

RISBARA CLEARVIEW
CONDOMINIUM
PUBLIC OFFERING STATEMENT



Name of Condominium:

Risbara Clearview Condominium

Address of Condominium:

Clearview Drive, Scarborough, Maine 04074

Name of Declarant:
Principal Address

Risbara Clearview Development LLC
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 3, 2006.

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Attorney for the Declarant: Lawrence R. Clough, Esq., Tompkins, Clough, Hirshon & Langer, P.A., Three Canal Plaza, P.O. Box 15060 Portland, Maine 04112-5060 (tel) 207-874-6700.

RISBARA CLEARVIEW CONDOMINIUM
Scarborough, Maine

I. DESCRIPTION OF THE CONDOMINIUM

A. Overview.

1. Public Offering Statement. This public offering statement is provided by Risbara Clearview Development LLC (the "Declarant") to potential purchasers of Units in Risbara Clearview Condominium (the "Condominium") located on Clearview Drive off Portland Farms Road, in Scarborough, Maine.

This public offering statement is intended to provide a general overview and summary of the terms of the Condominium. The various exhibits to this Public Offering Statement contain the full text and detail of the controlling legal documents. Buyers 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 omissions or conflicts.

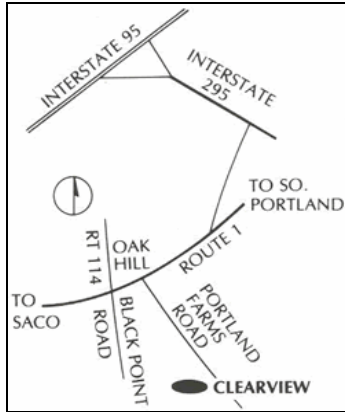
2. Overall Condominium Structure. The Condominium contains 24 units located on approximately 8.3 acres of land located off Portland Farms Road southerly of Route One, which land includes land on the opposite side of Portland Farms Road. This acreage includes land under Portland Farms Road which is subject to an easement in favor of the Town of Scarborough.

(i) Units. Units generally consist of the areas within the interiors of the buildings. No additional Units will be built, but the Declarant intends to install new roofs on the buildings, make cosmetic improvements to the entryways as needed, and may renovate units based on their location and the wishes of buyers.

(ii) Common Areas. The Common Areas consist of the building exteriors, the garages, parking areas, the land, the roads, sidewalks, and the utility and drainage improvements. The Condominium is connected to the public water and sewer. The streets within the Condominium are private although the initial portion of Clearview Drive is shared with Clearview Condominium, an adjoining pre-existing condominium built about the same time as this Condominium but which was declared and sold as individual units in the late 1980's.

The location of the Units and improvements are shown in the Condominium Plat (survey), a reduced copy of which is included in this Public Offering Statement as an exhibit.

Land uses in the vicinity include retail and commercial uses on Route One, residences, multifamily dwellings, and Scarborough Marsh. The property is generally bounded by Portland Farms Road, Eastern Road and the original Clearview Condominiums. Route One, a major public arterial, leads to the interstate highway system, regional shopping centers and downtown Portland.



Various utility and drainage easements and a detention pond serve the Condominium property and abutting properties.

4. Governmental Restrictions and Easements. The Condominium is zoned "R-4A" Residential zoning district as described in the Town of Scarborough Zoning Ordinance, which permits Multi-family dwellings. The Condominium originally received Town planning board approval in 1988, and all units were completed and certificates of occupancy issued in September 1988. Under an Agreement dated August 10, 1992 as recorded in said Registry of Deeds, the Town acknowledged that the condominium complies with applicable town requirements.

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 Town of Scarborough. The violating Unit owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for the violation thereof or noncompliance therewith.

Nearby property owners and the Scarborough Sanitary District, and public utilities hold easements for utilities and drainage over a portion of the property as shown on the Condominium Plat. The Declarant has reserved the right to grant additional easements for utilities.

The original Clearview Phase I condominium, which is not a part of this Condominium, shares the initial portion of Clearview Drive for access. Conversely the original Clearview condominium is subject to an easement for water lines running over its property which service this Condominium.

B. Condominium Declaration.

1. Declaration. The Declaration of Condominium is the central legal document which creates the Condominium. A copy of the proposed Declaration to be recorded in the Cumberland County Registry of Deeds is included as a part of this Public Offering Statement. 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.

Until the Declaration is recorded, the Declarant has reserved the right to modify the

Declaration, the Bylaws, the Plats and Plans and any other Condominium Document as may be required by law, a title insurance company, the present or future lender(s), or at the Declarant's discretion, provided that no such modification shall (i) increase the purchase price of the Unit; (ii) reduce the obligations of Declarant for Common Expenses on unsold Units; or (iii) reduce the size of the Unit. The dimensions, sizes and location of interior partitions in the Units and the location of the Unit in relation to other Units, buildings, improvements and other portions of the Common Elements and facilities as reflected in the Declaration and the Plats and Plans are approximate, and the same may vary. Minor variances shall not constitute grounds for any action for rescission, damages or diminution of the purchase price.

Generally after the Declaration has been recorded, 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, permitted uses or alter the percentage common expense liability and voting rights. Certain amendments require the approval of the Declarant or lenders holding or insuring mortgages on the Condominium Units.

The Declarant holds various easements to facilitate the renovation and marketing of Units.

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 renovate Units and to use unsold Units as models or sales offices. Other temporary, reasonable non-residential uses may be permitted by the Board of Directors. The Declarant intends to hold and lease a number of units, which it intends to available to existing tenants.

3. Pets. Only the following animals are permitted to be kept on the Property: one (1) dog (two dogs are permitted 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. Dobermans, Rottweilers and Pit Bulls or any mixtures thereof are prohibited.

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 weighing less than 8,000 pounds in gross vehicle weight are allowed to be kept on the Condominium. Only two motor vehicles may be kept overnight on the property and at least one of those vehicles must be parked in the garage or limited common element area in front of the garage.

Generally parking of motor vehicles is permitted only within the areas permitted by the Board of Directors. The Board may further regulate parking within the Condominium.

No inoperable vehicles, boats, recreational vehicles, snowmobiles, all terrain vehicles or other vehicles or recreational equipment or similar items may be kept or parked on the Property except within the garage.

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. Every 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 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 insurance obtained by an owner must comply with the Declaration. It is recommended 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, and grounds. The Association shall also be responsible for the maintenance of the lawn areas, the roads and drives and street lights within the property.

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.

7. Voting. All Units will each have 1 vote in the Condominium Association, so that each Unit will have 1 vote out of 24 Units.

8. Common Expense Liability and Common Element Ownership. The percentage of each Unit's Common Element Interest and Common Expense Liability is allocated among all units based on their relative floor areas, subject to rounding in order to permit ease of administration and provided however that the percentage stated in the Declaration (as it may be amended) shall prevail in any event.

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.

C. Special Declarant Rights.

1. Units and Development Rights. A total of 24 Units now exist. No additional units will be built. No more than 3 Units per acre of land have been constructed.

All renovations and expansions to the Units 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, may install and replace additional or replacement windows and doors.

Cosmetic and landscaping improvements may also be installed and the Declarant intends to replace all roofs. The time frame for physical renovations is not definitely known and it may continue in phases.

Buyers who wish to purchase units which are renovated or expanded will be required to pay extra, as will be specified in the Purchase and Sale Agreement. The form of Purchase and Sale Agreement is attached.

2. Declarant Rights. The Declarant has the right to create and relocate easements on the property servicing the Condominium, to connect into those public utility lines, to use the Condominium for the renovation of Units, and to operate a construction, sales, and leasing until all Condominium 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% in interest of the 24 Units have been sold. It is anticipated that the Declarant will control the Condominium Association for some period of time. The Declarant may voluntarily give up these rights before it is required to do so by a written statement recorded in the Cumberland County Registry of Deeds.

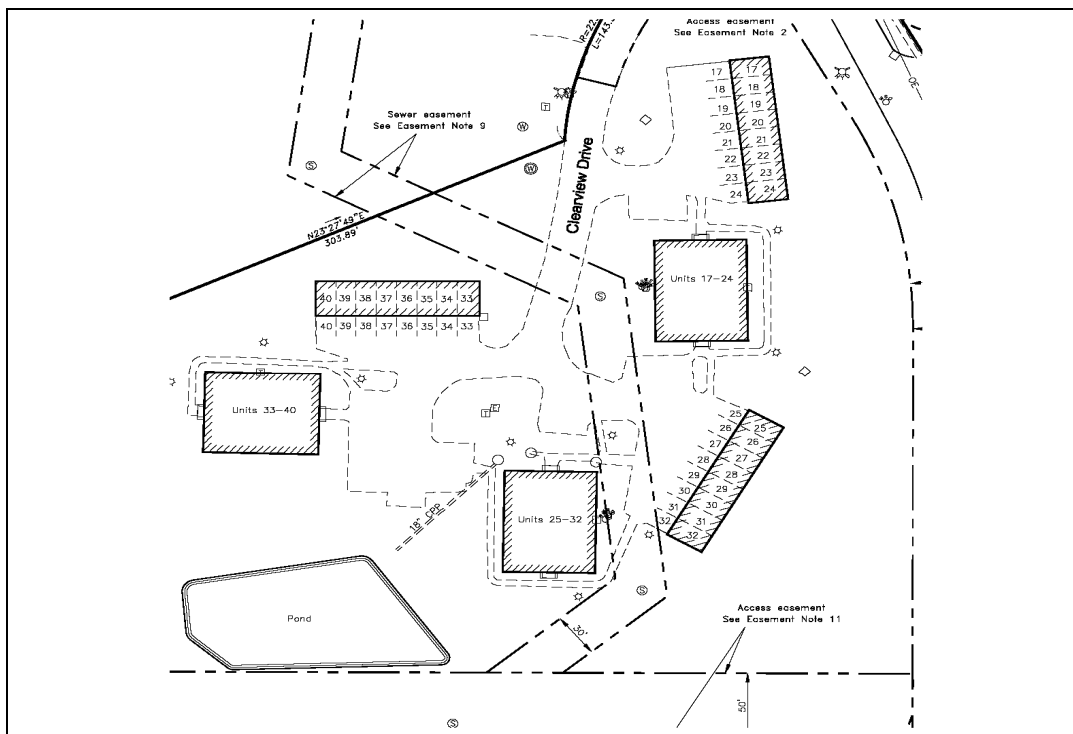
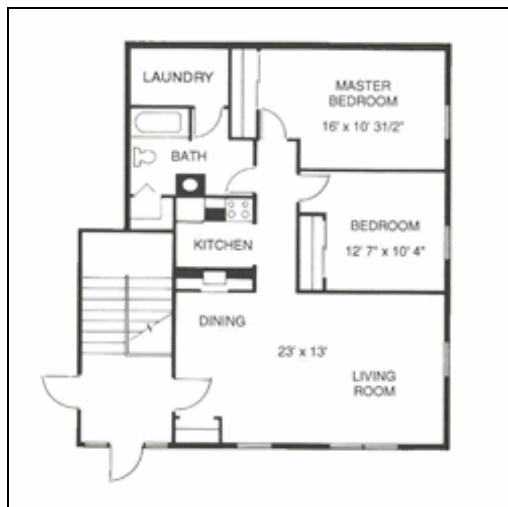
The locations of buildings, Units and improvements are depicted on the Condominium Plat included as a part of the Condominium Declaration. Units may not be expanded, but existing Units may be physically connected as specified in the Declaration.

The restrictions in the Declaration affecting the use, occupancy, and alienation of Units will apply to all Units.

D. Unit Boundaries and Limited Common Elements.

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, laundry hook up, the electrical, plumbing, heating systems and other similar improvements exclusively servicing the Unit even if located outside of the boundaries of a Unit.



Note: These floor plan and Plan excerpts are not to scale, are illustrative only and do not represent the legal Condominium Plat and Floor Plans to be recorded in the Cumberland Registry of Deeds, which are separate exhibits to the Public Offering Statement.

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 garage and parking areas shown on the Plans are a Limited Common Elements owned by all Unit Owners; the use of such areas is reserved to the designated Unit exclusively.

The Declaration and the Plans more precisely define the boundaries and composition of the Units, Common Elements and Limited Common Elements.

Article II OTHER DOCUMENTS

A. Condominium Association Bylaws.

The Bylaws contain rules for self-government of the Risbara Clearview Condominium Association, a nonprofit corporation. The Bylaws provide for a Board of Directors which will direct the affairs of the Condominium, administer the Declaration, the Bylaws and Rules, set the budget and generally oversee 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 initial Rules and Regulations are attached as an exhibit to this Offering Statement, and govern the more routine rules for the use and enjoyment of the Condominium. They may be amended by the Association's Board of Directors. Generally the Rules and Regulations are subordinate to the Declaration and Bylaws.

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. Buyers 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 as models and sales offices or place advertising signs within the Condominium and may cross the Condominium property for the purpose of renovating, maintaining, expanding and repairing Units and Common Elements. The Declarant may establish 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 use parking areas.

(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) Scarborough Water District/Central Maine Power/Town. The Town, the Scarborough Water District and Central Maine Power Company hold easements over the Property as shown on the Plat.

The property is currently subject to existing encumbrances in favor of **First Horizon Construction Lending, Inc.**, which to provide partial releases of their encumbrances as each Unit is sold to buyers.

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 comply constitutes a default under the lease, and setting forth the Board of Director's termination rights. Each Unit owner must notify the Board of Directors of the names of all tenants and provide it with a copy of the lease. Buyers who intend to lease their units should review that part of the Bylaws and alert their tenants with copies of the Condominium Documents.

D. 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 previously managed the property for an independent investor for many years. The management expense is included in the budget attached hereto as Exhibit 1.

The manager collects charges due the Association from Unit owners, arranges necessary maintenance and repairs for the Property for which the Association is responsible under the Declaration, and for the payment of the expenses of the Condominium. The management agreement will be subject to termination by the Association pursuant to Section 1603-105 of the Maine Condominium Act.

E. Tenant Status.

The Maine Condominium Act establish the rights of existing tenants to purchase their unit for a period of 60 days after they receive the notice of conversion and this public offering statement.

The Declarant is offering all tenants an opportunity to purchase their Units, and any Units offered for sale to outside buyers are not longer subject to such purchase rights. Existing tenants also have the option to remain in their Units for a minimum of 120 days after they received the conversion notice, during which time they must comply with their leases. Buyers should inquire as to the status of each particular Unit.

The Declarant expects that a number of tenants who do not wish to purchase their units will have an opportunity to lease units retained by the Declarant or outside investors.

**Article III.
OPERATION OF THE CONDOMINIUM**

A. The Owners Association.

1. Self-Governing of the Condominium. The Condominium is governed by Risbara Clearview Condominium Association, a Maine nonprofit corporation. The Association does not own the Property since the Unit owners collectively own the Units and Common Elements.

As an incident to the ownership of a Unit, each Unit owner automatically become a member of the Association and remains a member until the ownership of a Unit is transferred. 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 generally controlled by 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; and
- (n) Operate, maintain and repair the Common Elements and the Limited Common Elements and pledge special assessment liens to fund improvements and repairs.

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 (5) directors elected by the Unit Owners. The Bylaws may be amended to change the number of Directors.

4. Transfer of Declarant Control. The Declaration and the Maine Condominium Act authorize the Declarant to appoint and remove members of the Board of Directors and all officers of the Association until the earlier of 5 years from the conveyance of the first Unit or 60 days from the date on which 75% in interest of all Units have been conveyed. At that time the Unit owners shall elect a Board of Directors. The Declarant at its option may 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/reserve and is nonrefundable, and may be used to fund operating deficits.

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 Condominium Association 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 an inflation factor increase of _____% over 2005 cost figures. *Since the Condominium is new, there is no history of operating expenses as a condominium. 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 a part of the projected monthly assessment for each Unit. *Declarant provides no special services nor incurs any special expenses on behalf of the Unit owners that are anticipated to become common expenses.*

To the extent that certain Units may be renovated, the Declarant and buyer of that unit will be responsible for the costs of that construction. The Declarant will pay for the expenses of the Roof, cosmetic and landscaping improvements.

Real estate taxes are not included in the Association budget. The Town of Scarborough bills on a July 1st to June 30th tax year. Hence when the **fall, 2007** tax bill is issued Unit Owners will be billed directly by the Town of Scarborough for real estate taxes. Prior to then the real estate taxes are billed to the property as a whole; **AT CLOSING THE ASSOCIATION INTENDS TO COLLECT FOR EACH UNIT'S SHARE OF FALL AND SPRING 2006-07 REAL ESTATE TAX BILL; THE AMOUNT COLLECTED IS AN ESTIMATE, AND THE UNIT OWNER REMAINS LIABLE FOR PAYMENT ANY SHORTFALL.**

Units have natural gas heat and separate hot water heaters, the cost of which is billed separately to each owner. Sewer expenses are billed by the Scarborough Sanitary District directly to each Unit.

Water expenses are included in the monthly common charges.

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 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 and reserves to the Association, a prorated share of the spring 2006 tax bill, 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 Town of Scarborough 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.

Deposits will be returned to prospective purchasers who cancel their purchase contract in accordance with Section 1604-107 of the Maine Condominium Act; generally, such deposits will be treated in accordance with the terms of the purchase contract.

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 both the Common Elements and the original interiors of the Units as they existed when the Declaration was recorded (and ordinary replacements thereto), 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. The deductible is initially in the amount of \$250.
- (ii) The Association will obtain insurance covering liability arising from ownership or use of the Common Elements in the amounts specified in the Declaration. This coverage will not insure Unit owners against liability arising from an accident or injury occurring within a Unit (or any areas forming a part of the Limited Common Elements appurtenant to 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) Each unit owner is responsible for carrying fire and property damage insurance covering any extraordinary or unusual renovations to Units and the furniture and other personal property. Each Unit owner should also obtain personal liability insurance covering the Unit and any excess personal liability amounts for risks arising out of the Common Areas above the levels insured by the Association. The Declarant strongly recommends that each Unit owner consult with a knowledgeable insurance agent and provide the agent with a copy of the Declaration's insurance provisions.

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 or in excess of the amounts carried by the Association. 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 TO PROTECT AGAINST RISKS NOT COVERED BY THE ASSOCIATION'S INSURANCE.

VII. FINANCIAL ARRANGEMENTS

The Declarant is not providing or arranging any financing for buyers.

VIII. RENOVATION AND WARRANTIES

Units can be purchased either "AS IS" or with interior renovations as may be noted in the Purchase and Sale Agreement.

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 Town of Scarborough 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 provided in Subsection 2 below with respect to a Unit used for residential purposes, 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 Exhibit to this Public Offering Statement.

D. Statute of Limitations for Warranties.

1. A judicial proceeding for breach of any warranty obligation, express or implied, must be commenced within 6 years after the cause of action accrues, but the parties shall 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.