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DRAFT 7-10-2005

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NOTICE

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 CONVEYANCE OF A UNIT, MAY CANCEL ANY CONTRACT FOR PURCHASE OF A UNIT FROM DECLARANT. IF A PURCHASER ACCEPTS THE CONVEYANCE OF A UNIT THE PURCHASER MAY NOT CANCEL THE CONTRACT.

ANY DEPOSIT MADE IN CONNECTION WITH THE PURCHASE OF A UNIT WILL BE HELD IN AN ESCROW ACCOUNT UNTIL CLOSING AT RIVERGREEN BANK, 36 PORTLAND RD., P.O. BOX 1130, KENNEBUNK, MAINE 04043. THIS DEPOSIT WILL BE RETURNED TO THE PURCHASER IF THE PURCHASER CANCELS THE CONTRACT PURSUANT TO THE ABOVE, AS SET FORTH IN SECTION 1604-107 OF THE MAINE CONDOMINIUM ACT.

ALL PORTIONS OF THIS PUBLIC OFFERING STATEMENT SHOULD BE READ AND REVIEWED CAREFULLY BY A PROSPECTIVE PURCHASER PRIOR TO SIGNING AN AGREEMENT OF SALE. THE DECLARANT'S SALES PERSONS AND OTHER REPRESENTATIVES ARE NOT PERMITTED TO ORALLY CHANGE ANY OF THE TERMS OR CONDITIONS OF THIS PUBLIC OFFERING STATEMENT OR OF THE DOCUMENTS THAT ARE PART OF THIS PUBLIC OFFERING STATEMENT, AND MAY NOT ATTEMPT TO INTERPRET THEIR LEGAL EFFECT.

EFFECTIVE DATE OF THIS PUBLIC OFFERING STATEMENT: JULY 7, 2005

THIS VERSION OF THE PUBLIC OFFERING STATEMENT WILL ONLY BE IN EFFECT UNTIL JANUARY 1, 2006, UNLESS MODIFIED EARLIER. AFTER THAT DATE, SEE THE DECLARANT OR DECLARANT'S REPRESENTATIVE FOR A CURRENT COPY.

AFTER THAT DATE, CONTACT THE DECLARANT AND A CURRENT COPY WILL BE EMAILED TO YOU. IF YOU SPECIFY THE EFFECTIVE DATE OF YOUR CURRENT COPY, WE WILL EMAIL YOU A COMPARISON DOCUMENT IN MICROSOFT WORD FORMAT HIGHLIGHTING THE CHANGES.

INTRODUCTION

The Forest Village Condominium North is located in the Southern Maine coastal town of Wells, approximately a one and a half hour drive from Boston. The Declarant is Forest Village Condominium North, LLC, whose principal address is 1810 Post Road, P.O. Box 818, Wells, Maine 04090.

The condominium is created pursuant to the Maine Condominium Act, which is found in Title 33 of the Maine Revised Statutes, beginning at Section 1601-101. The condominium is also created pursuant to Chapter 175, Section 175 (6) (B) (6) of the Residential Growth Management Ordinance, of the Town of Wells. It is exempt from the requirement that a growth permit be obtained from the Town of Wells prior to occupancy of the unit, but it is subject to the following requirements:

a. Occupancy of all units shall be restricted in perpetuity to persons 55 years of age or older or, an elderly family whose head or spouse is 55 years of age or older.

b. 20% of the units allocated building permits exemptions pursuant to Chapter 175 shall remain "Affordable Housing", as that term is defined in the Ordinance.

c. The roads in the development must remain private roads in perpetuity and must not be offered to the Town for acceptance as Town maintained roads.

See Exhibit 11 and Exhibit 13 for more information about these requirements.

The Site.

The Condominium is located on 22.07 acres, more or less, of land owned by Declarant, on the westerly side of U.S. Route 1, Wells, Maine. The site is zoned GB, General Business and RC, Residential Commercial, which allows the present use.

The Units.

The Condominium will contain 22 duplex buildings containing a total of 44 units. The overall density is approximately 2 units per acre. Occupancy of units is restricted in accordance with Chapter 175-6(B)(6) of the Residential Growth Management Ordinance of the Town of Wells, which requires that the units have at least one person over the age of 55 occupying the unit. The Ordinance also requires that at least 20% of the units qualify as "Affordable Housing", as defined by the Ordinance.

Recreation Facilities.

Declarant will construct a recreation facility on the premises. The facility includes a 1,700 sf clubhouse and outdoor swimming pool more fully described in

Exhibit 12. Until Declarant has sold all units, the Declarant may utilize an office located in the recreation building as a sales and marketing office. Unit owners will be subject to the Association Bylaws, Exhibit 2.

Construction Schedule. The Declarant's construction schedule is as follows:

Declarant intends to construct the first 14 units of the condominium in the summer and fall of 2005. The remaining 30 units will be constructed within 2-3 years. The Declarant has reserved the right to add up to 10 additional units to the condominium if it can purchase adjoining land and obtain approvals for construction, but there is no timetable for this to be done.

ZONING AND LAND USE

Occupancy and Use of the Units.

The Units are designed and approved for full time year round use as dwelling units, subject to the provisions of Chapter 175 of the Code of the Town of Wells, which restricts occupancy to people aged 55 and older and which requires at least 20% of the units to qualify as "Affordable Housing" as defined in the Ordinance. Reference is made to Exhibit 11 of this Public Offering Statement for a copy of the Covenants recorded in the York County Registry of Deeds and to Exhibit 13 for a copy of the Wells Growth Ordinance.

Governmental Approvals/Violations/Lawsuits.

Plans for the Condominium project were approved by the State of Maine Department of Environmental Protection, and the Wells Planning Board.

Aside from the limitations usual for condominium living and the limitation on occupancy to persons over the age of 55 (and for the units to be "affordable", as to 20% of the units), there are no unusual conditions of governmental approval.

Further information about governmental approvals and conditions is found in Exhibit 14.

SIGNIFICANT FEATURES OF THE DECLARATION OF CONDOMINIUM

What is the Declaration.

The Declaration of Condominium is a deed which establishes and defines the Condominium and which recites the manner in which the Declarant desires to submit the property to a Condominium regime. A condominium Declaration in Maine is similar to a "Master Deed" or "Deed of Trust", which is the terminology used in other states. A Maine condominium is created only upon the recording of the Declaration (and its associated plats and plans) in the county Registry of Deeds. The Declaration for the Forest Village Condominium North is set forth in full as Exhibit 2.

The Declaration describes the property, the boundaries of the Units, the elements that comprise the Common Elements, a determination of each Unit's

Percentage Interest in the Common Elements, the purposes and restrictions on the use of the property, insurance requirements, provisions for easements and provisions concerning assessments and liens against the Units and the liability of the Unit owners for payment of the common expenses.

The Declaration must contain information required by the Maine Condominium Act. This Act is found in Title 33 of the Maine Revised Statutes, beginning at Section 1601-101.

Articles in the Declaration

Article 1 provides for the submission of the Property as a Condominium under the Condominium Act and provides that the Condominium shall initially consist of ** Units.

Article 2 contains the definitions of certain terms used in the Condominium Documents. Article 2 also incorporates the provisions of the Condominium Act (33 M.R.S.A. § 1601-101, et. seq.) and states that those Acts' provisions apply to the operation and government of the Condominium.

Article 3 of the Declaration describe the boundaries of the Units, maintenance responsibilities as between the Association and Unit owners, and who pays for utilities. At Forest Village Condominium North, the Condominium Unit consists of the entire structure of the building on either side of the wall separating the two condominium units. Decks and porches, however, are Limited Common Elements reserved for the exclusive use of a Unit owner. Everything else is part of the Common Elements. Common Elements are maintained by the Association. Unit owners maintain their Units, except that the exterior of the buildings (as described in Section 3.2 of the Declaration), is maintained by the Association.

Article 4 contains a description of, and location of, the Common Elements and the Limited Common Elements. The Common Elements are all parts of the property that are not part of the Units. The Limited Common Elements are designated portions of the Common Elements which are reserved for the exclusive use of a particular Unit or Units, to the exclusion of other Units. They consist of pipes, wires and other fixtures serving a unit which lie partially within and partially outside of the designated boundaries of a unit and usually also include window boxes, doorsteps, stoops, and porches.

Article 5 of the Declaration sets out the three “allocated interests” each unit has in the condominium. These allocated interests are set out as Exhibit B of the Declaration (which itself is Exhibit 2 of this Public Offering Statement) as follows:

- a. The percentage ownership interest each unit has in the common elements. This allocated interest is important to unit owners only in very limited circumstances.
- b. The percentage liability for common expenses determines what proportion of the association’s budget is paid by each unit. The

- percentage liability is equal for all Units.
- c. The voting rights in the association. Each Unit owner will have one vote in the Association. Note that votes in the Association are allocated on the basis of units, not unit owners. One person owning two units has more voting rights than the same person owning just one unit.

Article 6 of the Declaration sets out easement rights reserved by the Declarant, to the Association and to individual unit owners. It guarantees that each Unit owner will have a right of access to their unit which cannot be taken away.

Article 7 of the Declaration is especially important to purchasers. It imposes various restrictions on the use of the Units and various other portions of the Condominium. Please see "OTHER RECORDED COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS" elsewhere in this Narrative of the Public Offering Statement.

Article 8 of the Declaration sets out certain protections given to banks and other financial institutions who take mortgages on property. Some of the rights given to banks under this section are required by law; other rights are commonly found in mortgage markets and are necessary in order for banks to feel comfortable providing financing for unit purchasers.

Article 9 of the Declaration sets out very extensive insurance requirements for the condominium. These requirements are for the most part required by the Maine Condominium Act. See the section of this Narrative entitled "INSURANCE" for more details.

Article 10 of the Declaration protects the Board members from legal liability concerning their actions as Board members, except in circumstances involving willful misconduct or gross negligence.

Article 11 of the Declaration provides that all present and future owners, lessees, occupants, mortgagees and owners of Units in the Condominium are subject to the Condominium Documents, and provides for a procedure to be followed in the event of condemnation of all or part of the Common Elements.

Article 12 of the Declaration describes the makeup of the Board of Directors of the Association. Initially, the Declarant will appoint the members of the Board, which will consist of three members. When 75% of the units are sold, or after seven years, whichever first occurs, the unit owners will elect their own Board of Directors, which will then consist of 5 members.

Article 13 of the Declaration sets forth the Association's right to employ a property management firm to act as Managing Agent to oversee daily operation

of the Condominium and the allocation of maintenance responsibilities. The Declarant will initially take on these responsibilities but they will be turned over to the Association later.

Article 14 of the Declaration deals with the liability of Owners to pay all Common Expense assessments allocated to their Units and provides the procedures to be followed to establish reserves, fix assessments and collect assessments in the event the Owner fails to pay them. Until Declarant gives up the right to name the members of the Board of Directors there will be no Assessments. Unit purchasers will instead make payments in lieu of Assessments pursuant to their Purchase and Sales Agreement (see Exhibit 7).

Article 15 allows the Declarant to reserve certain rights with respect to the development of the Property and describes what those rights are. These rights are described in this Narrative under “DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS”.

Article 16 provides that the Declarant may assign the rights it has reserved to others

Article 17 outlines the procedure for amendments of the Declaration. With certain exceptions, the Declaration may be amended by vote or agreement of the Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated. In certain cases, amendments to the Declaration must be approved by certain mortgage holders of Units representing at least fifty-one percent (51%) of the votes of Units that are subject to mortgages held by those mortgagees. Some changes require unanimous vote of Unit owners.

Article 18 describes the measures required in order to terminate the condominium. It may be terminated only by agreement of the eighty percent (80%) of the votes in the Association are allocated, and in certain cases, such termination must be approved by certain mortgagees.

Article 19 sets out several general provisions dealing with the construction and application of the Declaration.

Exhibit A contains a legal description of the land in the condominium.

Exhibit A-1 contains a legal description of nearby land which may be added to the condominium.

Exhibit B contains a list of Units, together with their liability for common expenses and voting rights.

Exhibit 3 and *4* contains a small scale copy of the Plats and Plans of the condominium.

THE BYLAWS OF THE CONDOMINIUM ASSOCIATION

General

The Bylaws, attached as Exhibit 5, contain the rules for self-government of the Condominium by the Unit Owners Association. The Bylaws provide for the creation of the Board of Directors (also known as the Executive Board), which directs the affairs of the Condominium, administers policies outlined in the Bylaws and generally oversees the upkeep and administration of the Condominium. The Bylaws also cover such matters as the composition of the Executive Board, requirements for meetings, voting, the manner in which the Condominium budget should be prepared, the determination and handling of assessments, including special assessments. The Bylaws provide that the Executive Board has the power to establish Rules and Regulations governing the use of the Condominium. Each Unit is allocated 1 vote in the unit owners association.

Self Government. The Forest Village North Condominium Association is a mutual benefit non-profit corporation organized according to the Maine law and registered with the office of the Maine Secretary of State. The Association must file an annual report with the Secretary of State. The Association is subject to Title 13-B of the Maine Revised Statutes, the law governing non-profit corporations in Maine. Non-profit does not mean tax exempt. The Association may have to pay taxes on some of its income. The Owner=s Association has been formed and is in Agood standing@ with the State.

Owners Association Acts through its Executive Board. The Bylaws provide that the powers and responsibilities of the unit owners association are delegated to the Condominium's Board of Directors (also known as the 'Executive Board'), 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 Condominiums to, among other things: (a) prepare the annual budget; (b) make and collect assessments against the Unit owners for common expenses; (c) provide for the upkeep, maintenance and care of common elements; (d) designate, hire, and dismiss the personnel necessary for the maintenance of the Condominium; (e) make rules and regulations concerning the use of the Condominium; (f) establish a bank account on behalf of the Association; (g) make certain alterations to the Condominium; (h) enforce by legal means the provisions of the Condominium instruments; (i) obtain necessary insurance; (j) pay the cost of services rendered to the Condominium; and (k) keep the books of account of the Condominium.

Role of Unit Owners in Governance of the Association. The Association acts through its Board of Directors in most matters. Unit Owners have the power to elect members of the Board of Directors at the annual meeting of Unit Owners and to remove them under certain conditions. They also have the power to veto

the annual budget adopted by the Board of Directors. Amendment of the Declaration requires the assent of unit owners, as does the conveyance of any part of the Common Elements and dissolution of the condominium.

Articles in the Bylaws.

Article 1 of the Bylaws sets out several general provisions dealing with the application and construction of the Bylaws and the location of the Association office.

Article 2 of the Bylaws provides that all Owners in the Condominium are members of the Association. Article 2 also sets forth the time, purpose and procedure for annual and special meetings of the Association. The Association is required to conduct meetings at least annually, and at the annual meeting the Treasurer of the Association is required to present an annual financial report for the preceding fiscal year and the projected budget for the current fiscal year.

Article 3 provides for a Board of Directors of 5 persons after the period of Declarant control. It also describes the time, purpose and procedures for meetings of the Board, and sets forth procedures to be followed in the event Executive Board members resign or positions on the Board become vacant. Article 3 also sets forth requirements governing the validity of contracts with interested Board members, and permits the Board to enter into a management contract for the professional management of the Condominium.

Article 4 contains provisions governing the election of officers of the Association by the Board and enumerates the duties of those officers.

Article 5 describes the procedure for establishing and ratifying budgets. It also sets forth the obligation of Owners to pay Assessments for Common Expenses. The bylaws provide that the Board establishes a budget each year, subject to veto by unit owners.

Article 6 sets forth the procedure for restoration and repair to the Buildings or other parts of the Condominium if damaged or destroyed.

Article 7 provides that each condominium unit will be separately taxed by the Town of Wells, as required by state law.

Article 8 provides for the amendment of the bylaws by majority vote of Unit owners.

Article 9 contains general provisions applicable to the Bylaws.

Article 10 describes the seal of the Association.

THE RULES AND REGULATIONS

The Board of Directors is given wide authority to make rules governing the use of the Common Elements. The Board is limited in its ability to restrict activities within the Units themselves. The Board can enact rules regulating parking, use of the Common Elements for outdoor cooking and recreation, and so forth. The Board is also given the power to govern the exterior maintenance, repair and replacement of units. As of the date of this Public Offering Statement, only rules and regulations related to the recreational facilities have been enacted (see Exhibit 12).

UTILITIES

Forest Village North Condominium is serviced by district water and sewer. Kennebunk, Kennebunkport and Wells Water District provides water service and Wells Sanitary District provides sewer service. Central Maine Power provides electric service. Utility services will be charged separately to unit owners if they can be separately metered, or their use reasonably estimated; otherwise, utility costs will be part of the Common Expenses. Exhibit 14 contains additional utility information.

OTHER RECORDED COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS

Article 7 of the Declaration sets out important restrictions concerning use of the property. These restrictions are summarized below:

First, and most importantly, occupancy of the units is permanently limited to families, at least one occupant of which is age 55 or over. In addition, 20% of the units allocated building permits exemptions pursuant to Chapter 175 must be "Affordable Housing", as that term is defined in Chapter 175 of the Town of Wells Code. See Exhibit 11 to this Public Offering Statement for more details about what qualifies as "Affordable Housing".

Declarant intends to allocate the Affordable Housing Units by lottery to those Wells residents who qualify.

Second, there are ancillary requirements and limitations on leasing and occupancy related to the age 55 restrictions and the Affordable Housing restrictions.

Third, Article 7 contains other restrictions concerning the exterior appearance of the units and what can be stored on or in the Common Elements, which are designed to protect the attractive appearance of the Property. Reference is made to that Article for more details.

Fourth, the property is subject to various easements for access by Robert

Rozeff, abutting property owner (see Exhibit 2-C), and for access along the access drive (near Route 1 only) for a lot owned by the Declarant, which will be used for commercial purposes. Various easement rights are reserved to the Declarant and to the Association in Article 6 of the Declaration, and reference is made to that Article for more information.

CONTRACTS AND LEASES TO BE SIGNED AT CLOSING

It is not anticipated that the purchaser will be required to sign any contracts or leases at the settlement.

CONTRACTS AND LEASES SUBJECT TO CANCELLATION BY THE ASSOCIATION

There are no such contracts and leases.

FINANCIAL INFORMATION-BUDGETS AND BALANCE SHEET OF ASSOCIATION

A pro forma budgets for the Condominium's operation in calendar years 2006-2008 is attached to this Public Offering Statement as Exhibit 6. The Declarant will initially pay all common expenses of the condominium and shall not start assessing condominium fees until a future date. Until then, unit owners will pay a fee in lieu of condominium assessments to the Declarant as set out in the Section VII B of the Purchase and Sales Agreement (see Exhibit 7).

There are no services not reflected in the budget that the declarant provides, or expenses that he pays, and that he expects may become at any subsequent time a common expense of the association, except that during the period of Declarant control, Declarant will provide management and accounting services that are not reflected in the budget.

The initial or special fees due at closing are the following:

-a 2 month assessment to start a working capital fund pursuant to Section 14.8 of the Declaration.

[CLOSING, CLOSING COSTS; TITLE INSURANCE

Seller's attorney will provide closing services and title insurance through Chicago Title Insurance Company at a discounted cost set out in Exhibit 9, if the Buyer purchases the Unit without financing or finances through one of Seller's approved lenders. A list of Seller's Approved Lenders is available at the Declarant's office.

In other cases, Seller will provide an owner's and lenders title insurance policy at cost to the Buyer, but the Buyer shall arrange and pay for closing services.

Buyer may elect to have their own counsel provide title insurance and closing services at the Buyer's expense. Buyer shall give reasonable notice to Seller if they

wish to engage other counsel for such services.

Title insurance provided by Seller will contain only those exceptions to title set forth in the Public Offering Statement.

Seller's attorney drafted the project documents and represents the Seller. Buyer is encouraged to consult with their own attorney if they have any legal questions about the Condominium.

LIENS, DEFECTS OR ENCUMBRANCES AFFECTING TITLE TO THE PROPERTY

The Forest Village Condominium North is subject to certain restrictions described below, in addition to the restrictions, covenants and conditions described in a previous section of this Public Offering Statement:

Title Encumbrances. The following are encumbrances and matters of title existing as of the date of this Public Offering Statement.:

1. Easement rights to connect into the access drive for the condominium as granted in deed of Forest Village North Condominium LLC to the Estate of Ida M. Rozeff, dated June 15, 2005, recorded in the York Registry of Deeds at Book 14496, page 19.
2. Easement rights reserved in the Declaration of Condominium to the Declarant in Article 6, including the easement right running across the Forest Village Condominium North driveway to access a commercial lot owned by the Declarant abutting Route 1.

Mortgages. The units are encumbered by three mortgages to Rivergreen Bank of Kennebunk, Maine, all dated June 15, 2005, in the amounts of \$550,000.00, 840,000.00 and \$1,080,000.00, recorded at Book 14496, page 21, 14496, page 50 and 14496, page 79. At the time of the conveyance of a Unit to a purchaser, the Declarant will have such Unit promptly released of record from every mortgage, deed of trust, any other perfected lien, and any mechanic's or materialman's lien affecting the Unit, except the lien of the Unit purchaser's mortgage, if any, and the encumbrance of the Condominium instruments of record, general real estate taxes for the current year not then due, and easements, restrictions, and covenants of record.

Declarant will obtain a legal document known as a "limited joinder agreement", through which the bank acknowledges the legal validity of the condominium such that a foreclosure of the mortgage will not invalidate the rights of unit owners in the common elements and limited common elements benefiting their units.

FINANCING OFFERED BY DECLARANT

Declarant does not intend to offer financing to purchasers.

WARRANTIES

Certain warranties are given to all Unit owners as described below, subject to certain exclusions and modifications made by the Declarant. On or before settlement of the purchase of a Unit, as a condition of purchase the purchaser will be required to execute a written instrument providing for a two-year statute of limitations (see Section 1604-115 (a)). Additionally, implied warranties of merchantability will be limited to the duration of the Limited Warranty Certificate issued by the Declarant (Section 1604-114 (a)). See Limited Warranty Certificate, Exhibit 8. With respect to the Condominium Units being sold and the Common Elements appurtenant thereto, the Maine Condominium Act provides as follows:

1604-112. Express warranties of quality

- (a) Express warranties made by any seller to a purchaser of a unit, if relied upon by the purchaser, are only created as follows:
 - (1) 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;
 - (2) Any model or description of the physical characteristics of 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;
 - (3) 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
 - (4) A provision that a buyer may put a unit only to a specified use is an express warranty that the specified use is lawful.
- (b) 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.
- (c) Any conveyance of a unit transfers to the purchaser all express warranties of quality made by previous sellers.

1604-113. Implied warranties of quality

(a) A Declarant and any person in the business of selling real estate for his own account 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.

(b) A Declarant and any person in the business of selling real estate for his own account 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:

(1) Free from defective materials; and

(2) Constructed in accordance with applicable law, according to sound engineering and construction standards and in a workmanlike manner. Construction complying with the National Building Code and Code Administrators (BOCA), Basic Building Code or equivalent applicable local building code, if any, shall be deemed to satisfy such sound engineering or construction standards.

(c) In addition, a Declarant warrants to a purchaser from him of a unit that may be used for residential use that an existing 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.

(d) Warranties imposed by this section may be excluded or modified as specified in section 1604-114.

(e) For purposes of this section, improvements made or contracted for by an affiliate of a Declarant, section 1601-103, paragraph (1), are made or contracted for by the Declarant.

(f) Any conveyance of a unit transfers to the purchaser all of the Declarant's implied warranties of quality.

1604-114. Exclusion or modification of implied warranties of quality

(a) Except as limited by subsection (b) with respect to a purchaser of a unit that may be used for residential use, implied warranties of quality:

- (1) May be excluded or modified by agreement of the parties;
and
 - (2) 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.
- (b) 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.

1604-115. Statute of limitations for warranties

- (a) A judicial proceeding for breach of any obligation arising under section 1604-112 or 1604-113 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.
- (b) Subject to subsection (c), a cause of action for breach of warranty of quality, regardless of the purchaser's lack of knowledge of the breach, accrues:
- (1) 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 nonpossessory interest was conveyed;
and
 - (2) 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.
- (c) If a warranty of quality explicitly extends to future performance or duration

of any improvement or component of the 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.

LAWSUITS AGAINST THE ASSOCIATION

There are no unsatisfied judgments or pending suits against the association. The Declarant has no knowledge of any pending suits material to the condominium.

LIMITATIONS ON CONVEYANCE OF UNITS OR COMMON ELEMENTS

The Declarant knows of no restraints which would preclude the free transferability of legal title to the Units pursuant to the terms of a binding purchase agreement. The Condominium instruments do not grant to the Declarant, the Association, lenders or any other person a right of first refusal to purchase a Unit from a Unit owner. The Declaration permits the Common Elements to be mortgaged or otherwise subjected to a security interest for the purpose of securing a loan or loans to the Association, provided that the Unit owners of at least 80% of the aggregate Percentage Interests in the Condominium agree to such action, in accordance with Section 1603-102 of the Maine Condominium Act.

The property is subject to certain restrictions on leasing as found in Article 7 of the Declaration.

INSURANCE

Insurance provisions are found in Article 9 of the Declaration. Since a condominium consists both of individually owned condominium units and common areas (owned by all unit owners “in common”), condominium insurance is a more complicated than would be the case for a single family home. The Maine Condominium Act and secondary mortgage market requirements are therefore complex. The table below summarizes out insurance responsibilities, but for complete answers, a buyer should read Article 9 of the Declaration or consult an agent conversant in condominium insurance coverage.

Area covered	Type of insurance	Who pays
Common Elements	Property and Casualty	Association-Common Expense
Common Elements	Liability	Association-Common Expense
Units	Property and Casualty	Association-Common Expense
Units	Property and Casualty (Contents coverage)	Optional for unit owners
Inside the Units	Liability	Unit owner –highly recommended for unit owners to obtain coverage
Limited Common	Property and Casualty	Association-Common Expense
Limited Common	Liability	Association-Common Expense

Property and Casualty. The Association is required to carry property and casualty insurance on all the Common Elements and the Units in the amount of 100% of the replacement cost at the time the insurance is purchased, less deductibles determined by the Board of Directors.

Liability. The Board of Directors will obtain comprehensive liability insurance, including medical payment insurance in an amount not less than 1 million dollars per occurrence for personal injury and property damage, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the common elements.

The Board of Directors will obtain and pay for appropriate workmen's compensation insurance and other insurance, if required, and may buy officers and directors liability policies and other insurance as they may deem appropriate.

FEES FOR USE OF COMMON ELEMENTS

It is not expected that any other special fees or charges will be imposed in connection with the use of Common Elements and other facilities related to the condominium

FINANCIAL ARRANGEMENTS FOR COMPLETION OF ALL IMPROVEMENTS LABELED "MUST BE BUILT"

The Declarant has obtained financing for acquisition of the Property and has obtained financing from Rivergreen Bank for construction of the improvements to the property.

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

The Declarant discloses the following about Development Rights.

- (1) The maximum number of units, and the maximum number of units per acre, that may be created;

The maximum number of units shall be 44, and the maximum number of units per acre will be 2.3

If the Declarant acquires additional land described in Exhibit A-1 and if Declarant obtains necessary approvals, it reserves the right to create an additional 10 additional units on this additional land and incorporate such land and units into the Condominium.

- (2) A statement of how many or what percentage of the units which may be created will be restricted exclusively to residential use, or a statement that no representations are made regarding use restrictions;

All units will be restricted exclusively to residential use, except that home occupations shall be allowed, provided that the home offices or occupations shall have no employees on premises.

- (3) If any of the units that may be built within real estate subject to development rights are not to be restricted exclusively to residential use, a statement, with respect to each portion of that real estate, of the maximum percentage of the floor areas of all units that may be created therein, that are not restricted exclusively to residential use;

Not Applicable

- (4) A brief narrative description of any development rights reserved by a Declarant and of any conditions relating to or limitations upon the exercise of development rights;

The Declarant reserves the right to add land located described in Exhibit A-1 of the Declaration and to construct up to 10 additional units on that land.

The Declarant reserves the right to withdraw portions of the premises where Units are not already constructed from the condominium and devote the withdrawn areas to other uses. No representations are made as to what other uses Declarant may make of such withdrawn property

The condominium units may be added in one or more phases.

The placement of the units on the property, as shown on the plats and plans, is approximate. The model types for any particular location may be changed to another type.

- (5) A statement of the maximum extent to which each unit's allocated interests may be changed by the exercise of any development right described in subsection (4);

A unit's allocated interests may be diluted from one 44th of the whole to one fifty-fourth of the whole if all 54 units are built.

- (6) A statement of the extent to which any buildings or other improvements that may be erected pursuant to any development right in any part of the condominium will be compatible with existing buildings and improvements in the condominium in terms of architectural style, quality of construction and size, or a statement that no assurances made in those regard;

Buildings and other improvements will be compatible with existing buildings and improvements in terms of architectural style, quality of construction and size.

- (7) General descriptions of all other improvements that may be made and limited common elements that may be created within any part of the condominium pursuant to any development right reserved by the Declarant, or a statement that no assurances made in that regard;

The Declarant may construct additional amenities as shown on the Plats, but is not obligated to do so. Declarant may reconfigure and relocate units added to the condominium

- (8) A statement of any limitations as to the locations of any building or other improvement that may be made within any part of the condominium pursuant to any development right reserved by the Declarant, or a statement that no assurances are in that regard;

Declarant will strive to locate units approximately in the location shown on representative plans of the project, subject to changes in location resulting from site conditions. Declarant may locate additional units in the manner approved by the Wells Planning Board Declarant may seek changes in the location of any future buildings shown on the approved plan and no assurances are made in that regard.

- (9) A statement that any limited common elements created pursuant to any development right reserved by the Declarant will be of the same general types and sizes as the limited common elements within other parts of the condominium, or a statement of the types and sizes planned, or a statement that no assurances are made in that regard.

Any limited common elements created pursuant to any development right reserved by the Declarant will be of the same general types and sizes as the limited common elements within

other parts of the condominium,

- (10) A statement that 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, or a statement of any other assurances in that regard, or a statement that no assurances are made in that regard;

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

- (11) A statement that all restrictions in the declaration affecting use, occupancy and alienation of units will apply to any units created pursuant to any development right reserved by the Declarant, or a statement of any differentiations that may be made as to those units, or a statement that no assurances are made in that regard;

All restrictions in the declaration affecting use, occupancy and alienation of units will apply to any units created pursuant to any development right reserved by the Declarant.

- (12) A statement of the extent to which any assurances made pursuant to this section apply or do not apply in the event that any development right is not exercised by the Declarant.

All assurances made pursuant to this section apply in the event that any development right is not exercised.

CERTAIN DISCLOSURES REQUIRED BY MAINE LAW

Maine law (Section 171 of Title 33 of the Maine Revised Statutes) requires the following disclosures:

1. Is the water supply from a private system? No, Water is provided by Kennebunk, Kennebunkport and Wells Water District
2. The type and location of insulation used on the property. All ceilings on all buildings are insulated. Some units do not have wall insulation. The insulation type is either fiberglass or cellulose.
3. Is the waste disposal system a private system? No, Sewer service is provided by Wells Sanitary District.
4.
 - A. Is there any asbestos on the property or in the building? No.
 - B. Is there any Lead-based paint on the property? (If so, then a lead paint notice required by federal regulations must be given). No.
 - C. Is there Radon gas? Unknown.
 - D. Are there any underground oil storage tanks on the premises? No, however, propane gas tanks will be buried in condominium common area.
5. Known defects.
 - A. Are there any other conditions, known by the seller, that has a significant adverse effect on the value of property, significantly impairs the health or safety of future occupants of the property or, if not repaired, removed or replaced, significantly shortens the expected normal life of the premises? No