resale contributions	2,700	2,000
	<hr/>	<hr/>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	15,674	184,317
	<hr/>	<hr/>
CHANGE IN CASH AND CASH EQUIVALENTS	64,823	242,809
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	478,109	235,300
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 542,932	\$ 478,109
	<hr/>	<hr/>

The accompanying note and accountants' report should be read with these statements.

NOTE TO FINANCIAL STATEMENTS  
AT DECEMBER 31, 1998

20-10

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Erie Village Homeowners Association Ltd. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

FUND ACCOUNTING

The operating accounts of the association are maintained in accordance with the principles of fund accounting whereby limitations and restrictions are placed on the use of resources available to their respective funds. The procedure by which resources for various purposes are classified for accounting and reporting purposes are established according to their nature and purpose. Separate financial accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. The assets, liabilities, and fund balances of the association are reported in three self-balancing fund groups as follows:

Unrestricted Operating Funds which include unrestricted and restricted resources, represent the portion of expendable funds that is available for support of the association.

Restricted Management Funds represent resources restricted for exterior improvements or replacement and funds expended for contingencies.

Membership Capital Funds revenue is created by a contribution from the sale of the condominiums. Each new owner is required to contribute \$100.00 to this fund for the purpose of providing working capital.

OTHER MATTERS

The income from investment receivables and the like is accounted for in the Restricted Fund source. The Restricted Fund income is determined by the budget whereby a study of the Association's restricted funding program of selected common areas indicates the Association's yearly contribution to the Restricted Fund.



ERIE VILLAGE HOMEOWNERS ASSOCIATION LTD.

NOTE TO FINANCIAL STATEMENTS  
AT DECEMBER 31, 1998

20-11

OTHER MATTERS (continued)

However, if actual replacement costs exceed funds available, or for replacement of common areas where no fund was established, the Association has the right to increase the monthly assessments, pass special assessments, or delay replacement until funds are available.

BUDGET

The annual budget and owners' assessments are determined by the Board of Directors to provide for current operating expenditures and required replacement reserves. The Association retains excess operating funds at the end of the year, if any, for use in future years. The monthly assessment for 1998 was \$105 per unit.

OPERATIONS

The Association is a not-for-profit homeowners association organized and operated to acquire, rebuild, manage and care for the property and the homeowners association project.

CASH

The Association maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents.

U.S. TREASURY OBLIGATIONS

The Association's investments in government bonds are stated at cost totaling \$40,308; however, said bonds' market value at December 31, 1998 totaled \$41,509.

DEFERRED INCOME

The deferred income represents fees collected in advance that are applicable to the calendar year of 1999.

NOTE TO FINANCIAL STATEMENTS  
AT DECEMBER 31, 1998

20-12

DEPOSIT INSURANCE PROCEEDS

During September 1998, a windstorm caused various damages to property located within the Homeowners Association boundaries resulting in insurance claims totaling \$622,000. To date the Nationwide Insurance Company has paid \$535,000 leaving a balance due in the sum of \$87,000 which is being negotiated in an offer to compromise for an unknown sum. At December 31, 1998, the Homeowners Association had expended \$519,202 of the \$535,00 received as of that date.

INCOME TAXES

The Association qualifies under provisions of Internal Revenue Code Section 528 to exclude exempt function income (assessment income in excess of the cost of providing services to members) from taxation. Therefore, the Association is only subject to income tax on any income received which is not related to providing a service to the members.

STATEMENTS OF CASH FLOWS

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash - checking	\$ 100
Cash - savings	\$163,029
Cash - certificates of deposit	\$379,303

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Cash paid during the year for:

NYS Franchise Tax	\$ 2,192
Federal income tax	\$ 6,566