

OAK GROVE CONDOMINIUM,
PUBLIC OFFERING STATEMENT

Name of Condominium:	Oak Grove Condominium
Address of Condominium:	24 Garfield Street, Saco, Maine 04072
Name of Declarant:	Oak Grove, LLC
Principal Address	197 U.S. Route One, P.O. Box 485, Scarborough, Maine 04070

UNLESS A PURCHASER HAS RECEIVED A COPY OF THIS PUBLIC OFFERING STATEMENT PRIOR TO THE EXECUTION OF A CONTRACT FOR SALE OF A CONDOMINIUM UNIT, A PURCHASER MAY CANCEL ANY CONTRACT FOR PURCHASE OF THE UNIT FROM DECLARANT PRIOR TO THE CONVEYANCE OF THE UNIT.

IF PURCHASER ACCEPTS THE CONVEYANCE OF THE UNIT BEFORE RECEIVING THIS STATEMENT, HE MAY NOT CANCEL THE CONTRACT.

Effective date of this Public Offering Statement: March 30, 2005.

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OAK GROVE CONDOMINIUM

Saco, Maine

I. DESCRIPTION OF THE CONDOMINIUM

A. Overview.

1. Public Offering Statement. This public offering statement is provided by Oak Grove, LLC (the "Declarant") to purchasers of Units in Oak Grove Condominium (the "Condominium") located on Garfield Street a public street which connects with North Street located in Saco, Maine.

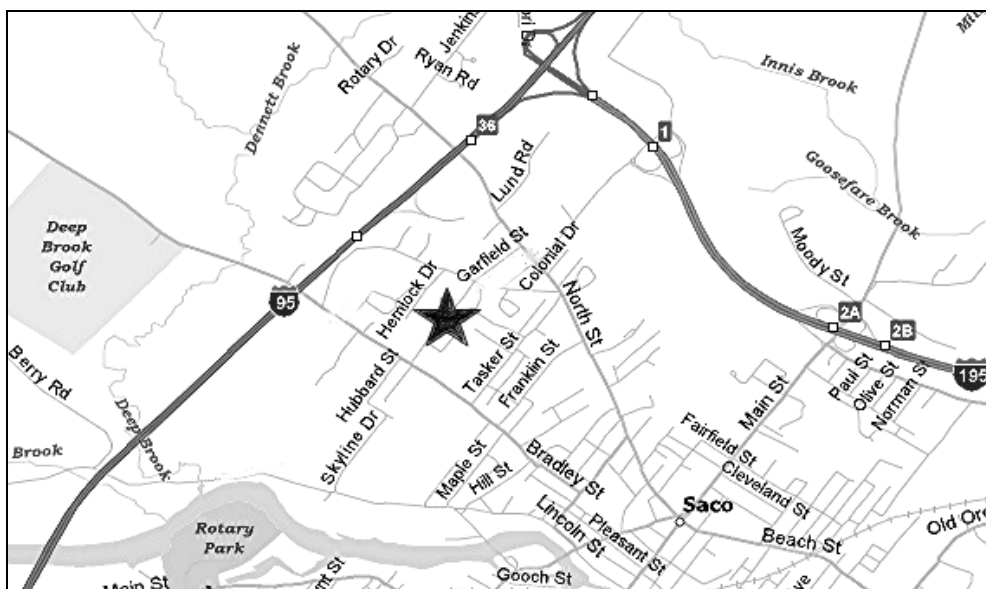
This public offering provides a general overview and summary of the terms of the Condominium. The various exhibits to this Public Offering Statement contain the full detail of the controlling legal documents. Potential purchasers are strongly encouraged to review all exhibits in order to obtain a full understanding of the detailed structure of the Condominium. Since this is only a summary, the full text of the legal documents will control in the event of any omission or conflicts.

2. Overall Condominium Structure. The Condominium buildings are being constructed in stages. Construction of the buildings, road and related infrastructure is currently underway.

Units generally consist of the areas within the interiors of the buildings. The building exteriors, structural components and the land are part of the common areas, which will be owned by all unit owners in common.

As further set for the Limited Warranty Certificate which is a part of this Public Offering Statement, the Declarant is responsible for constructing the building exteriors, infrastructure, access drive, sidewalks, utility, and drainage improvements in a good and workmanlike manner and in accordance with the plans approved by the City of Saco's Planning Board. The Condominium will be connected to the public water and sewer.

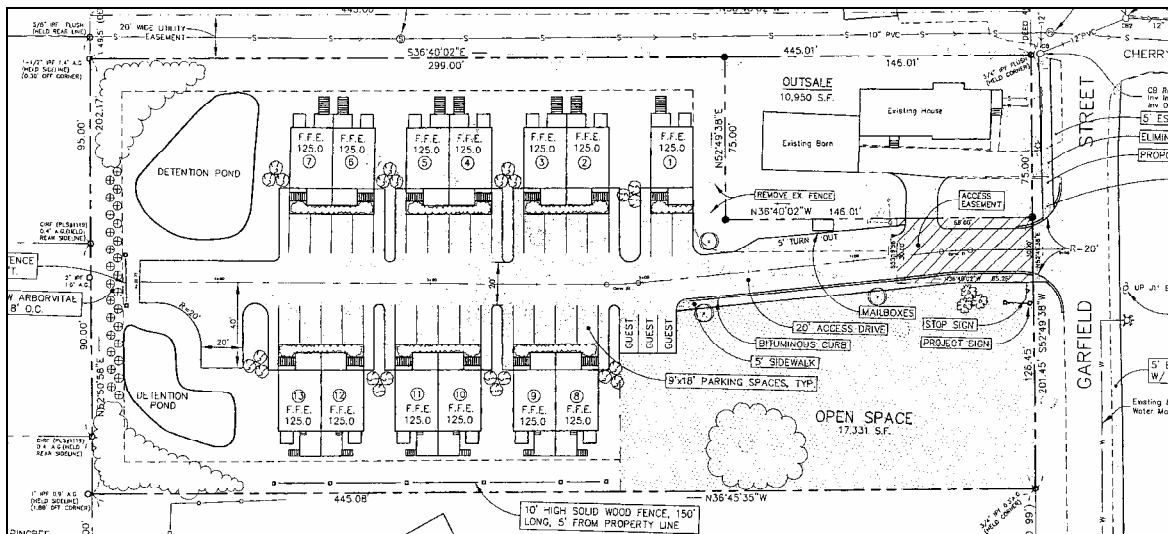
The proposed location of the Units and improvements are shown in the Condominium Plat (survey). Land uses in the vicinity include residential subdivisions, single family residences, and multifamily dwellings.



3. Phasing. The entire parcel of land on which the Condominium is located will be subjected in its entirety to the Condominium Declaration. The Condominium may consist of a total of up to 13 Units located in up to 6 wood-frame duplex buildings and one wood-frame single unit building, if fully constructed.

Initially, the Declarant intends to construct Units in stages based on sales and market conditions. Units will be legally created on a one by one basis just prior to the closing with each buyer. One of the Units may be used as a model Unit for inspection by buyers. The Declarant may add additional Units in 6 buildings, for a total of 6 duplex buildings and 1 single unit building containing a total of 13 Units.

Land use approvals have been obtained from the City of Saco to construct the 7 buildings, all 13 Units, and the related road and infrastructure improvements. The Declarant may postpone the final decision as to the number of Units to be built until 7 years after the recording of the Declaration, which is anticipated to occur during the late summer or fall of 2006.



Note: This is an excerpt from the plan approved by the Saco Planning Board, a full copy of which is included as an exhibit.

4. Governmental Restrictions and Easements. The site is located in the Medium Density Residential - "R-2" zoning district which permits residential developments and requires City Planning Board approval. The Subdivision and Site Plan was approved by the Planning Board and was recorded in the York County Registry of Deeds in Condominium File 676, Page 1. The approval was subject to certain condition, including the installation of detention ponds, landscaping and a fence along the southwesterly boundary line.

Unit owners are required to comply with and conform to all applicable laws and regulations of the State of Maine, and all ordinances, rules and regulations of the City of Saco, and the terms of the Planning Board approval for the Condominium. The violating Unit owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for any violation thereof or noncompliance therewith.

The proposed location of the Units and improvements are shown in the Condominium Plat

(survey), a reduced copy of which is an exhibit included in this package, and an except of which is set forth above. The farmhouse building fronting on Garfield Street is not a part of the Condominium but shares an easement over the initial portion of the access drive.

B. Condominium Declaration.

1. Declaration. The Declaration of Condominium is the core legal document which creates and governs the Condominium. A copy of the proposed Declaration is included as a part of this Public Offering Statement, and it will become effective when recorded in the York County Registry of Deeds. The Declaration establishes the boundaries of the Condominium as a whole, the boundaries and Allocated Interests of each Unit, the special property rights within the Condominium such as Limited Common Elements and easements, and the restrictions on the Units. The Condominium is also subject to the Maine Condominium Act, 33 M.R.S.A. Section 1601-101 etc. which governs all condominiums created in Maine since 1983.

Generally amendments to the Declaration may be made by a vote of 67% in interest of the Unit owners; however 100% approval is required to change the Unit boundaries and permitted uses. Certain amendments require the approval of the Declarant or lenders holding or insuring mortgages on the Condominium Units. The Declarant holds the right unilaterally to make amendments to the Declaration in connection with the addition of future Units and Common Elements, and holds various easements permitting the construction and marketing of Units. The Declarant has the right to revise the Condominium documents until they are all recorded.

2. Use Restrictions. The Units in the Condominium are restricted to residential use. An occupant of a Unit may conduct business activities within the confines of a Unit so long as no signs are displayed and the Unit is not used for meeting with customers or third parties.

The Declarant has the right to construct future buildings and may use unsold Units as models or sales offices. Other temporary, reasonable non-residential uses may be permitted by the Board of Directors.

3. Pets. Only the following animals are permitted to be kept on the Property: one dog (two dogs if both dogs are under 25 pounds in weight); up to two (2) cats; and a reasonable number of other ordinary household pets in a Unit such as fish or birds.

Pets are only permitted outside of a Unit if on a leash under the direct supervision of a responsible person. Unit owners must clean up dropping from their pets. No pet may disturb other occupants as determined by the Board of Directors.

The Declaration and Rules and Regulations set forth further provisions regarding pets, which should be consulted by any purchaser who owns a pet. Additional pet restrictions may be added with the approval of the Board of Directors.

4. Vehicles and Parking. Only passenger vehicles and trucks under 8,000 pounds in gross vehicle weight are allowed to be kept on the Condominium. Only two motor vehicles per Unit may be kept overnight on the property.

Generally parking of motor vehicles is permitted only within the two parking space allocated to a given Unit in front of the Unit and other areas permitted by the Board of Directors. The Board may regulate parking on the private streets forming a portion of the Condominium. Parking is prohibited in the turn around areas.

No inoperable vehicles, boats, recreational vehicles, snowmobiles, terrain vehicles or other vehicles or recreational equipment or similar items may be kept or parked on the Property. No motorized vehicles shall be used on the Property, except within the parking areas as shown on the Condominium Plat.

5. Trash and Nuisances. Trash and garbage may be kept only in sanitary containers and properly stored. No Unit may be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Unit or the Common Elements.

6. Maintenance. Each Unit owner must maintain his Unit, including the walls, ceiling, floors, floor coverings, appliances, plumbing, and electrical lines and fixtures that run within a Unit or which exclusively serve a Unit. In the event the Unit suffers a casualty covered by the Association's insurance, the Unit owner is required to pay the insurance deductible or such other amount as may be established by the Association's Board of Director's, initially being the sum of \$250.

A unit owner must separately insure the furniture and other contents of his Unit and any improvements added after the initial construction, and any insurance obtained by an owner must comply with the Declaration. The Declarant recommends that each owner provide his insurance agent with a copy of the relevant portions of the Declaration.

The Association is generally responsible for the maintenance of the exterior of the Units, the drives, parking areas, grounds and for snow plowing and trash collection. The Association shall be responsible for the maintenance of the drives within the Condominium providing access to Garfield Street and the stormwater detention system.

A Unit owner may not change the outside appearance of the Unit, whether changing the color of the Unit, adding any awnings or canopies or constructing any improvements, or using clothes lines, signs, television antennas and dishes, etc. unless the Association's Board of Directors gives its approval in its discretion. However, Unit owners may be permitted to plant flowers and annuals in designated areas with the approval of the Board of Directors, provided these are properly maintained.

7. Utilities and Heat. Each Unit will be separately metered and billed for water and sewer. Units will have individual gas furnaces and will be individually billed by the supplier.

C. Development and Special Declarant Rights.

1. Future Units. The maximum number of Units which may be built is 13. No more than 7 Unit may be created per acre of land on average if all 13 Units are constructed. All future Units within the Condominium must be reasonably consistent with the initial Units for quality of

construction and principal building materials and of the same general architectural style, but the Declarant may substitute materials and techniques of equal or better quality and may change the Unit location, configuration and size. The Declarant may adjust the price for Units based on market conditions. The time for physical construction if all possible Units are added is not definitely known and it will continue in phases.

The Declarant is not required to add more Units and may stop at any point short of the maximum number of 13 Units. The Condominium is legally self-sufficient, however, even if only the initial Units are built. Upon the addition of future Units to the Condominium, all new and old Units will then share in the common areas, voting rights and liability for the Condominium expenses as a group. Only residential Units may be added to the Condominium.

Only the Declarant may authorize improvements until all Units have been sold or until the Declarant waives such rights, after which time the Association's consent is required to authorize improvements.

2. Future Limited Common Elements. Any Limited Common Elements created pursuant to the Development Rights reserved by the Declarant will be of the same general type as the Limited Common Elements within other parts of the Condominium. The proportion of Limited Common Elements to Units created pursuant to any development right reserved by the Declarant will be approximately equal to the proportion existing within other parts of the Condominium. The Declarant may alter the layout and configuration of the Limited Common Elements.

3. Voting. All Units will each have 1 vote in the Condominium Association, so that if all possible Units are added to the original Units then each Unit will have 1 vote out of up to 13 Units, instead of 1 vote.

4. Common Expense Liability and Common Element Ownership. Common Element Interest and Common Expense Liability are equally allocated among all Units. Accordingly the percentage interests of each Unit will be diluted in proportion to the number of the newly added Units. As units are added the common expense budget for the Condominium as a whole is anticipated to increase, although the percentage liability of each Unit will shrink.

In the event a Unit owner fails to pay the common expense charges including the regular monthly assessment or any special assessments or service charges, the Association automatically has a lien on the Unit to secure the payment of such charges and all costs of collection, may record a notice of the lien and may foreclose the lien in the same manner as a mortgage.

6. Declarant Rights. The Declarant has the right to create and relocate public utility easements on the property servicing the Condominium, to connect into those public utility lines, to use the Condominium for the repair and construction of Units, and to operate a construction, sales, leasing, and management office until all Condominium Units including future Units have been sold.

The Declarant may appoint and remove the directors and officers of the Condominium Association and control the affairs of the Association until 75% of all 13 potential future Units have been sold. It is anticipated that the Declarant will control the Condominium Association for a period of time until the Condominium has reached its final size, although there is no guaranty that

the Condominium will include more than the initial Units in the first building. The Declarant may voluntarily give up these rights before it is required to do so by a written statement recorded in the Registry of Deeds.

The locations of future buildings, Units and improvements are depicted on the Condominium Plat included as a part of the Condominium Declaration. Said buildings, Units and improvements *NEED NOT BE BUILT*. The anticipated locations of additional buildings and improvements are shown on the Plat, *BUT ARE SUBJECT TO CHANGE*. The approval of the City of Saco's Planning Board or its staff must be obtained to materially change the original Condominium site plan.

All restrictions in the Declaration affecting the use, occupancy, and alienation of Units will apply to any future Units.

D. Unit Boundaries

Generally, the Units in the Condominium include the interiors of the buildings extending outward to the exterior side of the sheet rock (gypsum board) of the exterior walls. Each Unit is contained within a Unit envelope shown on the Condominium Plans, and includes all appliances, plumbing fixtures, water heater, the electrical, plumbing, HVAC systems and other similar improvements exclusively servicing the Unit even if located outside of the boundaries of a Unit.

The building exteriors, roof, foundation, lawns, walks and other general building components contained outside of the Unit are not owned by the Unit owner individually but rather are Common Elements owned by all Unit Owners.

The exterior deck – patio areas are Limited Common Elements owned by all Unit Owners but such areas may be used by the adjoining Unit exclusively. Each Unit is assigned the two parking spaces located in front of the Unit as Limited Common Elements allocated to that Unit.

The Declaration, the Plat and Plans more precisely define the boundaries and composition of the Units, Common Elements and Limited Common Elements. The detailed building floor plans attached as an Exhibit are illustrative only and individual units may vary.

II. OTHER DOCUMENTS

A. Bylaws.

The Bylaws contain rules for self-government of the Condominium by Oak Grove Condominium Association, a nonprofit corporation. The Bylaws provide for a Board of Directors which directs the affairs of the Condominium, administers policies outlined in the Bylaws, sets the budget and generally oversees the upkeep and the administration of the Condominium. The Bylaws cover such other matters as the composition of the Board of Directors, officers of the Association and the method of their election, the requirements for meetings, voting, the manner in which the Condominium budget must be prepared, the determination and handling of assessments, the filing of assessment liens, and the nature of insurance coverage. If a dispute arises between the Declarant and a Unit owner or the Association arising out of or relating to the Declaration, the Bylaws, or a

deed to the Unit, the Declaration provides that such dispute must be submitted to arbitration.

B. Rules and Regulations.

The Bylaws provide that the Board of Directors has the power, on behalf of the Association, to establish rules and regulations governing the use of the Condominium. The initial Rules and Regulations established as of the date of this Public Offering Statement are attached as an exhibit to this Offering Statement.

C. Title Matters.

The list of liens, defects and encumbrances and matters of title which may affect the right, title or interest of the Declarant and the Condominium as of the date of the Public Offering Statement are set forth in the Declaration. Unit owners may purchase a title insurance policy at their expense to protect and insure title to their Units.

In addition, the Condominium may be subject to certain easements created by the Declaration and/or the Maine Condominium Act. These easements are:

- (i) Easement for Encroachments. By virtue of this easement, Unit owners and the Association are protected in any event the Unit or Common Elements encroach on another Unit or the Common Elements.
- (ii) Easement to Facilitate Construction and Sales. The Declarant, its agents and employees, may use any unsold Unit of the Condominium as models and sales offices or place advertising signs within the Condominium and cross the Condominium property for the purpose of maintaining and repairing Units and Common Elements and constructing future Condominium Units. The Declarant may further erect, and re-locate temporary sales or customer service offices on the Property from time to time. Further, the Declarant and its agents, contractors and prospective purchasers may cross the Property and may use parking spaces.
- (iii) Easements for Access. Each Unit owner and the Declarant has a right to cross the Common Elements for access to his Unit subject to rules, regulations and restrictions adopted by the Unit Owners Association.
- (iv) Utilities. The Bylaws permit the Association to grant easements for public utilities servicing the Condominium through the Common Elements. Further, the Declarant may connect with existing utilities for construction purposes on the Property, provided that it pays for the cost of services used.
- (vi) City of Saco. The City of Saco's planning board has approved the condominium, subject to the matters and notes set forth on the recorded Plan and its minutes, including without limitation the designated Open Space area. A reduced copy of the approved plan is attached.
- (vii) Easement. The abutting residence to the north has an access easement approximately 70 feet in length over the initial portion of the drive in order to reach Garfield Street as on

the Plat.

C. Restraints on Alienation and Leasing,

The Maine Condominium Act prohibits the Declarant from offering any interest in a Condominium Unit until the Declarant has prepared and delivered to the purchaser the current Public Offering Statement. The Declarant knows of no other restraints which would preclude the free transferability of legal title to the Units pursuant to the terms of a purchase and sale agreement. The Condominium instruments do not grant the Declarant, the Association, lenders, or any other person a right of first refusal to purchase a Unit from a Unit owner.

The Bylaws provide that a Unit may not be leased or rented except on terms consistent with the provisions of the Declaration and Bylaws of the Condominium and for a period of no less than 6 months. A Unit must be leased as a Unit in its entirety and no lease of a portion of a Unit such as a single bedroom is permitted. The Board of Directors has the power to terminate leases or to evict a tenant in the event of a breach of the terms of the lease or the Condominium instruments in the event they are not complied with. All leases must be in writing and on a form requiring the tenant to comply with the Condominium documents, providing that the failure to so comply will constitute a default under the lease, and setting forth the Board of Director's termination rights described in this paragraph. Each Unit owner must notify the Board of Directors of all tenants and provide it with a copy of the lease.

D. Contracts or Leases Subject to Cancellation. The Declarant may cause the Association to enter into a management agreement with a third party, and it anticipates entering into a management agreement with Maine Properties, Inc., an affiliate of the Declarant. For rendering these services, a fee will be paid as set forth in the Proposed Budget attached hereto. The management agreement runs from year to year subject to earlier termination on account of specified defaults. The agreement will be subject to termination by the Association pursuant to Section 1603-105 of the Maine Condominium Act.

E. Professional Management. The Declarant intends to cause the Association to enter into a management agreement with Maine Properties, Inc. an experienced professional management company affiliated with the Declarant that manages many other condominium projects. The management expense is included in the budget attached hereto as Exhibit 1.

III. OPERATION OF THE CONDOMINIUM

A. The Unit Owners Association.

1. Self-Governing of the Condominium. The Condominium is governed by the Risbara Oak Grove Condominium Association, a Maine nonprofit corporation. All of the Unit owners collectively constitute the members of the Association as an incident of ownership of a Unit. Each Unit owner is automatically a member of the Association and remains a member until his ownership of a Unit ceases. The Unit owners elect a Board of Directors of the Association after the period of Declarant control expires. Until then, the Declarant appoints Board of Directors members and

officers.

At the date of this Public Offering Statement there are no unsatisfied judgments or, to the best of Declarant's knowledge and belief, no pending suits against the Association.

2. Delegation of the Powers and Responsibilities of the Unit Owners Association.

The Bylaws provide that the powers and responsibilities of the Association are delegated to the Condominium's Board of Directors, some of which in turn may be delegated to a managing agent. Basically, the Board of Directors has the powers and responsibilities in administering the Condominium to, among other things:

- (a) Adopt and amend rules and regulations;
- (b) Elect officers of the Association;
- (c) Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for common expenses and service charges from Unit owners;
- (d) Hire and terminate managing agents and other employees, agents and independent contractors;
- (e) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit owners on matters affecting the Condominium;
- (f) Make contracts and incur liabilities;
- (g) Regulate the use, maintenance, repair, replacement and modification of Common Elements, except as set forth in the Declaration;
- (h) Cause additional improvements to be made as a part of the Common Elements, except as set forth in the Declaration;
- (i) Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to Section 1603-112 of the Act;
- (j) Grant easements, leases, licenses and concessions through or over the Common Elements;
- (k) Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and Rules and Regulations of the Association;
- (l) Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments;
- (m) Provide for the indemnification of its officers and Board of Directors and maintain liability insurance for them;

- (n) Pledge, assign and grant a security interest covering special assessments made for the purpose of raising funds for repairs, renovations, improvements and associated costs and expenses with respect to the Common Elements; and
- (o) Operate, maintain and repair the Common Elements and the Limited Common Elements.

3. Allocation of Voting Power. Each Unit is allocated one (1) vote in the Association. A Unit owner is entitled to cast the vote allocated to his Unit.

Following the expiration of the Declarant Control Period, there will be five directors. The number of directors may be changed between 3 and 7 by an amendment to the Bylaws.

4. Transfer of Declarant Control. The Declaration authorizes the Declarant to appoint and remove members of the Board of Directors and all officers of the Association until the earlier of 7 years from the conveyance of the first Unit or 60 days from the date on which 75% of all Units have been conveyed, including Units which may be created in the future. At that time the Unit owners shall elect a Board of Directors. The Declarant at its option can relinquish this authority at any earlier time by recording a notice in the Registry of Deeds.

B. Management of the Condominium.

The Bylaws provide that the Board of Directors may employ professional managing agent for the Condominium at a level of compensation fixed by the Board of Directors. The Declarant initially intends to engage Maine Properties, Inc., a professional condominium management company which is an affiliate of the Declarant, to manage the Association for a per unit management fee of \$25 per month. At the expiration of the period of Declarant Control the decision as to the identity and services of this managing agent may be made by the Association.

The Bylaws contain provisions for establishing reserves for repairs and capital expenditures. The Bylaws require the establishment of a reasonable reserve fund out of the monthly common charges, with the use of fund at the discretion of the Board of Directors. The Bylaws also provide that if for any reason such reserve fund is inadequate to defray the cost of a required capital improvement, replacement or major repair, the Board of Directors may levy further assessments against the Unit owners in proportion to the Allocated Interests of their respective Units.

A Unit owner will be personally liable for all common charges and assessments levied against his Condominium Unit which become due while he is the Unit owner. In addition the common expenses and service charges assessed against the Unit owner automatically constitute a lien on a Unit, which lien, if unsatisfied, may be enforced by foreclosure or other legal remedies.

The Declaration requires the purchaser to pay at closing an initial working capital/reserve contribution in an amount equal to two (2) months common charges (in addition to any regular Condominium fee). The initial capital contribution will be allocated to the Condominium's working capital, is nonrefundable, and may be used to fund operating deficits or held as a reserve for future maintenance and repairs.

The Allocated Interest in the Common Elements of the Condominium is set forth in the

Declaration; the amount of the estimated monthly assessment (Condominium fee) for Condominium expenses is set forth on the attached budget. The Condominium fee is based on the Allocated Interest of the Unit. There are no current or expected fees or charges, other than such assessments, to be paid by the Unit owners for the use and maintenance of the Common Elements and other facilities related to the Condominium.

IV. BUDGET

A projected annual budget for the initial portion of the Condominium's operation is attached to this Public Offering Statement. The budget was prepared by the Declarant based on the best estimates available to it in March, 2006 and assumes (1) an inflation factor increase of 0% over 2005 cost figures and (2) the completion of 13 Units in the Condominium. *Because the Condominium is new there is no history of operating expenses, and therefore it is impossible to estimate with assurance the amount of future costs.* The Association presently has no significant assets or liabilities. A replacement reserve is included in the Budget as described therein in the projected monthly assessment for each Unit.

During the construction of the Condominium and before individual units are legally created, the Declarant is legally responsible for the insurance, maintenance and other expenses of such units, related buildings, drives and lawn areas under construction until these Units and the areas around the Units are legally added to the Condominium. Otherwise the Declarant provides no special services nor incurs any special expenses on behalf of the Unit owners that are anticipated to become common expenses.

Real estate taxes will be billed directly to Unit owners by the City of Saco once the Unit has been in existence on April 1st of a given year, per Maine statute. Until then the Declarant may bill owners for their proportionate share of taxes assessed against the Condominium as a whole. Real estate taxes are *not* included in the Association budget.

V. UNIT PURCHASE

The obligations of the parties in connection with the purchase of a Unit are stated in detail in the attached sample purchase and sale agreement. Buyers who wish to purchase units which are renovated will be required pay extra.

Every purchaser must also sign an agreement to limit the time in which to bring warranty claims to 2 years. Prices for Units are established by the Declarant and may be subject to change at any time at the Declarant's sole discretion prior to the execution of a purchase agreement. Different purchasers may pay different prices for similar Units in the sole discretion of the Declarant.

Unless a purchaser has received and reviewed a copy of this public offering statement prior to the execution of a contract for sale, a purchaser before closing on the conveyance may cancel any contract for purchase of a Unit from the Declarant, but if a purchaser accepts the conveyance of a Unit, he may not cancel the contract.

At the closing on the purchase of the Unit, the buyers will be required to pay, in addition to the purchase price of the Unit, those settlement costs identified in the purchase and sale agreement,

the prorated share of the current month's charges, and a sum equal to 2 months projected common charges as a capital contribution to the Association in order to provide working capital to the Association and an estimated share of the future fall and spring 2006-07 real estate tax bill. Buyers will be required to pay their proportionate share of taxes due to the City of Saco not collected at closing until units have been separately assessed. It is not anticipated that the purchaser will be required to sign any other contracts or leases at the settlement.

A prospective Unit purchaser must arrange for his own financing and **NO FINANCING HAS BEEN OFFERED OR ARRANGED BY THE DECLARANT**. No representation is hereby made regarding the availability of such financing for any purchaser, and each purchaser must qualify independently for the same. Purchaser's deposits will be placed in a non-interest bearing escrow account as designated in the Purchase and Sale Agreement.

VI. INSURANCE

The Board of Directors will obtain liability insurance to protect the Association and, to a certain limited extent, the Unit owners as individuals. In general, the types and amounts of insurance to be obtained by the Association are described as follows:

- (i) Each building, including the Units and Common Elements, will be covered by fire and property damage insurance. The coverage will be "all risk" and in an amount equal to the full replacement cost of the building. This coverage will not insure personal property belonging to a Unit owner nor special improvements to a Unit made by or at the request of the Unit owner. In the event the Unit suffers a casualty covered by the Association's insurance, the Unit owner is required to pay the amount of the insurance deductible or such lesser amount as may be established by the Association's Board of Director's, initially being the sum of \$250.
- (ii) The Association will obtain insurance covering liability arising from ownership or use of the Common Elements. This coverage will not insure Unit owners against liability arising from an accident or injury occurring within a Unit (or any porches or decks of a Unit) or liability arising from the act or negligence of a Unit owner. Each Unit owner should obtain separate liability insurance coverage to protect against such risks.
- (iii) The Board of Directors will also maintain appropriate insurance required by mortgage lenders.

The Declarant strongly recommends that each Unit owner obtain insurance coverage on his personal property, special improvements to a Unit and liability claims not covered by the Association policy, such as claims arising from activities inside of a Unit. The Unit owner should be aware, however, that the condominium documents require special provisions in the policies providing additional insurance. **IT IS RECOMMENDED THAT EACH OWNER PROVIDE HIS INSURANCE AGENT WITH A COPY OF THE DECLARATION IN ORDER TO DETERMINE THE INSURANCE COVERAGE NEEDED BY THE OWNER TO PROTECT AGAINST RISKS NOT COVERED BY THE ASSOCIATION'S INSURANCE.**

VII. FINANCIAL ARRANGEMENTS FOR IMPROVEMENTS

The Declarant is funding the construction of the Condominium from its own resources and from a loan from Biddeford Savings Bank. Biddeford Savings Bank has provided the City of Saco with a letter of credit to assure the completion of the common improvements required by the City.

VIII. WARRANTIES

Certain warranties are given to all Unit owners as described below, subject to certain exclusions and modifications made by the Declarant. The purchase and sale agreement requires that all buyers sign a Limited Warranty Certificate agreeing that any warranty claims be made and enforced within 2 years after the purchase.

With respect to the Condominium Units being sold and the Common Elements, the Maine Condominium Act provides as follows:

A. Express Warranties of Quality.

1. Express warranties made by any seller to a purchaser of a Unit, if relied upon by the purchaser, are only created as follows:

- (a) Any written affirmation of fact or promise which relates to the Unit, its use, or rights appurtenant thereto, area improvements to the Condominiums that would directly benefit the Unit, or the right to use or have the benefit of facilities not located in the Condominium, creates an express warranty that the Unit and related rights and uses will conform to the affirmation or promise;
- (b) Any model or description of the quantity or extent of the real estate comprising the Condominium, including plans and specifications of or for improvements, creates an express warranty that the Condominium will substantially conform to the model or description;
- (c) Any written description of the quantity or extent of the real estate comprising the Condominium, including plats or surveys, creates an express warranty that the Condominium will conform to the description, subject to customary tolerances; and
- (d) A provision that a buyer may put a Unit only to a specified use is an express warranty that the specific use is lawful.

2. Neither formal words, such as "warranty" or "guarantee," nor a specific intention to make a warranty, are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.

3. Any conveyance of a Unit transfers to the purchaser all express warranties of quality made by previous sellers.

B. Implied Warranties of Quality.

1. A Declarant warrants that a Unit will be in at least as good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.

2. A Declarant impliedly warrants that a Unit and the Common Elements in the Condominium are suitable for the ordinary uses of real estate of its type and that any improvements made or contracted for by him, or made by any person before the creation of the Condominium, will be:

- (a) free from defective materials; and
- (b) Constructed in accordance with applicable law, according to sound engineering and construction standards and -in a workman-like manner. Construction complying with the City of Saco Building Code shall be deemed to satisfy such sound engineering or construction standards.

3. In addition, a Declarant warrants to a purchaser of a residential Unit that may be used for residential use that any coexisting use, continuation of which is contemplated by the parties, does not violate applicable law at the earlier of the time of conveyance or delivery of possession.

4. Warranties imposed by this section may be excluded or modified.

5. Any conveyance of a Unit transfers to the purchaser of the Declarant's implied warranties of quality.

C. Exclusion of Modification of Implied Warranties of Quality.

1. Except as limited by Subsection 2 with respect to a Unit that may be used for residential use, implied warranties of quality:

- (a) May be excluded or modified by agreement of the parties; and
- (b) Are excluded by expression of disclaimer, such as "as is," "with all faults," or other language which in common understanding calls the buyer's attention to the exclusion of warranties.

2. With respect to a purchaser of a Unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but a Declarant may disclaim liability in an instrument signed by the purchaser, for a specified defect or specified failure to comply with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.

The Declarant has limited such warranty to a 2 year period. The Declarant is liable only for the cost of repair or replacement or to compensate for the decline in the Unit's market value. The Declarant disclaims liability for special or consequential damages. On or before settlement of the purchase of a Unit, implied warranties of quality will be limited as set forth in the Limited Warranty Certificate issued by the Declarant, a photocopy of which certificate is attached as a Schedule to this Public Offering Statement.

D. Statute of Limitations for Warranties.

1. A judicial proceeding for breach of any warranty obligation must be commenced within 6 years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than 2 years. With respect to a Unit that may be occupied for residential use, an agreement to reduce the period of limitation must be evidenced by a separate instrument executed by the purchaser.

2. Subject to Subsection 3, a cause of action for breach of warranty of quality, regardless of the purchaser's lack of knowledge of the breach, accrues:

- (a) As to a Unit, at the time the purchaser to whom the warranty is first made enters into possession if a possessory interest was conveyed or at the time of acceptance of the instrument of conveyance if a non-possessory interest was conveyed; and
- (b) As to each common element, at the time the common element is completed or, if later:
 - (i) As to a common element which may be added to the Condominium or portion thereof, at the time the first Unit therein is conveyed to a bona fide purchaser; or (ii) As to a common element within any other portion of the Condominium, at the time the first Unit in the Condominium is conveyed to a bona fide purchaser.

3. If a warranty of quality explicitly extends to future performance or duration of any improvement or component of this Condominium, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.