

TOWNHOUSE VILLAGE CONDOMINIUM DISCLOSURE STATEMENT

1. INTRODUCTION

1.1 The Condominium Form of Ownership.

1.1.1 A condominium is a special form of property ownership that is created and governed in Oregon by statute (ORS 100.005 to 100.910 and 100.990), known as the Oregon Condominium Act (“Act”).

1.1.2 A typical condominium is a combination of two kinds of ownership. The Owner of a condominium Unit holds title to his or her individual Unit together with an undivided interest in common with all Unit Owners in the Common Elements, that is, the land, either in fee simple or a leasehold interest, and those parts of the building or buildings intended for common use such as the foundations, columns, roofs, halls, utility services and the like and may also include other facilities intended to be used by all Unit Owners.

1.1.3 Each Unit Owner is entitled to the exclusive ownership and possession of his or her Unit.

1.1.4 Each Unit may be individually conveyed or encumbered, or it may be disposed of by will or gift. The undivided interest in the Common Elements is inseparable from the ownership of the individual Unit.

1.1.5 A condominium is created by recording a Declaration of Unit Ownership in the office of the recording officer of the county in which the property is located. Floor plans of the buildings showing the vertical and horizontal boundaries of each Unit in a building including Unit designation, location and dimensions of each Unit and the Common Elements to which each has access, a plat of the property, and a copy of the Bylaws must be recorded simultaneously with the Declaration.

1.1.6 The Act, the Declaration and the Bylaws control the rights and obligations of the Unit Owners with respect to the Common Elements, to each other and to their respective Units. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

1.2 Operation of the Condominium.

1.2.1 The Act requires that an Association of Unit Owners be organized to serve as a means through which the Unit Owners may take action with regard to the administration, management and operation of the Condominium. Each Unit Owner is automatically a member of the Association.

1.2.2 The Board of Directors (the “Board”) is the governing body of the Association. Unless you serve as a member of the Board, hold an office or are on a committee appointed by the Board, your control of the administration and operation of the Condominium will in most cases be limited to your right to vote as a member of the Association. There are

actions that can be taken by the Board and the Officers without a vote of the members that can have a significant impact upon the quality of life for all Unit Owners.

1.2.3 On October 26, 2005, the Townhouse Village, LLC acquired all 32 Units in the Condominium, pursuant to a purchase and sale agreement with, and a statutory warranty deed from, Essex (SPA), Inc. (“Seller”). Accordingly, Townhouse Village, LLC controls all of the Units and may therefore elect the Board. Until there is a sufficient number of purchasers of Units to elect a majority of the Board, Townhouse Village, LLC may effectively control the affairs of the Association.

1.2.4 In order to provide funds for the operation and maintenance of the Condominium, the Association will levy assessments against your Unit. If you are delinquent in the payment of assessments, the Association may enforce payment through a court proceeding or your Unit may be liened and sold through a foreclosure proceeding.

1.2.5 The anticipated expenses of the Association, including the amount you may expect to pay through assessment, are set forth in the estimated budget included in this Disclosure Statement.

1.2.6 Although the Condominium was originally created in 1981, the previous Unit owners failed to comply with the condominium law set forth in ORS 100, and as a result there are no reserves available for the maintenance and repair of common elements. Therefore, the reserve payment portion of the monthly assessment will be higher than if there were existing reserves in place.

1.3 Special Note.

When contemplating the purchase of a Unit in a condominium, you should consider factors beyond the attractiveness of the Units themselves. Study the Declaration and Bylaws. These documents usually contain important provisions relating to restrictions and requirements respecting use and occupancy of Units and Common Elements and rules of conduct. Such restrictions may relate to such matters as residential use, age, pets and parking. Give careful consideration to whether you wish to live in an atmosphere of community living where the interest of the group must be taken into account as well as the interests of the individual.

All capitalized terms used in this Disclosure Statement have the meaning ascribed to them herein, or if not defined herein, then in the Condominium Declaration of Townhouse Village Condominium (the “Declaration”) or the Bylaws of the Association (the “Bylaws”).

2. GENERAL DESCRIPTION AND CREATION OF CONDOMINIUM

2.1 Description of Successor Declarant.

The original Declarant was Noni Development Co., a partnership of Douglas W. Thiessen, Sharon L. Thiessen and J. David Bennett, Trustee, and its successors and assigns. The Successor Declarant and current owner and developer of the Condominium is Townhouse Village, LLC, an Oregon limited liability company. The members of Successor Declarant are Mark Zoller and Cheryl Zoller, husband and wife, and Barry Reber and Melissa Reber, husband

and wife. Developer's mailing address is P O Box 288, Washougal, Washington, 98671 Developer's office is at 10637 Coxley Drive, Vancouver, WA 98662 Developer's telephone number is (360) 693-6167.

2.2 Creation of the Condominium.

The Condominium was created (submitted to the condominium form of ownership) upon the recording of the Declaration Submitting Townhouse Village Condominiums to Oregon Unit Ownership Law, dated November 2, 1981, and recorded December 31, 1981 in Film Volume 166, Page 1321, Deed and Mortgage Records of Yamhill County. The purpose of this First Amended Disclosure Statement, the Amended and Restated Declaration, and the Amended and Restated Bylaws are intended to supersede and replace the original Declaration, Bylaws, and Disclosure Statement on file at the Oregon Real Estate Agency and recorded in the Deed and Mortgage Records of Yamhill County. There is no evidence that an association of Unit owners was ever formed as required by the Act. Therefore, Townhouse Village Condominium Homeowners' Association (the "Association") was formed as a nonprofit mutual benefit corporation by filing Articles of Incorporation with the Secretary of State of Oregon on April 11, 2006.

2.3 Description of Condominium.

The Condominium consists of 32 Units located in six buildings. Each building has two stories without basement and is of wood frame construction with "Hardiplank" composite siding on the ground floor and mansard steel siding on the second floor. The flat cold tar roofing has been replaced with a 4 x 12 pitch prefabricated truss system and roofed with fiberglass composition shingles. Twenty-nine units contain approximately 825 square feet and are two bedrooms and 1 2/3 baths. Three units contain approximately 1069 square feet and are four bedrooms and 1 2/3 baths.

2.4 Nature of Interest in Condominium.

A fee simple interest in the property has been submitted to the Condominium form of ownership. A purchaser of a Unit in the Condominium will receive a deed that conveys the particular Unit together with an undivided interest (with the other Unit Owners) in the Common Elements as set forth in the Declaration.

2.5 Allocation of Interest in Common Elements.

Each Unit Owner will own an undivided percentage interest in the Common Elements of the Building. The percentage interest of the Units containing 825 square feet is 3.041% and the percentage interest of the units containing 1,069 square feet is 3.937%, as shown on the schedule attached as Exhibit B to the Declaration. The method used to establish each Owner's percentage interest in the Common Elements is each Unit's percentage of the total floor area of all the Units in the Condominium.

2.6 Boundaries of Units.

Each Unit is bounded by the interior surfaces of its perimeter and load bearing walls, floors, ceilings, skylights, windows and window frames, doors and door frames and trim as shown on the Plat. Each Unit includes both the interior surfaces so described (including the unexposed face of the sheetrock and the underside of the finished floor) and the air space so encompassed. In addition, each Unit includes the outlet of any utility service lines, including water, sewer, natural gas, electricity, heating, ventilation, air-conditioning, telephone, security, fire sprinklers, smoke detectors, intercom, data and cable television, but shall not include any part of such lines or ducts themselves. Certain Common Elements in addition to utility lines are located inside of the Units such as natural gas fireplaces, heat pumps and structural columns. Owners may not penetrate any wall, floor or ceiling in their Unit without first verifying through the Association where such Common Elements are located so as to avoid damage to them in the course of any work done within a Unit.

2.7 General Common Elements.

The general location of the Common Elements is shown on the Plat. The General Common Elements consist of all parts of the Condominium other than the Units and the Limited Common Elements and include, without limitation, the following:

2.7.1 The land on which each Unit is located.

2.7.2 All floor slabs, foundations, exterior windows and window frames, exterior doors and door frames, crawl spaces, roofs, columns, beams, girders, supports, and bearing walls.

2.7.3 Pipes, ducts, chimneys extending above the roofline of a Unit (but not fireplaces), conduits, wires, and other utility installations, in each case to their respective outlets.

2.7.4 Parking spaces designated as guest parking.

2.7.5 The open-sided carport structure.

2.7.6 The coin-op laundry room and storage rooms.

2.7.7 The pathways, driveways, fences, grounds, tool room, and storage rooms.

2.8 Limited Common Elements.

The Limited Common Elements are those Common Elements designated as reserved for the use of a certain Unit or Units to the exclusion of other Units, as described below. The location of each Limited Common Element is shown on the Plat. The right to use a Limited Common Element extends to the Owner's agents, servants, tenant, family members, invitees and licensees.

2.8.1 All fenced courtyards, patios and storage closets located off patios, each of which shall pertain to the unit which it adjoins.

2.8.2 The one assigned covered parking space for each Unit, restricted to the Unit to which each such limited common element is assigned as set forth below and shown on the Plat

<u>Unit</u>	<u>Parking Space</u>	<u>Unit</u>	<u>Parking Space</u>	<u>Unit</u>	<u>Parking Space</u>
1	PS1	32	PS32	53	PS53
2	PS2	33	PS33	54	PS54
3	PS3	34	PS34	55	PS55
4	PS4	41	PS41	56	PS56
21	PS21	42	PS42	61	PS61
22	PS22	43	PS43	62	PS62
23	PS23	44	PS44	63	PS63
24	PS24	45	PS45	64	PS64
25	PS25	46	PS46	65	PS65
26	PS26	51	PS51	66	PS66
31	PS31	52	PS52		

3. CONSTRUCTION STATUS AND DEVELOPMENT TEAM

Assisting the Developer in the redevelopment of Townhouse Village Condominium are the following team members:

Financing	Riverview Community Bank, Vancouver, WA
Legal Counsel	Davis Wright Tremaine LLP, Portland, OR
General Contractor	Accurate Building, Inc
Property inspector	Marc Gibson; National Property Inspections
Listing Broker	Rick Compton; RE/MAX equity group, Portland, OR
Bookkeeping	M H Zoller Co, LLC, Vancouver, WA

Owner

Townhouse Village, LLC

Construction of the renovations and rehabilitation commenced on January 2nd 2006, and were substantially completed by October 1st 2006, except that the interiors of currently occupied Units that will be completed in conjunction with future Unit sales.

The renovations include, but are not limited to the following: replacement of the flat built-up roof systems with a pitched frame truss frame system and fiberglass composition shingles on all buildings, plumbing fixtures, interior and exterior electrical fixtures, kitchen and bathroom cabinets, interior and exterior doors, woodwork, exterior and interior painting, carpet, tile, built-in appliances, vinyl windows, Hardiplank exterior siding, interior and exterior paint, parking area partially resurfaced or seal coating, striping, landscaping and irrigation, entrance signage, and parking lot lighting.

Items not renovated, or partially renovated, include the following: structural wood frame, concrete foundation, metal carports, subsurface wiring, plumbing, wall and ceiling insulation, and sheet rock.

Please see third party physical inspection report, attached as Exhibit C for details and condition of individual units.

4. **TERMS OF FINANCING**

The Developer intends to sell Condominium Units on a cash basis.

5. **WARRANTIES**

5.1 No Warranties. THE DEVELOPER WILL MAKE NO WARRANTY OR REPRESENTATION EXPRESS OR IMPLIED WITH RESPECT TO THE CONDITION OF THE UNITS. WARRANTIES FOR THE UNITS WILL BE LIMITED TO THE MANUFACTURERS WARRANTIES FOR THE NEW MATERIALS, EQUIPMENT AND APPLIANCES INSTALLED IN THE RENOVATION. IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE DISCLAIMED AND EXCLUDED, AMONG OTHERS FOR THIS UNIT. A PURCHASER SHOULD INSPECT THE UNIT TO ITS SATISFACTION AND UNDERSTAND THAT THE PURCHASER IS PURCHASING SUCH UNITS WITHOUT ANY DEVELOPER WARRANTIES.

5.2 Mold and Preexisting Conditions.

The Developer directed the general contractor to use reasonable diligence to discover and remedy any damage or mold conditions encountered during the rehab process. The original structure had high moisture penetration, the result of a poorly drained flat roof system and substructure crawl space as well as failing aluminum windows which caused mold in some areas of the complex. Any observed mold or damage was remedied and the sources of water penetration were corrected.

The Owner and Developer make no warranty or representation as to the possible existence of any additional or undiscovered damage or mold conditions. A copy of the general contractors observations and the extent of the repair and rehabilitation procedures is attached as Exhibit D. A purchaser is encouraged to seek a third party inspection and opinion to determine the existence of any remaining or current mold or structural damage.

**6. PROJECTED CONDOMINIUM ASSOCIATION BUDGET:
OPERATING FUND**

The monthly Common Expense assessment for each Unit, which will be allocated to the Operating Fund, is determined by multiplying the percentage interest in the Common Elements allocated to each Unit, as shown in the Declaration and in Section 2.5 above, by the total monthly installment for Common Expenses for all Units. Developer is projecting an initial monthly budget of the Association of Unit Owners for the operation and maintenance and any other Common Expenses of the Condominium as shown on Exhibit A attached hereto. This amount includes a monthly contribution for reserves as further set forth in Section 7 below. **NOTE:** The projected budget is an estimate only, and assessments are likely to increase over time.

NOTICE TO PROSPECTIVE PURCHASERS

THE PROJECTION OF THE BUDGET OF THE ASSOCIATION OF UNIT OWNERS FOR THE OPERATION AND MAINTENANCE AND OTHER COMMON EXPENSES OF THE CONDOMINIUM IS ONLY AN ESTIMATE, PREPARED WITH DUE CARE.

7. PROJECTED CONDOMINIUM RESERVES

7.1 Failure to Comply With ORS 100.175

The previous Unit owners failed to establish a reserve account for the replacement of common elements that normally require replacement in more than three (3) years and less than thirty (30) years as set forth in ORS 100.175. As a result, the Reserve Fund discussed in Section 7.2 below will be funded entirely by assessments collected from future Unit owners. The Developer has, or shall, substantially refurbish Units and has completed all exterior Common Elements, and thus the impact of not having a reserve account in existence will be minimal.

7.2 Projected Monthly Reserve Fund

In addition to the Operating Fund to be set up to pay the ongoing monthly expense items described in Section 6 above, a Reserve Fund will be established in the name of the Association for replacement of Common Elements of the Condominium that normally require replacement in more than three (3) and less than thirty (30) years in accordance with ORS 100.175. Each Unit Owner will be assessed a monthly pro-rata share for contribution to the Reserve Fund. Developer is projecting an initial monthly budget of the Association of Unit Owners for the Reserve Fund as shown on Exhibit A attached hereto. This amount will be subject to adjustment

by the Association each year based upon the Annual Reserve Study described below. The determination of Common Expenses will be calculated on the basis of expected repair and replacement costs and the life expectancy of the items comprising the Common Elements and the assets of the Association such that the amount of the Reserve Fund is reasonably calculated to provide sufficient funds for major repair and replacement of the Common Elements and assets of the Association.

7.3 Initial Contributions

At the time of closing of the initial sale of each Unit, the Purchaser must make an initial contribution to the Operating Fund and Reserve Fund equal to two (2) months of their monthly Condominium assessments, together with an advance payment of the monthly assessment for the first full month following the date of closing and a prorated assessment for the balance of the month during which closing occurs. The Reserve Fund will be funded by equal assessments against the individual Units in the amount determined as described above in Section 7.2. The Reserve Fund assessments will accrue from the time of the conveyance of the first individual Unit assessed. Developer will pay the amount of any Reserve Fund assessments that have accrued since the closing of the first sale of a Unit in the Condominium to the Reserve Fund, as provided in the Bylaws. The Developer may elect to defer payment of the accrued Reserve Fund assessment for a Unit until the time of conveyance of the Unit. The books and records of the Association of Unit Owners will reflect the amount owing from the Developer for all Reserve Fund assessments.

7.4 Annual Reserve Study

The Association will administer the Reserve Fund and the amount of the payments in the Reserve Fund must be adjusted at least annually to recognize changes in current replacement costs over time. The Board of Directors of the Association annually must conduct a reserve study, or review and update an existing study, of the Common Elements to determine the Reserve Fund requirements. The reserve study must include: (a) identification of all items for which reserves are to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) an estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and (d) a 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule. The initial Reserve Study is set forth in Exhibit B.

7.5 Use of Reserves

Assessments paid into the Reserve Fund are the property of the Association and are not refundable to the Owner or Owners of a Unit upon the sale of any Unit owned by them. Following the second year after the Turnover Meeting, the Association may, on an annual basis, elect not to fund the Reserve Fund by unanimous vote of the Owners, or elect to reduce or increase future assessments for the Reserve Fund by an affirmative vote of at least seventy-five percent (75%) of the Owners. The remaining balance of the Reserve Fund must be distributed to the Owners on termination of the Condominium and the Association. The Reserve Fund is to be used only for maintenance, repair and replacement of Common Elements for which reserves have been established and is to be kept separate from other funds. However, after the Turnover

Meeting, the Board of Directors may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from special assessments or maintenance fees.

8. PROJECTED TOTAL MONTHLY CONDOMINIUM FEE: OPERATING FUND PLUS RESERVE FUND

Based on the Total Monthly Expenses set forth in Exhibit A, each Unit will have an approximate total monthly fee assessed of \$159, which includes general/administrative expenses, maintenance expenses, utilities, and reserve contributions.

9. CONDOMINIUM OPERATION AND MANAGEMENT

9.1 Formation of the Condominium Association of Unit Owners

The Act requires the formation of an Association and the adoption of Bylaws to govern the operation and management of the Condominium. The Act further requires the election from among the Unit Owners of a Board of Directors and an election by the Board of Directors of the following officers: President, Secretary, and Treasurer. The Condominium is governed by Townhouse Village Condominium Homeowners' Association, an Oregon nonprofit corporation. The rights and obligations of the Association and its Board are set forth primarily in Section 16 in the Declaration and in Section 3 of the Bylaws. In accordance with Section 17 of the Declaration, the Association is obligated to retain a professional manager to be responsible for day to day management of the Condominium. The initial managing agent shall be Mark Zoller in his role as Manager of Townhouse Village, LLC.

9.2 Control of Association

The Developer currently owns all thirty-two (32) Units and thus controls the Association. As additional Units are sold, subsequent purchasers will have the ability to cast their vote for new Board members in future Board elections.

9.3 Membership in the Condominium Association

Each Owner, by virtue of being a Condominium Owner and so long as such Owner continues in that capacity, will be a member of the Association. The membership of an Owner will terminate automatically upon an Owner being divested of its ownership interest in the Condominium. Each membership in the Association is appurtenant to the Unit owned by an Owner and may not be transferred in any manner whatsoever except upon a transfer of title to such Unit and then only to the transferee of such title. Any attempt to make a prohibited transfer of a membership is void.

9.4 Meetings and Voting of Owner

A Unit Owner's control of the operation and management of the Condominium project is generally limited to the right to vote at the meetings of the Owners. As set forth in Section 10 and 16.6 of the Declaration, each Unit is entitled to one (1) vote. Co-Owners of a Unit will have only one (1) vote per Unit owned. In the absence of protest by a co-Owner, the vote may be

exercised by any one of the Owners present at a meeting at which the owners are asked to vote. In the event of a disagreement among co-Owners, the vote of the Unit or Units owned will be disregarded completely in determining the proportion of votes given with respect to the matter at issue. A valid court order may establish the rights of co-Owners to vote.

10. SALES AND CLOSING

10.1 Sales Documents

The Developer intends to sell the Units by means of a document entitled Townhouse Village Condominium Unit Sale Agreement. Prospective purchasers should be aware that unless agreements dealing with the purchase or sale of real property are reduced to writing and made a part of the contract, it may be difficult or impossible to enforce.

10.2 Statutory Rights of Purchasers

Under the Act, a purchaser of a Condominium Unit has the statutory rights outlined below:

10.2.1 A purchaser of a Condominium Unit may cancel for any reason the sale of a condominium unit from a developer or any contract agreement or evidence of indebtedness associated with the sale of the Condominium Unit within five (5) business days (excluding Saturdays and holidays) after the date on which the latest of the following events occurs: (1) the signing of the Unit Sale Agreement; (2) the signing of the receipt required under ORS 100.705(2) upon delivery of the Disclosure Statement; or (3) the signing by the purchaser of the receipt required under ORS 100.725(4) upon delivery of a copy of the documents specified in ORS 100.725(1).

10.2.2 A purchaser's right to cancel set forth above terminates at the time of the closing of the Unit purchase transaction even if the five-day cancellation period has not expired.

10.2.3 The Unit Sale Agreement must contain either upon the first page, or upon a separate sheet attached to the first page, a Notice to Purchaser which sets forth the purchaser's right of cancellation and other important information process specified in ORS 700.740. A purchaser must immediately be given a copy of the Notice to Purchaser and a copy of the Unit Sales Agreement when it has been fully executed by all parties.

10.2.4 A copy of this Disclosure Statement must be given to a purchaser by the Developer or an agent of the Developer not later than the date the Unit Sale Agreement is fully executed by all parties.

10.3 Closing Escrow Arrangements

10.3.1 Place of Closing. Sales will be closed at Fidelity Title Company in Newberg, which will serve as "Escrow Agent" pursuant to the Escrow Agreement between Developer and Escrow Agent.

10.3.2 Condition to Closing. No funds of a purchaser will be distributed until the Declaration is recorded and the Developer can convey title to the Unit free and clear of all encumbrances except those specified in the Unit Sale Agreement, or the Unit Sale Agreement is terminated according to the provisions contained therein.

10.3.3 Documents by which the Purchasers are Bound. In addition to the Declaration, any Supplemental Declaration, the Articles and Bylaws of the Association, purchasers of the Units will be bound by the Notice to Purchaser (Right of Cancellation), Unit Sale Agreement, the Escrow Agreement, the Plat for the Condominium the conditions, restrictions and easements of record imposed by the City of Newberg, Oregon. Copies of these items are available upon request from the Escrow Agent.

10.3.4 Existing Loan. The land and improvements constituting the Condominium are encumbered by a trust deed under which Riverview Community Bank (“Lender”) is the beneficiary. The sale of each and every Unit will be closed if and only if the lien of such Trust Deed is released from the Unit on or before the closing date of its sale. If such release cannot be obtained by the closing deadline under the Unit Sale Agreement for any reason other than the fault of the Purchaser, the sale will not be closed and the Purchaser will have the right to terminate the sale and require Escrow Agent to refund all deposits made to escrow with respect to the Unit Sale Agreement.

11. ALIENATION AND OCCUPANCY RESTRICTIONS

The Condominium is intended solely for residential use. The Units may be used only in a manner appropriate to maintain the Condominium’s status as a residential condominium on an ownership, rental, or lease basis, and for social, recreational, or other reasonable purposes normally incidental to residential use. Units may be used for accessory home businesses subject to Board approval of the business as compatible with the residential character of the Condominium, such approval to not be unreasonably withheld, conditioned or delayed. Units may be used for operating the Association and for management of the Condominium. Units may only be leased in accordance with and to the extent allowed by Section 7.2 of the Bylaws. Any Owner who took title to its Unit pursuant to a deed in lieu of foreclosure or by an actual foreclosure sale are not subject to the Rental-Lease Ratio restriction as provided for in Section 7.2.4 of the Bylaws.

12. GENERAL INFORMATION

The Condominium will be serviced by the following:

Water	City of Newberg
Sewage disposal	City of Newberg
Electricity	Portland General Electric
Gas	Northwest Natural
Trash collection	Newberg Garbage
Telephone and Internet	Verizon
Cable TV	Comcast
Fire Protection	City of Newberg Fire Department
Police	City of Newberg Police Department

All Common Elements shall be the obligation and duty of the Association, including general liability and fire insurance coverage. Gas, telephone, electricity, and cable TV, are to be individually arranged for and billed to each Unit by the pertinent providers. All water and sewer service to the Units share one common meter, and together with garbage service, are paid by the association without proration to individual Units. There are separate meters for common lighting and laundry room, the costs of which shall be allocated to each Unit in the monthly Association assessments.

13. MAINTENANCE AND REPAIR EXPENSES

13.1 Common Elements

The necessary work to maintain, repair or replace all the Common Elements shall be carried out by the Association except Limited Common Elements reserved to the use of a single Unit, which shall be carried out by the Owner or Owners of the Unit to which such elements are reserved. No Owner may alter the Common Elements without first obtaining the consent of the Association in accordance with the procedures set forth in the Bylaws. All work necessitated by acts or omissions of an Owner by reason of which the Owner is legally responsible, including abnormal wear and tear and/or damage will be specially assessed to the benefited Unit(s). Any such special assessment imposed on the benefited Units shall be as reasonably and uniformly determined by the Association Board. The Association may make any repairs or perform maintenance that an Owner is obligated to make and that such Owner does not make within a reasonable time and impose a special assessment, with penalties, as reasonably and uniformly determined by the Association Board.

13.2 Individual Units

Except as otherwise provided in the Bylaws, each Owner is responsible for all maintenance and repairs to his/her respective Unit. Each Owner must keep his/her Unit in good order, condition, and repair. The interior structure, decor, mechanical components, and personal property for each individual Unit is the obligation and duty of the Owner to insure and maintain. No fire or liability insurance for the interior of individual units is provided by the Association and it is the requirement of the Association that each owner carry and provide proof of such coverage at all times.

13.3 Payment of Expenses

All Owners will be obliged to pay, on a monthly basis in advance, such Owner's Percentage Interest of the Common Expenses into the Association's Operating Fund and Reserve Fund pursuant to the Bylaws and the Declaration. In addition, all Owners will be obligated to pay on a monthly basis any special assessments or charges assessed to them by the Board on behalf of the Association pursuant to the Bylaws or the Declaration. The Board will, from time to time, at least annually, prepare a budget for the Association, estimating the Common Expenses expected to be incurred for the following year, less any previous over-assessment, and assess the estimated Common Expenses to each Owner. The Board will advise each Unit Owner in writing of such Owner's Percentage Interest of Common Expenses payable by the Owner and furnish copies of the budget and any amended budget on which such Common Expenses are based to all Owners and, if requested, to their mortgagees, at least fourteen (14) days prior to the annual meeting of the Association.

13.4 Default and Payment of Expenses

In addition to the provisions contained in the Declaration and Bylaws, the Act provides that the Association has the right to levy assessments against Unit Owners for Common Expenses. Failure of a Unit Owner to pay such Owner's Percentage Interest of the Common Expenses will entitle the Association to file and foreclose a lien on that Owner's Unit. This statutory provision further provides that an action to recover a money judgment for unpaid Common Expenses may be maintained without foreclosing or waiving the lien securing the claim for Common Expenses.

14. SPECIAL SUCCESSOR DECLARANT RIGHTS

The Successor Declarant will have the right to:

(a) Maintain sales offices, management offices, signs advertising the Condominium, and models in Units which are not occupied and are for sale by the Successor Declarant, in Units owned by the Successor Declarant, and in the Common Elements of the Condominium;

(b) Use easements through the Common Elements for the purpose of making improvements within the Condominium;

(c) Elect, appoint or remove any officer of the Association or any member of the Board during the period of Successor Declarant control. The rights described herein may not be transferred except by instrument evidencing the transfer executed by the Successor Declarant or the Successor Declarant's successor and the transferee and recorded in the county in which the Condominium is located; and

(d) Have an access easement over, across, and through the Common Elements for the purpose of completing any unfinished Units or other improvements, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, and

discharging Successor Declarant's obligations or exercising any of the rights reserved by Successor Declarant in the Declaration.

15. NOTICE REGARDING CONSTRUCTION LIENS

15.1 Notice Regarding this Condominium. All contractors and material suppliers and others who have a right to construction liens under ORS 87.010 are being paid in the ordinary course of business. However, each has a right to file liens if the Developer fails to pay any of them.

15.2 Title Insurance for Construction Liens. If you are obtaining a mortgage loan to finance your purchase and having the Escrow Agent issue a full extended coverage mortgagee's title insurance policy to your lender, the title company will issue an owner's title policy to you insuring you to the extent of the amount of your purchase money loan that the title company will protect you pursuant to the terms and conditions of the policy against construction liens. If (1) you are paying cash, (2) your lender does not require construction lien coverage in their policy, or (3) desire coverage in excess of your loan amount, the Escrow Agent cannot issue this coverage without additional cost. Accordingly, those purchasers will be asked to sign a Waiver of Protections From Subcontractors' Liens at closing or to pay the premium for such additional coverage.

RIDER A

RECEIPT FOR DISCLOSURE STATEMENT

for

**TOWNHOUSE VILLAGE CONDOMINIUMS
(an Oregon Condominium)**

Oregon law requires that as a prospective purchaser of a Condominium Unit, you be given a copy of a Disclosure Statement adopted and issued by the Real Estate Commissioner not later than the date the Unit Sales Agreement is fully executed by all parties.

**DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED
A COPY OF THE DISCLOSURE STATEMENT.**

The undersigned hereby acknowledges receipt of a copy of the Disclosure Statement adopted and issued _____, 20____, consisting of _____ pages, not later than the date the Unit Sale Agreement is fully executed by all parties.

The undersigned understands that the Disclosure Statement is not a recommendation or endorsement of the Condominium, but is for information only.

Dated this _____ day of _____, 20____.

Purchaser

Purchaser

THE DEVELOPER IS REQUIRED TO RETAIN THIS RECEIPT FOR THREE (3) YEARS.

EXHIBIT A

**TOWNHOUSE VILLAGE CONDOMINIUM HOMEOWNERS' ASSOCIATION BUDGET –
32 UNITS**

Expense Items	Current Budget per Month (\$)	Current Budget per Year (\$)
Fire and E/C Insurance	500	6,000
HOA Liability Insurance	125	1,500
Directors Liability Insurance	50	600
Landscape Care and Maintenance	500	6,000
Repair/Maintenance/Cleaning/Pest	500	6,000
Management, Accounting and Legal Fees	700	8,400
Supplies	50	600
Garbage Collection	1,000	12,000
Water	1,000	12,000
Sanitary Sewer	1,630	19,560
Electric	75	900
Contingency and Miscellaneous	100	1,200
Reserves - Capital	570	6,840
TOTAL EXPENSES:	\$6,800	\$81,600
Income		
Laundry Facility	\$720	\$8640
Owner's Assessment*	\$6,080	\$72,960
TOTAL INCOME	\$6,800	\$81,600

* Monthly assessment for each Unit, per month, will be approximately \$190.

EXHIBIT B

RESERVE STUDY

EXHIBIT A

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EXHIBIT C

INSPECTION REPORT

EXHIBIT D

GENERAL CONTRACTOR'S OBSERVATIONS AND WARRANTIES

EXHIBIT A

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