

AMENDMENT NO. 1

To the Restated Offering Plan of

LEISURE GLEN HOME OWNERS ASSOCIATION, INC.

Randall Road
Ridge, New York

The Restated Offering Plan accepted for filing on May 13, 1994 which incorporated Amendments 1 through 17 of the original Plan dated January 6, 1986 is hereby further amended as follows:

I. RESTATED PLAN

The Restated Offering Plan dated May 13, 1994 is recorded as Amendment No. 18 to the original Offering Plan dated January 6, 1986 with the New York State Department of Law. This amendment will be numbered Amendment No. 1 to the Restated Offering Plan but will be listed in the records of the New York State Department of Law as Amendment No. 19 to the original Offering Plan.

II. HOMES/LOTS

As provided in the Restated Offering Plan the Sponsor initially offered for sale twenty (20) Homes/Lots it acquired from the successor to the original Sponsor. Sponsor is now offering for sale an additional forty (40) Homes and Lots as follows:

Phase III: 359, 360, 361, 362, 363 and 364

Phase IV: 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 403, 404, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469 and 470.

III. FINANCIAL STATEMENT/BUDGET

As disclosed in the Restated Offering Plan, the Association was in the process of changing its fiscal year to commence October 1, 1994 through September 30, 1995. Said process has been completed. As a result, annexed hereto and made a part of this Amendment as Exhibit "A" is a copy of the six (6) month financial statement for the period ending September 30, 1994. The next financial statement will be for a twelve (12) month period ending September 30, 1995. In addition, annexed hereto

LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

SIX MONTHS ENDED SEPTEMBER 30, 1994

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as Exhibit "B" is a copy of the current operating twelve (12) month budget for the fiscal year ending September 30, 1995.

The budget and accompanying footnotes have been prepared by the Home Owner controlled Board of Directors and are contained in this amendment for informational purposes only. Since Sponsor does not represent a majority of the members of the Board of Directors, Sponsor can not represent, assure or guarantee their accuracy or completeness.

IV. EXTENSION

This Plan may be used for twelve (12) months from the date this Amendment is duly accepted for filing and thereafter said date is to be extended in a further amendment to be filed.

Other than as set forth above, there are no material changes which require an amendment to the Offering Plan.

TIMBER RIDGE HOMES AT LEISURE GLEN, INC.
Holder of Unsold Shares

Dated: February 27, 1995

LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

BALANCE SHEET

SEPTEMBER 30, 1994

ASSETS

Cash - Undesignated	\$ 58,316
Cash - Designated for Future Repairs and Replacements	448,633
Note Receivable	16,545
Accounts Receivable - Members	1,140
Prepaid Franchise Tax	31
Prepaid Insurance and Other Expenses	9,564
Furniture and Improvements (Net)	<u>6,283</u>
<u>Total Assets</u>	<u>\$540,512</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable and Accrued Expenses	\$ 72,304
Assessments Received in Advance	34,233
Income Taxes Payable	<u>3,028</u>
<u>Total Liabilities</u>	<u>\$109,565</u>
Members' Equity	
Undesignated	\$(27,098)
Designated for Future Repairs and Replacements	<u>458,045</u>
<u>Total Members' Equity</u>	<u>\$430,947</u>
<u>Total Liabilities and Members' Equity</u>	<u>\$540,512</u>

THE ACCOMPANYING AUDITORS' REPORT AND NOTES TO
FINANCIAL STATEMENTS ARE INTEGRAL PARTS OF THIS REPORT
AND SHOULD BE READ IN CONJUNCTION HEREWITH.

LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

STATEMENT OF REVENUE AND EXPENSES
AND CHANGES IN MEMBERS' EQUITY

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1994

Revenues

Monthly Common Charges	\$585,000
Miscellaneous Income	3,228
Resale Fees	<u>1,750</u>
<u>Total Revenues</u>	<u>\$589,978</u>

Operating Expenses

Utilities	\$ 75,390
Sanitation Contract	42,753
Recreation Activities	744
Security Contract	55,203
Insurance	8,364
Management & Maintenance	246,250
Bus Service	16,380
Legal	3,581
Accounting & Audit Fees	3,467
Reserve Funds	48,269
Maintenance Contracts	14,122
Miscellaneous Repairs & Maintenance	36,121
Cablevision	28,950
Depreciation	<u>783</u>
<u>Total</u>	<u>\$580,377</u>

Excess (Deficit) \$ 9,601

Beginning - Members' Equity Undesignated (44,537)
Prior Year Adjustment - Sales Tax 7,838

Ending - Members' Equity Undesignated \$(27,098)

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LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1994

Cash Flow from Operating Activities

Net Surplus (Deficit)	\$ 9,601
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	783
(Increase) Decrease in Maintenance Charges Receivable	313
(Increase) Decrease in Prepaid Expenses	(2,169)
(Increase) Decrease in Receivables - Insurance	11,399
(Increase) Decrease in Note Receivable	4,680
Increase (Decrease) in Maintenance Charges Paid in Advance	1,743
Increase (Decrease) in Income Taxes Payable	(308)
Increase (Decrease) in Accounts Payable	<u>(14,304)</u>
	<u>\$ 2,137</u>

Net Cash Provided (Used)
by Operating Activities \$ 11,738

Cash Flow from Investing Activities

Prior Year Adjustment - Sales Tax	\$ 7,838
Interest Income	4,039
Basis of Assets Sold	<u>3,602</u>

Net Cash Provided (Used)
by Investing Activities \$ 15,479

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LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1994

Cash Flow from Financing Activities

Capital Contributions	\$ 48,269
Interest Income	8,185
Expended	(20)
Corporation Taxes Payable	<u>(4,207)</u>

Net Cash Provided (Used)
by Financing Activities \$ 52,227

Net Increase (Decrease) in Cash
and Cash Equivalents \$ 79,444

Cash and Cash Equivalents at
Beginning of Year 427,505

Cash and Cash Equivalents at
End of Year \$506,949

Supplemental Disclosures:

Income Taxes \$ 1,028

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LEISURE GLEN HOMEOWNERS' ASSOCIATION
STATEMENT OF RECONCILIATION OF FUTURE REPAIRS
AND REPLACEMENT ACCOUNTS

SIX MONTHS ENDED SEPTEMBER 30, 1994

<u>Capital Project Reserve</u>	
<u>Funds - Beginning</u>	\$265,170
<u>Contributed Capital</u>	
Contributions	44,004
Interest	<u>8,185</u>
<u>Disbursements</u>	
Expended	\$ 0
Corporation Taxes	<u>2,819</u>
<u>Capital Project Reserve</u>	
<u>Funds - Ending</u>	<u>\$314,540</u>
<u>Paid in Capital - Beginning</u>	\$136,609
<u>Contributed Capital</u>	
Contributions	4,265
Interest	<u>4,039</u>
<u>Disbursements</u>	
Expended	\$ 20
Corporation Taxes	<u>1,388</u>
<u>Paid in Capital - Ending</u>	<u>\$143,505</u>

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LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 1994

Note 1 - Description of Operations

Leisure Glen Homeowners' Association, Inc. (the "Association") is a New York non-stock corporation organized to operate and maintain the common areas of the homeowners known as Leisure Glen at Ridge, New York. The Association is funded through common charge assessments collected from homeowners. As of September 30, 1994, there were 386 units in the Homeowners' Association.

Note 2 - Significant Accounting Policies

The Association is on the accrual basis both for financial statement and tax purposes. That is, the Association recognized revenues when levied and expenses when incurred.

The Association derives its revenue principally from maintenance fee assessments to its members. Revenue in excess of operating expenses are deferred if the Association intends to use such revenue to reduce the following year's assessment.

The Association has requested a change in their fiscal year under Revenue Procedure 92-13. The request was to change the year-ending date from March 31, 1995, to September 30, 1994. Thus, these statements reflect only six (6) months of operations of the Association.

Note 3 - Income Taxes

The Association is required to file a Federal Corporate Income Tax Return and has elected to file as a Homeowners' Association under the provision of Section 528 of the Internal Revenue Code. For New York State Corporations as amended by Chapter 61 of the Law of 1989, Associations are taxable under Article 9A/209.1 for New York State Corporation Tax.

LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 1994

Note 4 - Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-line and MACRS methods.

Property, equipment and improvements consisted of the following:

	<u>September 30, 1994</u>
Office Furniture	\$ 6,230
Improvements	6,769
Accumulated Depreciation	<u>(6,716)</u>
	<u>\$ 6,283</u>

Note 5 - Contracts and Contingencies

- A. Security Services - The Association had a contract with Peace Security, Inc. The hourly cost of security will be \$8.00 per hour plus tax and \$1.20 additional per hour for roving patrol car for the contract period April 1, 1993 to March 31, 1995 for the initial year with an increase to \$8.32 per hour plus tax for the second year. They provide twenty-four hour gate house service and a roving patrol car.
- B. Maintenance and Management Services - J.P.M. Management Corp. The Association has contracted for maintenance and management services at an effective rate of \$106.33 per unit per month for the period April 1, 1991 through March 31, 1997.
- C. Sanitation - Detail Carting Co., Inc. An agreement exists with Detail Carting Co., Inc. for disposal of garbage at a cost of \$16.15 per unit per month, plus \$500 for a dumpster as required.

LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 1994

Note 6 - Capital Reserves

During the current fiscal period Future Repairs and Replacements previously established for repair and replacement of roofs, roads, and common area building and condo exterior continued. Charges are assessed against homeowners on a monthly basis and are considered capital contributions which will be used for only this purpose. Funds as established were designated by the Board and all disbursements require Board approval.

Note 7 - Sponsor Contribution

During the period April 1, 1994 to September 30, 1994, the sponsor, per the Offering Plan and By-Laws of the Homeowners Association, is required to remit the maintenance fee for the units it owns.

Note 8 - Uninsured Cash Balances

The Association maintains its cash balances at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances are \$0 at September 30, 1994.

The reserves for the roof and road replacements has been invested in U.S. Government securities. The cost of these investments is \$149,224 and the fair market value as at September 30, 1994, is \$127,914. It is intended to hold these securities until maturity.

SUPPLEMENTARY INFORMATION

LEISURE GLEN HOMEOWNERS' ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (UNAUDITED)

SEPTEMBER 30, 1994

The Association's Board of Directors conducted a study in March, 1994, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property. (Amounts are rounded to the nearest thousand dollars.)

<u>Component</u>	<u>Estimated Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>
Roofs	20	\$ 750,000
Road	13 to 27	792,000
Painting	5	160,000
Rec. Bldg. Mech. Res.	10	100,000
Tree/Shrub Repl.	10	<u>110,000</u>
		<u>\$1,912,000</u>

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LEISURE GLEN HOMEOWNERS ASSOCIATION, INC
OPERATING BUDGET

OCTOBER 1, 1994 THROUGH SEPTEMBER 30, 1995

	6 MONTH EST EXPENSES 4/1/94- 9/30/94	12 MONTHS BUDGET 10/1/94- 9/30/95	MONTHLY COST PER UNIT 10/1/94- 9/30/95
INCOME (1)			
Association fees	\$579,000	\$1,163,250	\$250.00
Sponsor maintenance fees	\$6,000	\$12,000	\$2.58
Miscellaneous income	\$600	\$1,400	\$0.30
Builder payments	\$3,000	\$6,000	\$1.29
Transfer fees	\$1,500	\$2,500	\$0.54
TOTAL INCOME	\$590,100	\$1,185,150	\$254.71
EXPENSES			
Utilities (2)	\$75,700	\$121,000	\$26.00
LILCO	\$36,700	\$75,000	\$16.12
Water	\$36,800	\$40,000	\$8.59
Telephone	\$2,000	\$5,600	\$1.20
Sewage	\$200	\$400	\$0.09
Sanitation (3)	\$43,000	\$90,900	\$19.54
Recreational Activities (4)	\$800	\$1,800	\$0.39
Security (5)	\$55,200	\$115,600	\$24.84
Insurance (6)	\$9,200	\$24,450	\$5.25
Management & Maint. Serv (7)	\$246,300	\$492,500	\$105.85
Bus Service (8)	\$16,100	\$34,000	\$7.31
Legal (9)	\$3,700	\$10,000	\$2.15
Accounting & Audit Fees (10)	\$3,400	\$6,600	\$1.42
Reserves (11)	\$44,000	\$97,800	\$21.00
Other Operating Expenses (12)	\$32,700	\$99,500	\$21.41
Depreciation (13)	\$900	\$2,100	\$0.45
Maintenance Contracts (14)	\$14,300	\$29,000	\$6.23
Cablevision (15)	\$29,000	\$59,900	\$12.87
TOTAL EXPENSES	\$574,300	\$1,185,150	\$254.71
URPLUS (to be applied against accumulated deficit)	\$15,800	(\$0)	(\$0)

FOOTNOTES TO THE OPERATING BUDGET

1. INCOME

We will conclude our six month interim budget period on Sept. 30. Our new budget shown above will start our new fiscal year on October 1. (Fiscal year is now 10/1/94 - 9/30/95). The present budget maintains the maintenance fee at the rate \$250.00 per month.

During this period Oct. 1, 1994 to Sept. 30, 1995 the Sponsor, per the offering plan and by-laws of the HOA, is required to remit the maintenance fee for the units it owns. We have calculated the revenue for only the 4 units in Phase IV; We have added revenue from the Builder, (\$500.00 per month) to reimburse the HOA for any additional expense to us of their sales effort to sell new homes, i.e. use of our clubhouse etc. Also we have forecasted additional units to be occupied in 1995, and have added that to our revenue stream. Miscellaneous income is derived from late fees on maintenance charges, from copier reimbursements, and gate badges.

2. UTILITIES

Common electricity is provided by LILCO for the walks, street lights, recreational facilities, and the guardhouse. The costs are based on historical usage. Gas is provided by LILCO for heating the recreation building and guardhouse. Sewerage is provided by the Utilities Operating Company for the recreation building and the guardhouse only.

Water is provided by Suffolk County Water Authority for irrigation of the recreation area, the lawns of the residential areas, water usage for the recreation building, guardhouse, and pool. The six month estimated expenses indicates that the water usage has been controlled and with SCWA more reasonable rates, we have reduced the water costs.

Telephone expenses for the recreation area, guardhouse, and Association office are estimates, based on past years usage. The HOA is also paying for all utilities for the unit that the Sponsor has allowed the HOA to use to conduct our business.

SANITATION

Sanitation is provided by Detail Carting Company for the removal of and disposal of all garbage and recyclables. The cost is \$17.15 per unit per month. This includes the cost of \$500.00 on average for eight months for a dumpster for ground maintenance.

4. RECREATION ACTIVITIES

Allowance this year will be \$150 per month for expenses by the Recreation Department.

5. SECURITY

We have a contract with Peace Security, Inc. to provide for twenty four (24) hour gatehouse service and a roving patrol car throughout the community seven days per week. (Roving patrol hours are 6PM to 2AM Monday to Friday, and 7PM to 3AM on Saturday and Sunday). Peace will use their vehicle.

New York State in 1990 passed a sales tax applicable to security services, which has been further increased by sales tax changes. The hourly costs, in the second year of their two year contract, is \$8.32 per hour for labor and \$1.20 per hour for the vehicle + taxes, or an increase to \$8.50 per hour for labor and a \$1.75 per hour for the vehicle.

6. INSURANCE

Property and liability insurance will be provided by an "All Risk" package policy obtained through Community Associates Underwriters of America for all property owned by the Homeowners' Association. We will maintain a \$1,000,000 liability basic policy and a \$2,000,000 umbrella policy. Directors, Officers and committee members will continue with coverage of \$1,000,000, and the Boiler & Machinery policy will be continued.

7. MANAGEMENT AND MAINTENANCE SERVICES

Our labor service agreement continues with J.P.M. Management Corporation. Included in the services is the management and maintenance of all common areas, lawns, parking areas, roads, residential building exteriors, (except warranty items), and all recreational facilities. This includes minor materials required for the performance of their functions, including two fertilizations, lime, weed & crabgrass control, and tree spraying.

All employees will, at this time, remain employed by J.P.M. The cost of this service holds at \$106.57 per unit per month for 385 units. The board approved an additional extension to the contract to 3/31/97 which has the result of a no increase in this service for 4 years, no matter how many homes are built. The HOA has essentially frozen the cost of this service to 385 homes, although we are receiving revenue for 390 homes.

BUS SERVICE CONTRACT

Our bus service is now supplied by Laidlaw Bus Co. The daily fee to the HOA is at the rate of \$217.00 per full day of operation. The agreement is for 21 hours of usage per week. The \$217.00 is the result of minor increases.

9. **LEGAL FEES**

We have utilized the services of Barry Warren, Esq. as the attorney for the Association. Legal fees will provide for services as required, such as, advice to the Board of Directors, assisting in financial disputes, interpreting NY State Laws as applicable to homeowners associations etc. Budget reflects a retainer and 35 hours of miscellaneous work at \$200 per hour.

10. **ACCOUNTING AND AUDIT FEES**

Professional auditing services will be provided by the firm of Esposito, Fuchs, Taormina & Fuchs. This will include the cost of certifying the Association's financial statements and preparing tax returns. This item also includes the services from Datumeg, Inc., which does the accounts receivable processing for the association, the creation of the payment stubs, and the computer processing of the monthly maintenance fees.

11. **RESERVE FUND**

Provides for a reserve to offset future replacement of capital items such as roadways, recreational building roof, dwelling unit roofs, repainting of dwelling units and recreation building exterior facia, heating/ventilating & air conditioning equipment in the clubhouse, and tree/shrub replacement. Computer models are used to project the revenue/expense stream. The total amount for reserves is \$21.00 per unit per month. No representation is made that these amounts are adequate to cover all such expenses, but they are frequently reviewed so there should be no surprises.

12. **OTHER OPERATING EXPENSES**

This a a broad range category that encompasses a variety of items. Includes the costs associated with the copier, the computer, the HOA office, miscel. costs of the Rec. Bldg., the pool, home repairs, tree replacement, sprinkler parts, lawn fungicides, and miscel. expenses of our committees. We have once again included the cost of an additional lawn fertilization, and have provided funds to continue the tree pruning program.

DEPRECIATION

This category is for the depreciation of our paid for capital assets, the copier, computer, and well.

14. MAINTENANCE CONTRACTS

To minimize the possibility of large expenditures for repair of some of our equipment and systems, we have moved towards a maintenance contract philosophy. As such, we have contracts in place to cover the HVAC (Heating, Ventilating, & Air Conditioning) for the Recreation building, the copier, the computer, our security system, the fire alarm & sprinkler system for the Rec. Bldg, a data processing consultant, and for the kitchen equipment.

We have made great progress in the repair of the home security system and will continue this on going project.

15. CABLEVISION

A vote by the residents stated the desire for Cablevision. As such Cablevision has purchased the rights and assets of Ocean Hills Cable, including all the underground cable. Cablevision has tied the existing underground cable to their system and started servicing our community on Dec. 15, 1993. The monthly payment to Cablevision will be remitted by the Homeowners' Association and as such, \$12.50 has been included in your monthly maintenance fee to take care of this obligation, with an increase to \$13.00 effective Dec. 15, 1994.