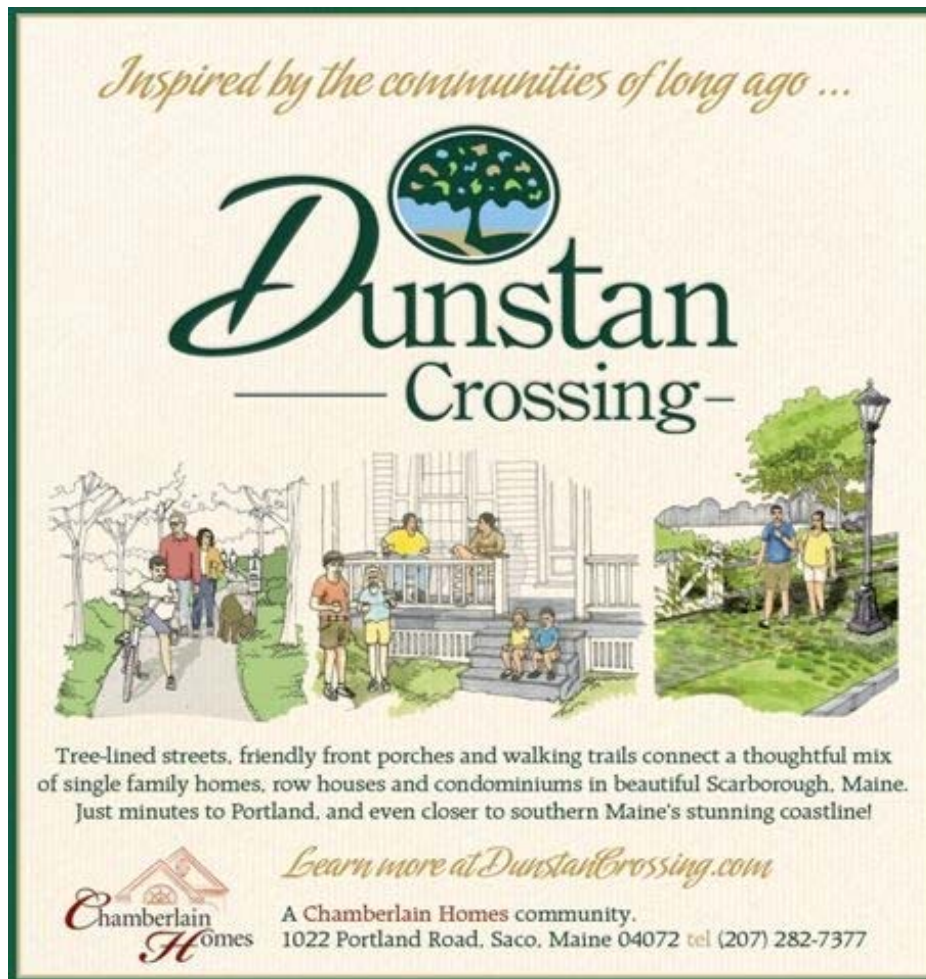




DUNSTAN CROSSING HOMEOWNERS ASSOCIATION

HOMEOWNERS' HANDBOOK

LOTS IN PROJECT PHASE I



Name of Project:

DUNSTAN CROSSING HOMEOWNERS ASSOCIATION

Address:

Broadturn Road, Scarborough, Maine 04074

Name of Declarant:
Principal Address

CHAMBERLAIN HOMES, a division of
Chamberlain Construction, Inc.
1022 Portland Road
Saco, ME 04072

Effective date of this Homeowners' Handbook: Updated June 12, 2008.



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DUNSTAN CROSSING HOMEOWNERS ASSOCIATION
HOMEOWNERS' HANDBOOK

Scarborough, Maine

I. DESCRIPTION OF THE PROPERTY

A. Overview.

1. Homeowners' Handbook. This Homeowners' Handbook is provided by the Chamberlain Homes division of Chamberlain Construction Inc., (the "Developer") to purchasers of Subdivision Lots in Project Phase I of the Dunstan Crossing Subdivision (the "Subdivision") located on Broadturn Road in Scarborough, Maine in order to assist purchasers of the first 18 lots in understanding the structure of the larger Dunstan Crossing community which the Subdivision is a part of and is integrated into.

Dunstan Crossing incorporates the following features:

- It establishes a pedestrian and bicycle friendly local neighborhood, discourages through traffic, provides a variety of layouts and widths, and offers attractive streetscapes.
- The enhanced density lowers the amount of pavement and facilitates the construction of sidewalks, street lighting and public sewer.
- Owners become a part of a community neighborhood with local parks and sidewalks; families are not isolated from their neighbors.
- Wetland impact, storm water run off, maintenance expenses and vehicle mileage are minimized through more compact development.
- As the Community develops, extensive open space will be made available for shared use - land which would otherwise be locked up within large private residential lots.
- A variety of homes types and ownership formats are available to accommodate each family's needs, desired maintenance responsibilities and finances. These unit types are interspersed within the community.
- The community is located close to the City of Portland, rated as one of the best places to visit, live and work, with jobs, shopping, beaches and the Atlantic Ocean nearby.

This handbook provides a general overview and summary of the terms of the Subdivision and Dunstan Crossing as a whole, but does not set forth the full scope of the rights and obligations of purchasers and owners. The various exhibits included with this Homeowners' Handbook or available on the Dunstancrossing.com website contain the full detail of the controlling legal documents. **THE LEGAL DOCUMENTS AS FINALLY ADOPTED AND RECORDED WILL CONTROL IN THE EVENT OF ANY CONFLICT.** This handbook is only a summary and does not contain all relevant provisions of the draft documents included as exhibits or available on the developer's website.

Potential purchasers are strongly encouraged to review all exhibits and available documents in order to obtain a full understanding of the detailed structure of the Subdivision and of the Dunstan Crossing Master Association (the "Master Association"). Since this is only a summary, the full text of the legal documents will control in the event of any omission or conflicts.

2. Overall Subdivision Structure. The initial lots are located in Project Phase I which is now under construction and will contain 18 single family house lots shown as lots numbered #42 through 59 (the "Lots") on the Subdivision Plat (survey) plus up to 8 condominium units located in a separate building which are the subject of a separate Condominium Public Offering Statement which condominium purchasers should review. Each lot purchaser is responsible for arranging the construction of the building and improvements with the Developer after first obtaining Design Review Approval.

The Lots are a part of the larger Dunstan Crossing project under which 3 separate associations and accompanying declarations are being created:

- (i) **Dunstan Crossing Master Association** is responsible under the Master Declaration of Covenants, Conditions and Restrictions (the "Master Covenants") for improvements pertaining to the Dunstan Crossing project as a whole, e.g. entrances, "open space," trails, drainage system, (unless Town assumes responsibility), maintenance of other infrastructure such as roads and sewer until taken over by public entities, holding ownership of common parks, perimeter "open space," trails, and Alleys, and a potential future community building if desired, and responsible for post Developer design review administration; its Board is initially appointed by the Developer and eventually to be elected by the Neighborhood Associations voting separately for a specified members of Master Association board of directors;
- (ii) **Dunstan Crossing Homeowners Association** is the "Neighborhood Association" responsible for any required administration of the "single family" Lots including normal, estate and age 55+ lots not handled by the Master Association; and
- (iii) **Dunstan Crossing Condominium Association** is the "Neighborhood Association" responsible for internal maintenance and administration of the condominium, including townhouse, duplex and multiplex units which may be created under the Declaration of Dunstan Crossing Condominium.

This structure was established in order to allow each type of housing to control matters peculiar to it, while having the Master Association responsible for community wide concerns; the Neighborhood Associations have the option to turn to the Master Association for maintenance and administration where the Master Association could provide economies of scale and other benefits. Each of the Condominium and Homeowner Associations will elect its own board of directors. In turn the respective boards of the Condominium and Homeowner Associations elect the members of the Master Association's board of directors allocated to each association once the applicable Developer control period expires.

At the option of the Lot owner, the Master Association may arrange and provide certain local services to Lot owners such as plowing, landscape maintenance, and bill the Lot owner for the applicable Service Charge.

The Developer is responsible for constructing the infrastructure in Project Phase I including

roads, Alleys, sidewalks, utility, and drainage improvements in accordance with the plans approved by the Town of Scarborough. Easements for utilities, storm water facilities and drainage cross the Lots as depicted on the Plans. The Developer's obligations are further set forth in the Limited Warranty Certificate, which is one of the available exhibits.

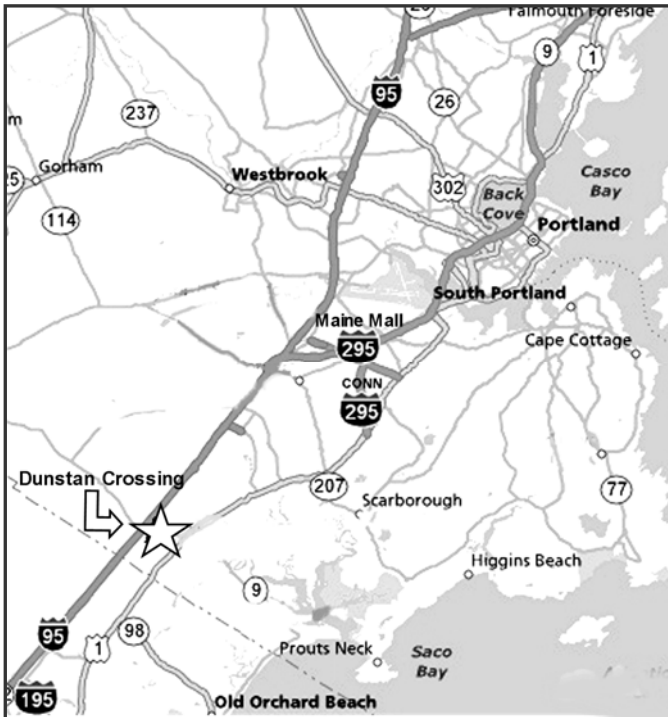
The Lots will be served by public water and sewer. The streets providing access to Broad Turn Road are to be built to Town standards and will be maintained by the Town once they are completed and accepted. The Developer has provided a bank letter of credit to the Town to assure proper construction of this infrastructure.

The initial Lots are located within the first of four "Project Phases" of the larger Dunstan Crossing project (the "Community"), which has received town and state approvals for a larger residential community containing a mixture of single family, duplex and attached condominium homes with common open space, park lands and other amenities. The Developer has acquired title to Project Phase I and has option to purchase the remaining Project Phases.

The Master Covenants will govern the entire Community, establish an operating and management structure and govern the initial and future design of buildings and landscaping. If Dunstan Crossing is fully constructed, the entire Community could contain up to 288 homes.

While the lot owners will participate in a separate Homeowners Association, since the

Homeowners Association owns no common areas it is anticipated that most administration pertaining to the Lots will be handled by the Master Association.

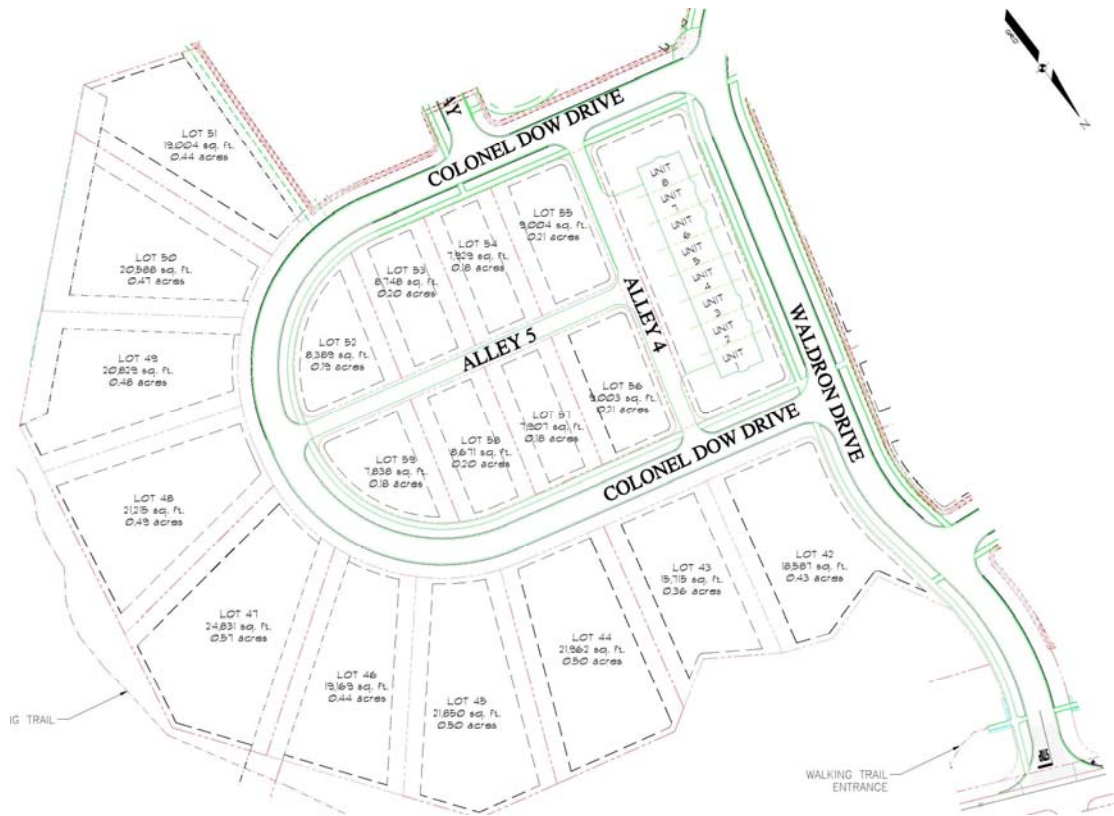


Neighboring land uses presently include single family residences, multifamily dwellings, and commercial development along Route One. If the entire project is completed, Waldron Drive, which will connect the first phase of the Subdivision to Broad Turn Road, and will also connect to Colonel Dow Drive within the Dunstan Crossing Subdivision, which may later connect through future Project Phases to Route One. Street names derive from local historic families in the Dunstan area, which was first settled in 1651.

The Project Phase I is located approximately one half mile from Route One, a major public arterial, and Paine Road, which in turn leads to the interstate highway system. Local shopping areas and supermarkets are located along Route One. The Maine Mall retail area is located within a few miles of the property.

3. Phasing. Initially up to 18 Lots are located in Project Phase I of the Dunstan Crossing Subdivision. Project Phase I also includes up to 8 condominium units located on a separate lot

within Project Phase I.



The initial Subdivision Lots share easements for access and utility services extending to Broadturn Road. The fee title to Waldron Drive, Colonel Dow Drive and Alleys 4 and 5 are reserved by the Developer; the Drives will eventually be transferred to the Town and the Alleys will be transferred to the Master Association.

Separate parcels of land within the Dunstan Crossing Community may be added to the Master Covenants by the Developer in “Project Phases” II, III and IV. The Community as presently approved may consist of a total of up to up 288 housing units, which based on present approvals could consist of up to 125 Lots and 163 Condominium Units if fully constructed, but the Developer has the right to change the mix and configuration of the proposed house, subject to obtaining governmental approvals. The number of units built will depend on sales. Given the scope of the entire development, it is likely that changes will be made in order to adapt to the market conditions and buyers’ requests over time. Once added to the Subdivision, future land parcels and Lots will be fully integrated into the Subdivision.

The Developer has received governmental permits and approvals to construct the Community in accordance with the approved Subdivision Plans, copies of which are included as Exhibits to this Handbook. It is anticipated that the Subdivision will be developed generally based on the street configuration depicted in the Subdivision Plan, however due to the size of the Community and the need to adapt construction to buyers' preferences over time, the layout and composition of future Project Phases may change in whole or part. The Subdivision Plat indicates the parcels of land that may be added to the Community. Changes to the present layout will require

town and state approvals.

All Lots and Condominium Units subjected to the Master Covenants will be restricted exclusively to residential use, as further appears in the Master Covenants. Existing and future Lots may be used for marketing purposes, including use as model homes for inspection by potential buyers. Generally Lots may be used only for one single family dwelling unit; Lot owners may apply to the Homeowners Association for approval of an additional "Accessory Living Unit" of up to 750 square feet on the Lot, after which the Owner must receive a separate town Board of Appeals approval which presently is good for only 5 years. Complex standards set forth in the Rules and Regulations must be met and the Homeowner's Board must find that the additional unit has no adverse effect on neighboring Lots.

Other portions of the Community will consist of duplex and multiplex residential condominium units. These condominium units will have a separate condominium association and will not be a part of the Homeowners Association; however they will be a part of the Master Association. Once the particulars of future individual condominium row house and multiplex buildings are determined, site specific approvals will be obtained from the town.

Project Phase I will consist of 18 Lots and 8 Condominium Units with the configuration depicted on the Plans. Larger Lots along the perimeter of the Community are known as "Estate Lots" and other interior Lots served by the Alleys are known as "Village Lots." Garages and parking on the Village lots must be accessed through the Alleys in order preserve the pedestrian orientation of the Community.

If Project Phase II is added to the Community, the Developer intends to construct an additional 18 Lots and 8 Condominium Units. The Subdivision Plans depicts the Developer's present expectations as to the layout of future development, which may change; subsequent Lots, roads and utilities to be constructed will based on the Developer's analysis of sales and market conditions.

The configuration of Project Phase I is now established. The Developer may postpone the final decision as to the addition of land, the configuration of future Project Phases and the ultimate number of Lots to be built for up to 30 years. The construction of more than a total of 264 housing units in the Community will require Town approval as a part of the authorized additional density bonus.

There are a total of four Project Phases in the Community, known as Project Phases I, II, III and IV. Project Phase I is now under construction in accordance with the approved subdivision plans and it will be subject to the Master Covenants. The Developer may elect not to subject a future Project Phase to the Master Covenants. In addition the Developer may also elect not to add future Land Phases to Subdivision, in which event it will not be a part of the Subdivision or subject to the proposed use restrictions.

4. Dunstan Crossing Subdivision. The initial Subdivision Lots are located within the Dunstan Crossing Subdivision's Project Phase I, which is the first of four phases of the larger Dustan Crossing Subdivision, which has received town and state approvals for a mix of single family, duplex and attached homes.

As presently approved, the Dunstan Crossing Subdivision may include as a part of the Subdivision up to 125 single family lots, of which 22 are anticipated to be larger “Estate” lots, Village Lots and potentially 27 age 55+ restricted lots. With respect to the condominium units, 42 are anticipated to be row homes units, 82 are anticipated to be duplex units, 15 are anticipated to be multiplex unit and 24 are anticipated to be units whose style has not yet been determined. In addition, the Subdivision may include up to up to 98 individual house lots, which will belong to the Homeowners association.

Project	Single Family Lots	Townhouse Condos	Duplex Condo	Design not yet Determined	Phase Total	Running Total
Phase I	18	8	0	0	26	26
Phase II*	18	6	20	0	44	70
Phase III*	23	0	18	0	41	111
Phase IV*	66	28	44	15	153	264
“TDR”*				24	24	288
Total*	125	42	82	39	288	

"TDR refers to “transferable development rights” under the Town’s Zoning Ordinance. Unit numbers and types are subject to change with Town approval.

*** These Phases II, III and IV and proposed development configurations ARE SUBJECT TO CHANGE AND NEED NOT BE BUILT.**

Within the Master Association once the Developer Control Period expires, the boards of directors for the Condominium Association and the Homeowners Association will elect the Board of Directors for the Master Association, with the number of directors allocated based on the number of housing units that may be created within each of the Associations based on the present approved configurations. Within the Homeowners’ Association, the Developer appoints the Homeowners Association’s designated members of the Master Association's Board until the Developer Control Period expires.

Each housing unit subject to the Master Covenants will pay an equal share of expenses of the Master Association. A Lot will begin paying its share of Master and Homeowner Association expenses commencing on the earlier of when it is first sold to a non-successor Developer or a residence built on a Lot is in fact occupied and used for residential use for 10 or more days, all specifically excluding however Lots owned, occupied or used by Developer for solely for construction purposes or a Lot on which the construction of a residence has not been substantially completed. A Condominium Unit will commence paying Master and Condominium Association once its construction has been substantially completed and it has been legally declared as a condominium unit.

The Homeowner Association's Board of Directors may elect to delegate its administrative and maintenance responsibilities to the Master Association.

All of the Project Phase I will be subject to the Master Covenants. The Developer has an option to purchase the additional land in Project Phases II, III and IV, and if that option is exercised, the Developer has agreed to subject it to the Master Covenants and upon completion the

Lots and lots will become a part of the Master Association. Given its size, it is possible that other developers may develop all or portions of the Community

5. Governmental Restrictions and Easements. The site is located in the Dunstan Village Residential Zoning District, the stated purpose of which is:

To provide residential neighborhoods of a moderate density to a manner which will promote a wholesome living environment and accept a significant share of the Town's residential growth. To this end, residential development shall not exceed 2 dwelling Lots per net residential acre. The village residential development standards are intended to promote the establishment of neighborhoods with a mix of dwelling types accommodating a mix of household types, age groups and income levels, incorporate communal recreation areas, greens, commons and open spaces, and create a village-style development pattern with an interconnected network of landscaped streets, blocks, and pedestrian ways in a manner that compliments adjacent residential neighborhoods and commercial districts to instill a mix of housing types and land uses in and around our town and village centers.

This Zoning District permits single family detached dwellings, two-family dwellings, multiplexes, townhouses, place of worship, schools, libraries, museums, community buildings not operated for private gain, residential recreation facilities, and family day care homes subject to certain standards and conditions except that board of appeals review is not required, municipal buildings and uses, and post office facilities. Other uses are permitted as special exceptions with Planning Board approval.

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 violator shall hold the Association and other Lot Owners harmless from all fines, penalties, costs and prosecutions for any violation thereof or noncompliance therewith.

The locations of the initial 18 Lots are shown in the Subdivision Plans (survey), a reduced copy of which is an exhibit included in this package. The Subdivision Plan indicates the location of future lots and improvements, but the Developer has reserved the right to change the layout and configuration of future development in Project Phases II, III and IV.

The Dunstan Crossing Community also received Maine Department of Environmental Protection approval in October, 2006 subject to conditions including restrictions on buffer, wetlands and stream disturbance and a requirement that the Master Association maintain the storm water detention system. A copy of the approval is enclosed. The stream and wetland buffer areas include certain Common Elements within the Condominium and the Master Association's Common Areas as shown on the Subdivision Plan, areas which may not be disturbed.

Project Phase I is subject to cross easements in favor of the Project Phases II, III and IV for access, utilities and drainage, as set forth in the legal descriptions in the deed into the Developer, even if the land is not subjected to the Master Covenants. Future Project Phases, if added the Community, will be subject to similar easements.

B. Homeowners Declaration of Covenants.

1. Declaration. The Homeowners Declaration is a legal document which will govern the Subdivision Lots. A copy of the proposed Declaration is available on the Dunstan Crossing website,

and it will become effective when recorded in the Cumberland County Registry of Deeds. The Declaration and Plans establish the boundaries of the Lots, the easements and rights of each Lot, and the restrictions on the Lots.

The Homeowners Association is subject to the Maine Non-Profit Corporation Act, 13-B M.R.S.A. Since the Homeowners Association has no Neighborhood Common Areas to administer and since many other functions are carried on by the Master Association, it is anticipated that Homeowners Association will have minimal functions.

Generally amendments to the Homeowners' Declaration may be made by a vote of 67% in interest of the Lot owners. Certain amendments require the approval of the Developer or lenders holding or insuring mortgages on the Lots. The Developer holds the right unilaterally to make amendments to the Declaration in connection with the addition of future Lots and Common Areas, and holds various easements permitting the construction and marketing of Lots. The Developer has the right to revise the Subdivision documents until they are recorded.

2. Use Restrictions. The Lots in the Subdivision are restricted to residential use. Only one dwelling unit may be built on a Lot, but an "Additional Living Unit" not to exceed 750 square feet in size may be added subject to compliance with the Master Covenants, the Rules and Regulations, subject to approval by the Homeowner Association and subject to receipt of Town Board of Appeals approval good for 5 years at a time. 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 Developer has the right to construct future buildings and may use unsold Lots as models or sales offices. Other temporary, reasonable non-residential uses may be permitted by the Board of Directors.

3. Maintenance. Each Unit owner must maintain his Lot and the building and improvements in good condition and repair.

It is anticipated that the Master Association will offer a choice of maintenance services for the exterior portions of each Lot upon payment of an additional fee

A unit owner must separately insure the building and improvements on the Lot, and any insurance obtained by an owner must comply with the Declaration. The Developer recommends that each owner provide his insurance agent with a copy of the relevant portions of the Declaration and obtain a homeowner's insurance policy, generally referred to as an "HO-3".

The Master Association will be responsible for the maintenance of the Alleys and also the streets pending the Town of Scarborough's acceptance of the streets.

The parks, Alleys, Master Association land, open space areas (including storm water facilities located outside of public rights of way) and future community building, if any, as shown on the Plans are to be owned and maintained by the Master Association. The Master Association and the Town of Scarborough hold drainage, utility and access easements. The streets are to be conveyed to Town of Scarborough, with accompanying drainage easements. The street lights are to be owned and maintained by Master Association, with electricity provided by Town. Sewers and pump

station are to be conveyed to the Scarborough Sanitary District and the water mains to Portland Water District, pending which they will be maintained by the Master Association.

The Developer anticipates that it will proceed to construct the proposed community building following the completion and sale of all the Lots in Project Phase III, but it intends to offer owners of Lots and Units in the Community the option to elect to have alternative improvements constructed.

C. Design Approval.

Unless Design Review Approval is first obtained in accordance with Article X of the Master Covenants and the Design Review Guidelines a Unit owner may not construct improvements or change the outside portions of the Lot. This includes both the initial construction and any subsequent changes, whether changing the color, adding any awnings or canopies or constructing any improvements, or using clothes lines, signs, television antennas and dishes, etc.

Initially the Developer acts as the Design Review Board and makes all Design Review decisions, and has the legal right to continue to do so until all potential housing units have been sold to buyers who are not successor Developers or upon a recorded notice signed by the Developer transferring such design review authority subject to the Developer's right to veto such decisions so long as its owns or has the option to purchase any portion of the property that may be subjected to the Master Covenants. The Developer and the Design Review Board may authorize variances from compliance with the Design Review Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations render compliance infeasible, but only if approved by Developer or, following the transfer of the last lot or condominium unit owned by or under option to the Developer, by the Master Association's Board of Directors.

Once an independent Design Review Board is established the members of the Board shall then be appointed by and shall serve at the pleasure of the Master Association's Board of Directors, and may be removed and/or replaced by the Board with or without cause at any time. Aggrieved parties may then appeal decisions of the DRB to the Master Association's Board of Directors on such terms and conditions as the Board of Directors may establish and the decision of the Board of Directors shall be final but subject to the Developer's veto rights. The Master Association Board of Directors shall act as the DRB at any time(s) the DRB is not operational.

Plans for all new construction and for all subsequent alterations or additions must be first reviewed and approved *IN WRITING* prior to the start of construction, excepting construction, alternations and additions provided by the Developer. If, for any reason, construction is started prior to the receipt of written approval, the property owner shall be subject to penalties and corrective measures. Excerpts of the present Design Review Standards provide the following:

A. **Quality requirements:** Residences must be built from plans and specifications with enough features to give the building a distinctive design. The residences are preferable unique both in design and workmanship. There are many special features and construction usually will exceed most building codes.

B. **Size:** Minimum living areas are as follows:

A. Two story single family residences located on "Estate Lots (lots which are more than .3

acres in size) must contain a minimum of 2,250 square feet of enclosed living area on the first floor and second floor combined.

- B. One story single family residences located "Estate Lots must contain a minimum of 1,800 square feet of enclosed living area.
- C. Two story single family residences located "Village Lots (lots which are .3 acres or less in size) must contain a minimum of 1,300 square feet of enclosed living area.
- D. One story single family residences located "Village Lots must contain a minimum of 1,000 square feet of enclosed living area.
- E. Condominium Units. No minimum size.

The total enclosed living area of a residence means the inhabitable living areas enclosed by a roof, windows and walls, excluding any garages, unimproved attics, open porches, greenhouses, storage sheds, decks, gazebos, below grade floor areas, and the like.

Village Lots abutting Alleys must have fenced in or visually screened backyards in order to provide privacy.

Further, construction within the Dunstan Crossing requires compliance with all applicable codes and regulations of the Town of Scarborough.

It is essential that the buildings and site improvements, as approved, be constructed as indicated on the approved plans. Deviations from plans that could occur during construction will be subject to penalties unless such deviations are approved in writing by the DRB prior to construction.

D. Developer Rights.

1. Future Lots. The maximum number of Lots which may be built is 280 in the event that all proposed condominium units become Lots, although based on present approvals a total of 125 Lots and 163 condominium units may be created. The Developer may adjust the price for Lots based on market conditions.

For condominium units in future Subdivision Land Phases, the unit styles may be row house, duplexes, or multiplex. The time for physical construction of condominium units is not definitely known and it will continue in phases. Eight condominium units are being built as a part of Project Phase I.

The Developer is not required to add more Lots and may stop at any point short of the maximum number of Lots, or need not add future Subdivision Land Phases. The Subdivision is legally self-sufficient, however, even if only the initial Lots remain. Upon the addition of future Lots to the Subdivision, all new and old Lots will then share in the common areas, voting rights and liability for the Subdivision expenses as a group. Only residential Lots may be added to the Subdivision.

Only the Developer may authorize improvements until all Lots have been sold or until the

Developer waives such rights, after which time the consent of the Design Review Board is required.

2. Voting. All Lots obligated to pay Homeowners Association assessments will each have 1 vote in the Homeowners Association once the Developer Control Period expires. Generally Lot Owners do not vote in the Master Association since the Homeowners Association's Board of Directors will represent the Homeowners Association and designate the Directors and members of the Master Association. The approval of two thirds of all Lot and condominium owners is required to amend the Master Covenants

3. Expense Liability. Homeowner Association Common Expense obligations are allocated among all Lots equally, regardless of size. Accordingly the percentage interests of each Lot will be diluted in proportion to the number of the newly added Lots. As Lots are added the common expense budget for the Homeowners Association as a whole is anticipated to increase, although the percentage liability of each Unit will shrink.

In the event a Lot owner fails to pay the Homeowner Association 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.

With respect to Master Association Assessments, each Lot and Condominium Unit will have an equal share, regardless of size.

4. Developer Rights. The Developer holds the rights to add additional lands, to create additional Lots and buildings and improvements, to create and relocate public utility easements on the property servicing the Subdivision, to connect into those public utility lines, to use the Subdivision for the repair and construction of Lots, and to operate a construction, sales, leasing, and management office until all Subdivision Lots including future Lots have been sold.

The Developer may construct up to 280 Lots if all future Land Phases are added, although the creation of more than 125 Lots will require revisions to existing approvals to delete condominium units. The Developer may stop at any point short of the total number of Lots or may elect not to take further action with respect to the additional Lots and lands.

The Developer may appoint and remove the directors and officers of the Homeowners Association and control the affairs of the Association until 90% of all potential future Lots have been sold. It is anticipated that the Developer will control the Homeowners Association for a period of time until the Subdivision has reached its final size, although there is no guaranty that the Subdivision will include more than the initial Lots. The Developer may voluntarily give up these rights before it is required to do so by a written statement recorded in the Registry of Deeds.

The locations of future Land Phases, buildings, Lots and improvements are not depicted on the Subdivision Plans and their final location and configuration will be determined by the Developer subject to Town approval. Said buildings, Lots and improvements *NEED NOT BE BUILT*. The Developer anticipates that it will proceed to construct the proposed community building following the completion and sale of all the Lots in Project Phase III, but it intends to offer owners of Lots and Units in the Community the option to elect to have alternative improvements constructed.

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

E. Lot Boundaries

Generally, the Lots have the boundaries as shown on the Plans, and are subject to the easements and restrictions shown on the Plans and set forth in the Homeowner's Declaration and the Master Covenants.

F. Bylaws

The Homeowners Association Bylaws contain rules for self-government of the Subdivision by the Homeowners Association, a nonprofit corporation. The Bylaws provide for a Board of Directors which directs the affairs of the Subdivision, administers policies outlined in the Bylaws, sets the budget and generally oversees the upkeep and the administration of the Subdivision. 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 Subdivision 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 Developer 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.

G. Rules and Regulations

The Bylaws provide that the both Master and the Homeowner's Board of Director have has the power to establish rules and regulations governing the use of the property. The initial Rules and Regulations established by the Master Association as of the date of this Homeowners' Handbook are attached as an exhibit to this Offering Statement. No specific Homeowners Association Rules have been adopted. EACH BUYER SHOULD CAREFULLY REVIEW THE RULES, which are included as an Exhibit to this Handbook. Certain portions of the Rules are set forth below:

1. Pets. Only up to two dogs, four cats and a reasonable number of other ordinary household pets in a Unit, such as fish or birds are permitted to be kept on the Property. Dogs are only permitted outside of a Unit if under the personal, 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.

All pets must be registered and inoculated as required by law and registered with the Master Association. Pet owners are fully responsible for personal injuries and/or property damage caused by their pets.

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

2. Vehicles and Parking. Only passenger vehicles and trucks less than 8,000 pounds in gross vehicle weight are allowed to be kept on the Subdivision. Only one motor vehicle per approved parking and garage spaces on the Lot may be kept overnight on the property except for temporary use by guests. The Developer has the right to assign additional parking spaces.

Generally parking of motor vehicles is permitted only within the approved parking and garage space allocated to a given Unit and other areas permitted by the Board of Directors. Vehicles may only be parked on the paved portion of the Alleys at any time, and the Board of Directors may adopt further restrictions on parking in the Alleyways. Vehicles may not be parked on any portion of the Alleys or on the streets between 2 AM and 6 AM. The Board may regulate parking on other areas forming a portion of the Subdivision.

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

3. Trash and Nuisances. Trash and garbage may be kept only in sanitary containers and properly stored in a fully screened area or inside a house. Trash containers must be put out and taken in on the day of collection. No Lot 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 Lot or the Common Areas.

II. MASTER ASSOCIATION DOCUMENTS

The Lots are a part of the Dunstan Crossing Master Association and are subject to the Master Covenants.

The Master Covenants contain extensive provisions including without limitation (i) establishing cross easements for access, utilities, drainage, maintenance and repair, (ii) providing for design covenants and a design review process, (iii) providing for the collection of assessments to operate the Master Association and Common Areas, (iv) creating a governance structure.

Initially the Developer controls the Master Association until the conveyance of ninety percent (90%) of all 288 potential Lots and condominium units that Developer has the right to create. Once the Developer's control expires, each Neighborhood Association separately votes as a class to elect the number of directors allocated based on the relative ratios of the number of Lots and condominium units. Purchasers should consult the Master Association documents for the details of the Developer's rights.

Generally the Master Association has two (2) classes of Members, Class A and Class B as follows:

(a) Class A Members. The Class A Members are composed of each Neighborhood Association, initially consisting of the Dunstan Crossing Homeowners Association and the Condominium Association. Each Neighborhood Association acts through its Board of Directors, who exercise the votes allocated to that Neighborhood Association. Initially there are no Class A votes. Once the Developer Control Period specified in the Master Covenants expires, a total of nine

(9) Class A votes will allocated to the Class A Members, which shall be allocated to each Neighborhood Association based on the ratio of the number of approved residential dwelling Units.

(b) Class B Member(s). The Class B Member(s) shall be the Declarant who has ten (10) Class B votes. The rights of the Class B Members shall include the right to approve actions taken under the Declaration and the Bylaws of the Association, and to appoint and remove the Members of the Board of Directors during the Developer Control Period. After termination of the Developer Control Period, the Class B Member shall have a right to disapprove actions of the Board of Directors, the Design Review Board and any committee, all until the Class B Membership terminates. The Class B Member may voluntarily relinquish any or all of the foregoing rights from time to time by an instrument signed by all Class B Members and recorded in the Cumberland County Registry of Deeds. The Class B Membership terminates upon the earlier of: (i) sixty (60) days after the expiration of the Developer Control Period under the Master Covenants; or (ii) as of the specified effective date of when the Declarant(s) surrenders its Class B Membership in whole or part as evidenced by an instrument signed by all Declarants recorded in the Cumberland County Registry of Deeds.

The Developer Control Period continues until the conveyance of ninety percent (90%) of all 288 Condominium Units and Lots that Declarant has the right to create. Upon the expiration of the Developer Control Period, the Voting Representatives of each Class A Voting Member from each Neighborhood Association shall then separately vote as a class to elect the number of directors allocated to that Neighborhood Association. Provided however that upon the expiration of the Declarant Control Period (as defined in the Maine Condominium Act) for the Condominium Act, the Condominium's Board will then elect the Directors of the Master Association which it would otherwise be entitled to under Subsection 3.2(a) above and Declarant shall elect the remaining Directors for all other Associations which are not a condominium Association or which are a condominium Neighborhood Association with respect to which the Declarant Control Period has not expired.

III. OPERATION OF THE PROPERTY

A. The Homeowners Association.

1. The Subdivision. The subdivision Lots are governed by the Dunstan Crossing Homeowners Association, a Maine nonprofit corporation. All of the Lot owners collectively constitute the members of the Association as an incident of ownership of a Lot. Each Lot owner is automatically a member of the Association and remains a member until his ownership of a Lot ceases.

Since the Homeowners Association has no common areas to administer and since many other functions are carried on by the Master Association, it is anticipated that there will be minimal functions carried out by the Homeowners Association.

2. Delegation of the Powers and Responsibilities of the Homeowners Association. The Bylaws provide that the powers and responsibilities of the Association are delegated to the Homeowners Board of Directors, some of which in turn may be delegated to a managing agent or to the Master Association. Basically, the Board of Directors has the power and responsibility in administering the subdivision Lots.

3. Allocation of Voting Power. Each Lot obligated to pay Homeowners Association assessments is allocated one (1) vote in the Association. A Lot owner is entitled to cast the vote allocated to his Lot.

4. Transfer of Developer Control. The Declaration authorizes the Developer to appoint and remove members of the Board of Directors and all officers of the Association until 90% of all Lots have been conveyed, including Lots which may be created in the future. At that time the Lot owners shall elect a Board of Directors. The Developer at its option can relinquish this authority at any earlier time by recording a notice in the Registry of Deeds.

B. Management of the Property/Assessments.

Each Lot owner is responsible for maintaining the Lot in good condition and repair. If the Lot Owner fails to do so, the Master Association or Homeowners Association may do so and charge the Lot Owner.

Although initially there are no Neighborhood Common Areas, if any such Common Areas are later created they would be maintained by the Homeowners Association. The Homeowners Association Board of Directors may employ professional managing agent at a level of compensation fixed by the Board of Directors or to delegate the management to the Master Association. At the expiration of the period of Developer Control, the decision as to the identity and services of the managing agent may be made by the Association.

The Master Association maintains the general Common Areas, which includes the Alleys, parks, open space lands, entrances, trails, and other community wide facilities. The Master Association will assess each Lot for the Master Association's Common Charges, Special Assessments and Service Charges. "Service Charges" consist of charges for services benefiting an individual Unit or a Neighborhood Association, which are assessed exclusively against the Unit or Neighborhood Association benefited.

A Lot owner is personally liable for all Homeowners and Master Association common charges and assessments levied against his Lot. In addition the common expenses and service charges assessed against the Lot owner automatically constitute a lien on a Lot, which lien, if unsatisfied, may be enforced by foreclosure or other legal remedies.

At closing each Lot purchaser must pay an initial working capital/reserve contribution in an amount equal to two (2) months Homeowner and four (4) months Master Association assessments (in addition to any regular monthly fees). These sums will be allocated to the Subdivision's and Master Association's working capital, are nonrefundable, and may be used to fund operating deficits or held as a reserve for future maintenance and repairs.

Assessments commence on the earlier of when a Lot is first sold to a non-successor Developer or a residence built on a Lot is in fact occupied and used for residential purposes for 10 or more days, specifically excluding however Lots owned, occupied or used by Developer for solely for construction purposes or a Lot for which the construction of a residence has not been substantially completed.

C. Management Contract.

The Developer may cause the Master Association and the Homeowners Association to enter into a management agreement with a third party management company. For rendering these services, a fee will be paid as set forth in the Proposed Budget attached hereto. The management agreement runs from year to year subject to earlier termination on account of specified defaults.

D. Restraints on Leasing.

A Lot may not be leased or rented except on terms consistent with the provisions of the Master Covenants, the Homeowners Declaration and Bylaws of the Subdivision and for a period of no less than 6 months. A Lot must be leased as a Lot in its entirety and no lease of a portion of a Lot such as a single bedroom is permitted, provided however that an Accessory Living Unit may be separately leased in accordance with the Rules and Regulations and the Town's Zoning Ordinance which currently require that the owner be present when the unit is leased. 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 Subdivision 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 Subdivision documents, providing that the failure to so comply will constitute a default under the lease, and setting forth the Board of Director's termination rights described in this paragraph. Each Lot owner must notify the Board of Directors of all tenants and provide it with a copy of the lease.

IV. BUDGET

Projected annual budgets for the initial portion of the Homeowners and Master Association's operation are attached to this Homeowners' Handbook. The budget was prepared by the Developer based on the best estimates available to it in 2007 and assumes (1) an inflation factor increase of 0% over 2006 cost figures and (2) the existence of 8 condominium units and 18 residential lots. *Because the Subdivision and Master Association are new there is no history of operating expenses, and therefore it is impossible to estimate with assurance the amount of future costs.* The Homeowners Association and Master Association presently have no significant assets or liabilities. A replacement reserve is included in the Budget as described therein in the projected monthly assessment for each Lot.

The Developer anticipates that until the initial 8 condominium units and 18 residential lots are sold and the town has accepted the streets, it may need to provide certain services such as snow plowing without charge or otherwise subsidize the Association's operations until the Associations are self sustaining so that the Associations will not run out of money. Any Developer obligation to pay Assessments and Service Charges may be satisfied with a cash subsidy or by "in kind" contributions of services or materials, or a combination thereof, provided that upon request Developer is required to provide the Associations a statement describing such services or materials in reasonable detail and setting forth Developer's good faith estimate of the fair market value thereof. The Master Association may enter into subsidy contracts and contracts for "in kind" contribution of services or materials or a combination of services and materials with Developer or other entities for the payment of some portion of the Common Expenses. The Developer is not required to make a deficiency contribution in an amount greater than it would otherwise be liable for

if it were paying Assessments on unsold fully completed Units.

Real estate taxes will be billed directly to Unit owners by the Town of Scarborough once a Lot has been in existence on April 1st of a given year, per Maine statute. Until then the Developer may bill owners for their proportionate share of taxes assessed against the Subdivision as a whole and may collect that amount at the sale of each Lot. Real estate taxes are *not* included in the Association budget.

V. LOT PURCHASE

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

Every purchaser must also sign an agreement to limit the time in which to give the Developer notice of a defect covered by any warranty obligation to one year and the time to file a lawsuit to enforce any express or implied warranty claims to 2 years. Prices for Lots are established by the Developer and may be subject to change at any time at the Developer's sole discretion prior to the execution of a purchase agreement. Different purchasers may pay different prices for similar Lots in the sole discretion of the Developer.

Unless a purchaser has received and reviewed a copy of this Homeowners' Handbook prior to the execution of a contract for sale, a purchaser before closing on the conveyance may cancel any contract for purchase of a Lot from the Developer, but if a purchaser accepts the conveyance of a Lot, he may not cancel the contract.

At the closing on the purchase of the Lot, the buyers will be required to pay, in addition to the purchase price of the Lot, those settlement costs identified in the purchase and sale agreement, the prorated share of the current month's charges, and a sum equal to 2 months projected Homeowner assessments and 4 months Master Association assessments as a capital contribution to the Association in order to provide working capital to the Association, and an estimated share of the future fall and spring 2007-08 real estate tax bill. Buyers will be required to pay their proportionate share of taxes due to the Town of Scarborough not collected at closing until Lots have been separately assessed.

A prospective Lot purchaser must arrange for his own financing and **NO FINANCING HAS BEEN OFFERED OR ARRANGED BY THE DEVELOPER**. 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.

A. Title Matters.

The list of liens, defects and encumbrances and matters of title which may affect the right, title or interest of the Developer and the Subdivision Lots as of the date of the Homeowners' Handbook are set forth in the Declaration and Master Covenants. Unit owners may purchase a title

insurance policy at their expense to protect and insure title to their Lots.

In addition, the Subdivision Lots may be subject to certain easements created by the Declaration and the Master Covenants. These easements are:

- (i) Easements for Access. Each Unit owner and the Developer has a right to cross the Common Elements for access to his Unit subject to rules, regulations and restrictions adopted by the Homeowners Association.
- (ii) Drainage and Utilities. Each Lot is subject to easement for utilities, drainage and access as shown on the Plans or as set forth in the Master Covenants.
- (iii) Utilities. The Master Covenants permit the Association and the Master Association to grant easements for public utilities servicing the Subdivision through the Common Areas. Further, the Developer may connect with existing utilities for construction purposes on the Property, provided that it pays for the cost of services used.

VI. INSURANCE

The Board of Directors will obtain liability insurance to protect the Association.

The Developer strongly recommends that each Unit owner obtain homeowners insurance coverage on his real and personal property and for liability claims.

VII. FINANCIAL ARRANGEMENTS FOR IMPROVEMENTS

The Developer has obtained a construction loan from Rivergreen Bank to finance construction of the Subdivision road, utility and site improvements and the Lots.

VIII. WARRANTIES

Certain warranties are given to all Lot owners as described below as set forth in the attached Exhibit. All buyers must sign a Limited Warranty Certificate agreeing that any warranty claims be made and enforced within 2 years after the purchase.