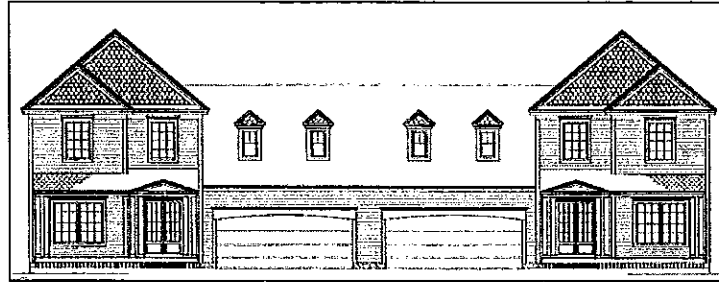




DUNSTAN CROSSING CONDOMINIUM  
PUBLIC OFFERING STATEMENT – PROJECT PHASE II



The "Kingsley" Duplex



The "Belmont" Row-House

Name of Condominium:	DUNSTAN CROSSING CONDOMINIUM
Address of Condominium:	Waldron Drive and Webster Way, Scarborough, Maine 04074
Name of Declarant:	CHAMBERLAIN HOMES, a division of CHAMBERLAIN CONSTRUCTION, INC.
Principal Address of the Declarant:	1022 Portland Road Saco, ME 04072

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

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

Effective date of this Public Offering Statement: November 3, 2010.



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Exhibit 1 – 2009-10 Condominium and Master Association Budget

Exhibit 2 - Sample Purchase and Sale Agreement

Exhibit 3 - Dunstan Crossing Condominium Declaration (see Book 26535, Page 216) (the "Declaration");  
Note Phase II units will not be created until the time of each sale.

Exhibit 4 - Articles of Incorporation – Dunstan Crossing Condominium Association

Exhibit 5 - Bylaws – Dunstan Crossing Condominium Association

Exhibit 6 - Condominium Plat (see Plan Book 209, Pages 03-05 plus Phase II Amendments

Exhibit 7 - Condominium Floor Plans plus proposed Phase II Amendments

Exhibit 8 - Condominium Rules and Regulations (Subject to Change)

Exhibit 9 - Condominium Limited Warranty Certificate

Exhibit 10 - Dunstan Crossing Master Declaration of Covenants, Conditions and Restrictions (see Book  
25113, Page 119) (the "Master Covenants")

Exhibit 11 - Dunstan Crossing Master Association Bylaws

Exhibit 12 – Dunstan Crossing Second Amended Subdivision Plans (see Plan Book 210, Pages 211) (the  
"Subdivision Plans")

Exhibit 13 – Maine Department of Environmental Protection Approval (see Book 24521, Page 144 as amended)

Attorney for the Declarant: Lawrence R. Clough, Esq.  
Jensen, Baird, Gardner, & Henry, Attorneys at Law  
P. O. Box 4510, Portland, ME 04112



DUNSTAN CROSSING CONDOMINIUM  
Scarborough, Maine

I. DESCRIPTION OF THE CONDOMINIUM

A. Overview.

**1. Public Offering Statement.** This public offering statement is provided by the Chamberlain Homes division of Chamberlain Construction Inc. (the "Declarant") to purchasers of the Units located in Project Phase II of Dunstan Crossing Condominium (the "Condominium") located off Broadturn Road in Scarborough, Maine.

The first eight Condominium Units located in Project Phase I have now been sold. The proposed 6 row-house style Units and 16 duplex style Units will become a part of the existing Dunstan Crossing Condominium. The Condominium is a part of and is integrated into the larger Dunstan Crossing planned community.

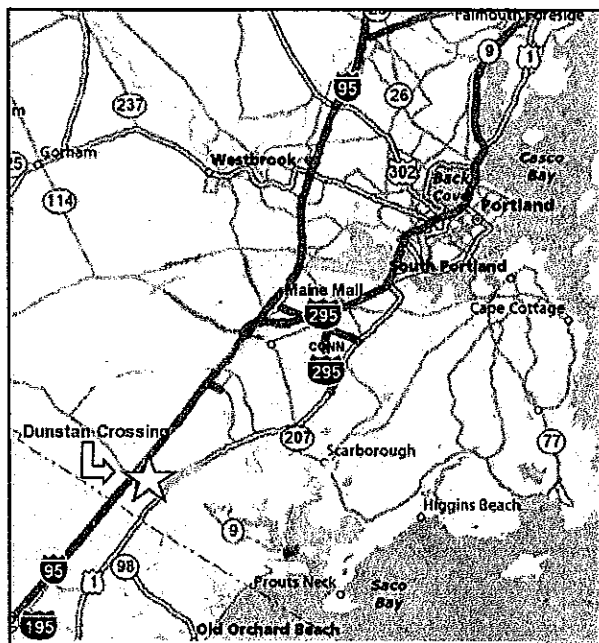
Dunstan Crossing will incorporate the following features as the community develops:

- Pedestrian and bicycle friendly local neighborhoods, which discourage through traffic, provide a variety of layouts and widths, and offer attractive streetscapes.
- Enhanced density lowers the amount of pavement and facilitates the construction of sidewalks, street lighting and public sewer.
- Owners become a part of neighborhoods 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 - lands which would otherwise be locked up within large private residential lots unavailable for shared use by all.
- A variety of home types and ownership formats are available to accommodate each family's needs, desired maintenance responsibilities and finances. These different homes are to be interspersed within the Dunstan Crossing community.



*The first 8 Units in Phase I*

- 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, and beaches. The Atlantic Ocean is nearby.



This material provides a general overview and summary of the terms of the Condominium. It does not set forth the full scope of the rights and obligations of purchasers and owners. The various exhibits to this Public Offering Statement contain the full detail of the controlling legal documents.

Potential purchasers are strongly encouraged to review all exhibits in order to obtain a full understanding of the detailed structure of the Condominium 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. Condominium Legal Structure.** The Condominium was created in January, 2009 and the first phase has been completed and sold. Phase II Units in the Condominium will consist of 6 attached row-house style Units located in a building similar to the initial Phase I Units. In addition up to 16 duplex style Unit are proposed, the first of which is now under construction. Eight row-house style Units have already been created in Project Phase I. All Units generally consist of the interiors of the buildings. The row-house style Units are located on Waldron Drive on Lot "H" and the duplex style Units are to be constructed on two separate lots, one located on Webster Way and the other on Colby Drive. Units will be legally created as the closing of each Unit sale occurs.

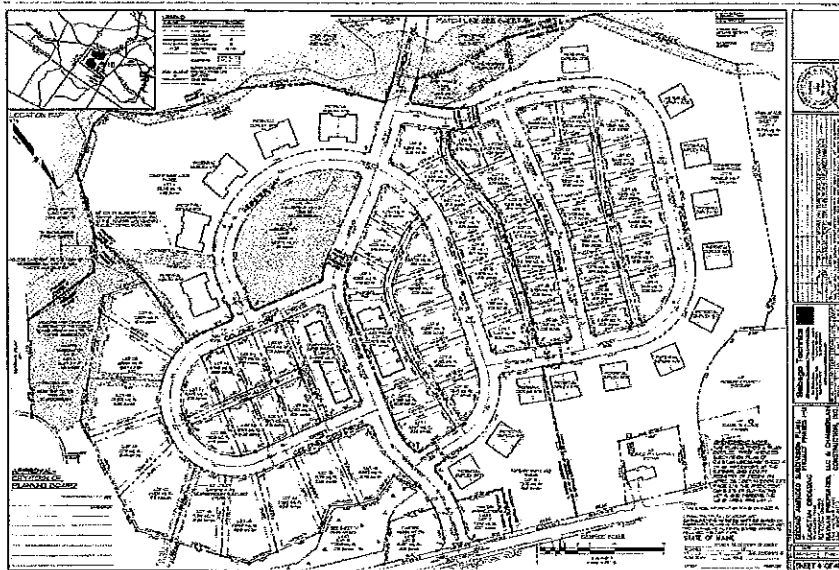
Project Phase II will also contain 18 separate single family lots which are not a part of the condominium but are a part of the larger Dunstan Crossing Master Association.

The location of the Phase II Units and improvements are shown in the Condominium Plat (survey) and the Units will have the configurations shown on the Floor Plans, copies of which are included as Exhibits. The Condominium buildings may consist of duplex style Units and or attached Units located in multi-unit buildings and may vary in size.

The building exteriors, structural components and the land will be part are part of the Condominium Common Elements, which will be owned by all Condominium Unit owners in common.

The Declarant is responsible for constructing the Units, the building exteriors, roads, sidewalks, utility, and drainage improvements in a good and workmanlike manner, including without limitation all roads and utility infrastructure and in accordance with the plans approved by the Town of Scarborough. The Declarant's obligations are further set forth in the Limited Warranty Certificate, which is one of the attached exhibits.

The Condominium will be connected to the 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 when they are completed and accepted by the Town. The Declarant has provided a bank letter of credit to the Town to assure proper construction of this infrastructure.



The Condominium is located within the second of four "Project Phases" of the Dunstan Crossing Subdivision (the "Community"), which has received town and state approvals for a larger residential community containing a mixture of single family, duplex and attached homes with common open space, park lands and other amenities if fully completed. Project Phase I with 8 Condominium Units and 18 single family lots has already been created.

The Dunstan Crossing Community includes 3 separate associations, each with an accompanying declaration. There will be a Master Declaration of Covenants, Conditions and Restrictions (the "Master Covenants") governing the entire Community, including the Condominium and a separate homeowner's association for traditional single family homes. The Master Covenants establish the operating and management structure for the all properties, and will govern the initial and future design of buildings and landscaping in order to maintain an integrated community. If Dunstan Crossing is fully constructed, the entire Community could contain up to 288 homes, which as presently approved could include up to 163 condominiums and up to 125 lots but the Declarant has reserved the right to change the mix in order to accommodate market conditions. More particularly, the associations consist of the following:

- (i) **Dunstan Crossing Master Association** is responsible under the Master Covenants for improvements pertaining to the entire Community, 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 possible future community building if desired. This Association will be responsible for post Declarant design review administration. Its Board of Directors is initially appointed by the Developer and eventually elected by the Neighborhood Associations voting separately for specified members of Master

Association Board directors. It is anticipated that it will coordinate maintenance and accounting for the Condominium Association.

- (ii) **Dunstan Crossing Homeowners Association** is a "Neighborhood Association" responsible for any required administration of "single family" lots including normal, estate and age 55+ lots to the extent such administration not handled by the Master Association; and
- (iii) **Dunstan Crossing Condominium Association** is the Condominium's "Neighborhood Association" responsible for internal maintenance and administration of all condominium Common Elements, including row-house, duplex and multiplex units which may be created under the Condominium Declaration.

This structure allows 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 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 a Neighborhood Association, the Master Association may arrange and provide certain local services, e.g. parking lot plowing, landscape maintenance, and bill the Neighborhood Association and unit or lot owners as applicable.

Land uses in the vicinity 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 Condominium to Broadturn Road, will also connect to Stewart Drive within the Dunstan Crossing Subdivision, which will connect directly to Route One.

The condominium property 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.** Up to ten duplex style Units may be constructed on Lot "J" containing approximately 4.8 acres, six row-house style Units are to be constructed on Lot "H" containing approximately 0.51 acres and later up to six smaller duplex style Units may be constructed on Lot "D" containing approximately 1.68 acres. At the time of the sale of each Unit by the Declarant, each unit will be legally created as a Condominium Unit by recording an Amendment to the Condominium Declaration. Six row-house style units are have already been built in the first building located on "Lot I" containing approximately 0.55 acres.

The Condominium land shares easements for access and utility services extending to Broadturn Road. The fee title to Waldron Drive, Webster Way, Colby Drive, and McCann Way and to Alleys 1, 4 and 5 is reserved by the Declarant. The Developer plans to offer these streets for transfer to the Town and the Alleys to the Master Association respectively.

Individual parcels of land within the Dunstan Crossing Subdivision may be added to the

Condominium by the Declarant in phases, but the expansion of the Condominium may stop at any point. These future parcels will not be directly connected. Units are to be constructed and added to the condominium as buildings are constructed and individual units are sold. The time for completion of the entire Condominium is not known and the Declarant has reserved the rights to add Units and exercise Declarant Rights until January 6, 2029, the date which is 20 years from the date of the recording of the Declaration.

The Condominium may consist of a total of up to up to 163 Condominium Units on multiple parcels if fully constructed based on present approvals, but could possibly contain up to a total of 270 units if all presently approved single family lots outside of Project Phase I were to be converted to condominium units. If parcels are measured on a separate "one of" basis the condominium would contain a maximum of 24 units per acre, however due to the extensive initial and future common lands the Community as a whole including open space, Common Elements and park lands will contain a maximum of 2.5 units per acre. Once added to the Condominium, future land parcels and units will be fully integrated into the Condominium.

The Declarant has received governmental permits and approvals to construct the Community in accordance with the Subdivision Plans, copies of which are attached. As the particulars of future individual row house, duplex and multiplex buildings are determined, site specific approvals will be obtained from the town. It is anticipated that the Condominium will developed generally based on the parcel configurations 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 of future phases and mix of housing types may change in whole or part. The Condominium Plat indicates the parcels of land that may be added, but the future Condominium parcel layout is not specified in the Plat with any particularity; the areas depicted as potential future parcels are over sized in order to have the flexibility to adapt to changes. Hence it is possible that significant portions of the areas depicted on the Plat as future Condominium land could be developed as individual lots or for other permitted purposes. Changes to the Subdivision Plan will require town and state approvals.

All Units that may be added to the Condominium will be restricted to residential use, as further appears in the Declaration. Existing and future Units may be used for marketing purposes, including use as a model Unit for inspection by potential buyers.

Other portions of the Community will consist of individual "fee simple" lots with separate houses. These lots will have a separate Neighborhood Association and will not be a part of the Condominium, but they will be a part of the Master Association.

The Declarant is presently constructing the first duplex building in the Project Phase II containing a total of 2 Units and a row-house style building containing 6 units. Later Units need not be built. The Subdivision Plat depicts the Declarant's present expectations as to the layout of future development but that layout may change; subsequent units, buildings, roads and utilities are to be constructed based on the Declarant's analysis of sales and market conditions.

The Declarant may add a total of up to 270 condominium units, however construction will extend over a period of years. Based on present approvals up to 163 condominium units may be built, but could contain up to 270 units if single family lots are converted to condominium units. The Declarant has received approvals for the Unit and parcel locations shown on the subdivision

plans, but reserves the right to make changes to the unit types and locations in order to adapt to changing market conditions.

The Project Phase II includes the 0.51 acre, 4.88 and 1.68 acre proposed condominium parcels and 18 individual house lots. Land use approvals have been obtained to construct the Condominium Units. The Declarant may postpone the final decisions as to the addition of land and the ultimate number of Units to be built until January 6, 2029, the date which is 20 years from the date of the recording of the Declaration. The construction of more than a total of 264 Units in the Community will require Town approval as a part of the authorized additional 24 unit density bonus.

There are a total of 4 Project Phases in the Community, known as Project Phases I, II, III and IV. The Declarant may elect not to subject a future Project Phase to the Master Covenants. In addition the Declarant may also elect not to add future Land Phases to Condominium, in which event it will not be a part of the Condominium or subject to the use restrictions, but the remaining land and parking must still satisfy the Town's requirements, which currently would require that no more than 2 units per acre of land and shared open space and common land areas on average.

**4. Dunstan Crossing Subdivision.** The proposed Condominium Land Phases are located within the Dunstan Crossing Subdivision's Project Phase II, which is the second of four phases of the larger Dunstan Crossing Subdivision, which has received town and state approvals for a mix of single family, duplex and attached homes. The first set of condominium Units in Project Phase I have been completed and sold.

As presently approved, the Dunstan Crossing Subdivision may include up to 42 row home style condominium units, 82 duplex condominium units, 15 condominium units whose design has not been determined, and 24 "TDR" condominium units whose style has not yet been determined. In addition, the Subdivision may include up to up to 125 individual house lots, which will belong to a separate homeowners association.

Project	Single Family Lots	Row-house Condos	Duplex Condo	Design not yet Determined	Phase Total	Running Total
Phase I	18	8	0	0	26	26
Phase II*	18	6	16	0	40	66
Phase III*	23	0	22	0	45	111
Phase IV*	66	28	44	15	153	264
"TDR**"				24	24	288
<b>Total*</b>	<b>125</b>	<b>42</b>	<b>82</b>	<b>39</b>	<b>288</b>	

"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 III and IV and proposed development configurations ARE SUBJECT TO CHANGE AND NEED NOT BE BUILT.**

Both the Condominium Units and the house lots which become a part of the Subdivision will be subject to the Master Covenants and will be governed by the Master Association.

Within the Master Association once the Declarant Control Period expires, the respective 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 relative number of approved housing units that may be created within each of the Associations. Within the Condominium, the Declarant appoints the Condominium's designated members of the Master Association's Board until the Declarant Control Period for the Condominium 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 Association expenses commencing on the earlier of when it is first sold to a non-successor Declarant 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 Declarant 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 Condominium's Board of Directors may elect to delegate its administrative and maintenance responsibilities to the Master Association.

All of the Project Phases I and II will be subject to the Master Covenants. The Declarant has an option to purchase the additional land in Project Phases III and IV, and if that option is exercised, the Declarant has agreed to subject it to the Master Covenants and upon completion the units and lots will become a part of the Master Association.

**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 units 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 District permits single family detached dwellings, two-family dwellings, multiplexes, row-houses, place of worship, schools, libraries, museums, community buildings not operated for private gain, residential recreation facility, municipal buildings and uses, post office facilities and family day care homes, subject to the standards and conditions of Section IV (I)(6) except that board of appeals review is not required. 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 violating Unit owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for any violation thereof or noncompliance therewith.

The location of the Phase II 6 row-house Units, the 16 duplex units and improvements are

shown in the Condominium Plat (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 Declarant has reserved the right to change the layout and configuration of future development in Project Phases III and IV.

Dunstan Crossing has 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 stormwater detention system. A copy of the approval is included as an Exhibit. The stream and wetland buffer areas as shown on the Subdivision Plan areas which may not be disturbed.

Project Phases I and II is subject to cross easements in favor of the Project Phases III and IV for access, utilities and drainage, as set forth in the legal descriptions attached to the Master Covenants. Condominium Land Phases are subject to reserved easements in favor of the Declarant in connection with its exercise of Special Declarant and Development Rights, the construction of the improvements and fulfillment of warranty obligations. If future Project Phases are not added to the Master Covenants, they will not be subject to the covenants and restrictions identified herein.

## **B. Condominium Declaration.**

**1. Declaration.** The Declaration including the Plat and Plans is the core legal document which creates and governs the Condominium. A copy of the as signed Declaration is included as a part of this Public Offering Statement, and is recorded in the Cumberland County Registry of Deeds. The Declaration establishes the boundaries of the Condominium as a whole, the boundaries and Allocated Interests of each Unit, the special property rights within the Condominium such as Limited Common Elements and easements, and the restrictions on the Units.

The Condominium is also subject to the Maine Condominium Act, Title 33 M.R.S.A. Section 1601-101 etc. and the Association is subject to the Maine Non-Profit Corporation Act, title 13-B M.R.S.A.

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

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

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

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

A unit owner must separately insure the furniture and other contents of his Unit and any improvements added after the initial construction, and any insurance obtained by an owner must comply with the Declaration. The Declarant recommends that each owner provide his insurance agent with a copy of the relevant portions of the Declaration and obtain a personal insurance policy, generally referred to as an "HO-6".

The Association is generally responsible for the maintenance of the exterior of the Units, the drives, parking areas, grounds and the other Common Elements. The Master Association is responsible for the maintenance of the alleys and also for the streets until the Town of Scarborough accepts and assumes street maintenance obligations.

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.

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

**4. Utilities and Heat.** The Declarant anticipates that each Unit will be separately billed for water and sewer expenses. Each unit will be responsible for its own heat and must maintain the unit at a minimum temperature of 55 degrees.

Fuel may be supplied through a central propane tank and distribution system. The propane tank and system may be owned by the propane supplier and the cost of fuel separately billed to each Unit pursuant to a long term supply contract with the Association. Only propane and no wood may be used as fuel in fireplaces located in Unit.

### **C. Development and Special Declarant Rights.**

**1. Future Units.** The maximum number of Units which may be built is 163 based on present approvals. No more than 24 Units may be created per separate acre of land calculated in isolation, but on average including all open spaces, parks and other common lands, not more than

2.5 units per acre may be created. If all approved single family residential house lots in Project Phases II, III and IV were converted to condominium Units, then up to 270 Units could be created.

The Phase I Units have now been created. All future Units located on a lot within Land Phase II of Condominium must be reasonably consistent with the other initial Units on a lot for quality of construction and principal building materials and of the same general architectural style, but the Declarant may substitute materials and techniques of equal or better quality and may change the Unit location, configuration and size. The Declarant may adjust the price for Units based on market conditions.

Each of the groups of Units located on Lots "H," "J" and "D" may have different styles of Units with different quality of construction and principal building materials and different general architectural styles.

For units in future Condominium Land Phases, the unit styles may include row house, duplexes, or multiplex. Future Units may differ from the initial Units for quality of construction and principal building materials and may be of a different general architectural styles, and the Declarant may substitute materials and techniques of equal or better quality and the Declarant may change the Unit location, configuration and size. The time for physical construction if all possible Units are added is not definitely known and it will continue in phases for up to 20 years.

The Declarant is not required to add more Units and may stop at any point short of the maximum number of Units, or if the Units are not built not add future Condominium Land Phases to the extent not required to satisfy Town zoning and land use approval requirements. The Condominium is legally self-sufficient, however, even if only the initial Units remain. Upon the addition of future Units to the Condominium, all new and old Units will then share in the Common Elements, voting rights and liability for the Condominium expenses as a group. Only residential Units may be added to the Condominium.

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

**2. Future Limited Common Elements.** Any Limited Common Elements created pursuant to the Development Rights reserved by the Declarant need not be of the same general type as the Limited Common Elements within other parts of the Condominium. The proportion of Limited Common Elements to Units created pursuant to any development right reserved by the Declarant need not be in proportion existing within other parts of the Condominium. The Declarant may alter the layout and configuration of the Limited Common Elements and may assign parking spaces as Limited Common Elements.

**3. Voting.** All Units will each have 1 vote in the Condominium Association, so that if all possible Units are added to the original Units then each Unit will have 1 vote out of up to 163 Units (or 1 out of 270 Units if all approved single family residential house lots in Project Phases II, III and IV were converted to condominium Units), instead of 1 vote. Generally Unit Owners do not vote in the Master Association since the Condominium's Board of Directors will represent the Condominium and designate the Condominium's Directors and members within the Master Association.

**4. Common Expense Liability and Common Elements Ownership.** Common Elements Interest and Common Expense Liability are allocated among all Units based on approximate square footage as set forth in the Plat and Plans. Accordingly the percentage interests of each Unit will be diluted in proportion to the number of the newly added Units. As Units are added the common expense budget for the Condominium as a whole is anticipated to increase, although the percentage liability of each Unit will shrink.

In the event a Unit owner fails to pay the Condominium 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 Unit and Lot will have an equal share, regardless of size. The Master Association also automatically has a lien on each Lot and Unit to secure the payment of such charges and all costs of collection, may record a notice of the lien, and may foreclose the lien in the same manner as a mortgage

**6. Declarant and Special Development Rights.** The Declarant holds the rights to add additional lands, to construct and create additional Units and buildings and improvements, to create and relocate public utility easements on the property servicing the Condominium, to connect into those public utility lines, to use the Condominium for the repair and construction of Units, and to operate a construction, sales, leasing, and management office until all Condominium Units including future Units have been sold.

The Declarant may construct up to 163 Units if all future Land Phases are added as approved (or by converting approved future single family lots into Units, up to 270 condominium Units) or may elect not to take any further action with respect to the additional Units and lands.

The Declarant may appoint and remove the directors and officers of the Condominium Association and control the affairs of the Association until 75% of all 163 potential future Units have been sold. It is anticipated that the Declarant will control the Condominium Association for a period of time until the Condominium has reached its final size, although there is no guaranty that the Condominium will include more than the initial Units in the first building. The Declarant may voluntarily give up these rights before it is required to do so by a written statement recorded in the Registry of Deeds.

The locations of future Units, Land Phases, buildings, and improvements are not depicted on the Condominium Plat and their final location and configuration will be determined by the Declarant subject to Town approval. Said buildings, Units and improvements *NEED NOT BE BUILT.*

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

#### **D. Unit Boundaries**

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

The building exteriors, roof, foundation, lawns, walks, parking and vehicle areas, and other general building components contained outside of the Unit within the Condominium property are not owned by the Unit owner individually but rather are Common Elements owned by all Unit Owners. Other Master Association Common Elements will be owned by the Master Association.

Each Unit is initially assigned parking space(s) as Limited Common Elements.

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

## **II. OTHER DOCUMENTS**

#### **A. Condominium Bylaws.**

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

#### **B. Condominium Rules and Regulations.**

The Condominium Declaration and Bylaws provide that the Board of Directors has the power, on behalf of the Association, to establish rules and regulations governing the use of the Condominium. The initial Rules and Regulations established as of the date of this Public Offering Statement are attached as an exhibit to this Offering Statement. EACH BUYER SHOULD CAREFULLY REVIEW THE RULES, which are included as an Exhibit. Certain portions of the Rules are set forth below:

**1. Pets.** No animals of any kind are allowed to be kept on the Condominium Property except orderly dogs, cats or other ordinary household pets permitted by the Rules and Regulations. Otherwise the maintenance, keeping, boarding and/or raising of animals, including without limitation laboratory animals, livestock, poultry or reptiles or "exotic" pets of any kind, regardless of

number, is prohibited. An Owner may keep up to two (2) dogs, two (2) cats and a reasonable number of other ordinary household pets such as caged birds and tropical fish in a Unit.

No pets and animals shall be permitted outside of a Unit except on a leash attended by a responsible person. Pet owners must immediately clean up the droppings left by their pets.

A pet may be maintained in a Unit and the Common Areas only so long as it does not become a nuisance or endanger anyone as determined by the Board of Directors. Actions which will constitute a nuisance include, but are not limited to, abnormal or unreasonable crying, barking, scratching or unhygienic offensiveness. The Board of Directors shall have the exclusive right in its discretion to determine what constitutes a nuisance.

Dobermans, Rottweilers and Pit Bulls or any mixtures thereof are prohibited. Any type or breed of pet which is not covered by the Master Association's liability insurance or by Owner's liability insurance or which results in an additional Master Association insurance premium or which is deemed dangerous by the Board of Directors in its discretion shall also be prohibited. Pet owners are fully responsible for personal injuries and/or property damage caused by their pets.

Each pet kept on the Property for more than 72 hours shall be registered with the Master Association in writing, and such additional information shall be provided as the Association may request. All pets must be licensed and inoculated as required by law.

Upon notice and opportunity to be heard, dogs, cats or other pets in violation of these Regulations or the Master Covenants may be expelled from the Property by the Master Association and the Association may fine offending owners.

**2. Vehicles and Parking.** Only passenger vehicles and trucks under 8,000 pounds in gross vehicle weight are allowed to be kept on the Condominium. Only 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 spaces allocated to a Unit and other areas permitted by the Board of Directors.

Vehicles cannot be parked on the paved portion of the Alleys at any time. 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 except within a garage. 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 Elements.

No Unit may be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Unit or the Common Elements. No Unit owner may operate any such sound-producing devices in a Unit between the hours of 11 p.m. and the following 8 a.m. if such operation shall disturb or annoy other occupants with normal sensibilities.

**C. Master Association Documents.**

The Condominium is a part of the Dunstan Crossing community, which includes a mix of various types of Condominium Units and compact single family lots, each of which bellows to a separate Neighborhood Association such as the Condominium Association

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 board, (iii) providing for the collection of assessments to operate the Master Association and Common Elements, (iv) creating a governance structure.

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

(a) Class A Members. The "Class A" Members consist of each Neighborhood Association, initially being 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 Class A Members have no 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.

#### **D. Title Matters.**

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

Project Phases III and IV hold cross easements through Project Phases I and II for access to Broadturn Road, and for utilities and drainage as more fully appears in the recorded deeds into the Declarant from Raynan Properties LLC.

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

- (i) Easement for Encroachments. By virtue of this easement, Unit owners and the Association are protected in any event the Unit or Common Elements inadvertently encroach on another Unit or the Common Elements.
- (ii) Easement to Facilitate Construction and Sales. The Declarant, its agents and employees, may use any unsold Unit of the Condominium as models and sales offices or place advertising signs within the Condominium and cross the Condominium property for the purpose of maintaining and repairing Units and Common Elements and constructing future Condominium Units. The Declarant may further erect, and re-locate temporary sales or customer service offices on the Property from time to time. Further, the Declarant and its agents, contractors and prospective purchasers may cross the Property and may use parking spaces.
- (iii) Easements for Access. Each Unit owner and the Declarant has a right to cross the Common Elements for access to his Unit subject to rules, regulations and restrictions adopted by the Unit Owners Association.
- (iv) Utilities. The Bylaws permit the Association to grant easements for public utilities servicing the Condominium through the Common Elements. Further, the Declarant may connect with existing utilities for construction purposes on the Property, provided that it pays for the cost of services used.
- (v) Other. There are certain matters that the Declarant has obtained title insurance to insure over. The Purchase and Sale Agreement provides that the availability of such insurance satisfies the Declarant's obligation to deliver good title.

#### **E. Restraints on Alienation and Leasing.**

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

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

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

### III. OPERATION OF THE CONDOMINIUM

#### **A. The Condominium Association.**

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

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

**2. Delegation of the Powers and Responsibilities of the Unit Owners Association.** The Bylaws and the Maine Non-Profit Corporation Act provide that the powers and responsibilities of the Association are controlled by the Condominium's Board of Directors which in turn may be delegated to manager or to the Master Association. Basically, the Board of Directors has the powers and responsibilities in administering the Condominium to, among other things:

- (a) Adopt and amend rules and regulations;

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

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

Following the expiration of the Declarant Control Period, there will be 9 directors. The number of directors may be changed between 3 and 11 by an amendment to the Bylaws.

**4. Transfer of Declarant Control.** The Declaration authorizes the Declarant to appoint and remove members of the Board of Directors and all officers of the Association until the earlier of (i) March 17, 2016 which is 7 years from the conveyance of the first Unit, or (ii) 60 days from the date on which 75% of all possible 270 Units have been conveyed, including Units which may be created in the future. At that time the Unit owners shall elect a Board of Directors. The Declarant

at its option can relinquish this authority at any earlier time by recording a notice in the Registry of Deeds.

### **B. Management of the Condominium.**

The Bylaws provide that the Board of Directors may employ professional managing agent for the Condominium at a level of compensation fixed by the Board of Directors or to may delegate the management of the Association to the Master Association. At the expiration of the period of Declarant Control the decision as to the identity and services of this managing agent may be made by the Association. Initially the Declarant intends to authorize the delegation of management to the Master Association.

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

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

The Declaration requires the purchaser to pay at closing an initial working capital/reserve contribution in an amount equal to two (2) months common charges (in addition to any regular Condominium fee). In addition each purchaser shall pay the Association an amount equal to four (4) months regular Assessments in addition to any regular fee. These initial capital contributions will be allocated to the Condominium'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. Such amounts are in addition to and are not a credit against monthly common charges.

When a Unit is resold, the buyer must pay the Association an amount equal to two months common charges as an additional nonrefundable working capital/reserve contribution, excluding transfers made as gifts for no consideration or mortgage foreclosures or deeds to a mortgagee in lieu of foreclosure.

The Allocated Interest in the Common Elements of the Condominium is set forth in the Declaration; the amount of the estimated monthly assessment (Condominium fee) for Condominium expenses is set forth on the attached budget. The Condominium fee is based on the Allocated Interest of the Unit.

The Master Association's Assessments are allocated equally among all lots and Units commencing on the earlier of the date: (i) a certificate of occupancy has been issued by the Town for residential use, or (ii) the Unit is in fact occupied and used for residential use for 10 or more days, all specifically excluding however Units owned, occupied or used by Developer (including any successor Developer) for solely construction, marketing or display purposes.

There are no other current or expected fees or charges, other than such assessments, to be paid by the Unit owners for the use and maintenance of the Common Elements and other facilities related to the Condominium.

#### IV. BUDGET

Projected annual budgets for the initial portion of the Condominium's and Master Association's operation are attached to this Public Offering Statement. The budget was prepared by the Declarant based on the best estimates available to it in 2010 and assumes (1) an inflation factor increase of 0% and (2) the existence of the 8 existing row house units and also a second budget with the proposed 6 row house Units on Lot H and 10 duplex Units on Lot J in the Condominium and the 18 residential lots. *Because the Condominium and Master Association are relatively new, there is a limited history of operating expenses, and therefore it is impossible to estimate with assurance the amount of future costs.* The 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 Unit.

Before additional individual Units are legally created, the Declarant is responsible for the insurance, maintenance and other expenses of such Units, related buildings, drives and lawn areas under construction until these Units and the areas around the Units are legally added to the Condominium so long as it holds Special Declarant and Development Rights.

Until the number of units and lots sold is sufficient to cover the operating expenses of the two Associations, the Declarant anticipates that it may subsidize portions of the Associations' operations. Any Declarant obligation to pay Common Charges 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 to provide the Association in writing 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 Condominium and 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 the Unit has been in existence on April 1<sup>st</sup> of a given year, per Maine statute. Until then the Declarant may bill owners for their proportionate share of taxes assessed against the Condominium as a whole and may collect that amount at the sale of each Unit.

Real estate taxes are *not* included in the Association budget.

#### V. UNIT PURCHASE

The obligations of the parties in connection with the purchase of a Unit are stated in detail in the sample purchase and sale agreement. The Declarant may elect to use the buyer's deposit to

construct the Project, and under the Purchase and Sale Agreement such use is authorized.

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

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

At the closing on the purchase of the Unit, the buyers will be required to pay, in addition to the purchase price of the Unit, the 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 Condominium common charges and 4 months Master Association assessments as a capital contribution to the Associations in order to provide working capital to the Association. Buyers may also be required to pay their proportionate share of taxes due to the Town of Scarborough not collected at closing until Units have been separately assessed. It is not anticipated that the purchaser will be required to sign any other contracts or leases at the settlement.

A prospective Unit purchaser must arrange for his own financing and **NO FINANCING HAS BEEN OFFERED OR ARRANGED BY THE DECLARANT.** No representation is hereby made regarding the availability of such financing for any purchaser, and each purchaser must qualify independently for the same. Purchaser's deposits may be used by the Declarant to fund construction costs for the Condominium building and other costs of the Dunstan Crossing project.

## **VI. INSURANCE**

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

- (i) Each building, including the Units and Common Elements, will be covered by fire and property damage insurance. The coverage will be "special form" covering a variety of risks ("all risk" policies are no longer provided) and in an amount equal to the full replacement cost of the building. This coverage will not insure personal property belonging to a Unit owner nor special improvements to a Unit made by or at the request of the Unit owner. In the event the Unit suffers a casualty covered by the Association's insurance, the Unit owner is required to pay the amount of the insurance deductible or such lesser amount as may be established by the Association's Board of Director's, initially being the sum of \$1,000.
- (ii) The Association will obtain insurance covering liability arising from ownership or use of the Common Elements subject to the terms and limits of coverage set forth in the policy. This coverage will not insure Unit owners against liability arising from an accident or injury occurring within a Unit (or any porches or decks of a Unit) or liability arising from the act or negligence of a Unit owner. Each Unit owner should obtain

separate liability insurance coverage to protect against such risks, for liability in excess of the Association's coverage, and for any improvements installed on the deck, balcony or patio limited common elements.

- (iii) The Board of Directors will also maintain appropriate insurance required by mortgage lenders.

The Declarant strongly recommends that each Unit owner obtain insurance coverage on his personal property, special improvements to a Unit and Limited Common Elements, and covering liability claims not covered by the Association policy, such as claims arising from activities inside of a Unit under an HO-6 policy. The Unit owner should be aware, however, that the condominium documents require special provisions in the policies providing additional insurance. IT IS RECOMMENDED THAT EACH OWNER PROVIDE HIS INSURANCE AGENT WITH A COPY OF THE DECLARATION IN ORDER TO DETERMINE THE INSURANCE COVERAGE NEEDED BY THE OWNER TO PROTECT AGAINST RISKS NOT COVERED BY THE ASSOCIATION'S INSURANCE.

## VII. FINANCIAL ARRANGEMENTS FOR IMPROVEMENTS

The Declarant has obtained a construction loan from First Horizon, a division of First Tennessee National Bank and from Savings Bank of Maine to finance construction of the road, utility and site improvements.

## VIII. WARRANTIES

Certain warranties are given to all Unit owners as described below, subject to certain exclusions and modifications made by the Declarant. The purchase and sale agreement requires that all buyers sign a Limited Warranty Certificate agreeing that any warranty claims be made and enforced within 2 years after the purchase. The terms of the limited warranty are set forth in the certificate which is an exhibit to this Public Offering Statement.

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

### **A Express Warranties of Quality.**

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

- (a) Any written affirmation of fact or promise which relates to the Unit, its use, or rights appurtenant thereto, area improvements to the Condominiums that would directly benefit the Unit, or the right to use or have the benefit of facilities not located in the Condominium, creates an express warranty that the Unit and related rights and uses will conform to the affirmation or promise;

- (b) Any model or description of the quantity or extent of the real estate comprising the Condominium, including plans and specifications of or for improvements, creates an express warranty that the Condominium will substantially conform to the model or description;
- (c) Any written description of the quantity or extent of the real estate comprising the Condominium, including plats or surveys, creates an express warranty that the Condominium will conform to the description, subject to customary tolerances; and
- (d) A provision that a buyer may put a Unit only to a specified use is an express warranty that the specific use is lawful.

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

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

**B. Implied Warranties of Quality.**

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

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

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

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

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

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

**C. Exclusion of Modification of Implied Warranties of Quality.**

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

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

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

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

**D. Statute of Limitations for Warranties.**

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

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

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

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