



State of Oregon Real Estate Agency

1177 Center Street NE
SALEM, OREGON 97301-2505

Condominium Disclosure Statement

CULLY GROVE CONDOMINIUM
(A PROPOSED OREGON CONDOMINIUM)
FILE NO. **CO-26-0411-1070**

ADOPTED AND ISSUED BY THE COMMISSIONER ON: **5-31-2011**

NAME AND ADDRESS OF DECLARANT:
CULLY GROVE LLC
6325 N. ALBINA AVE. UNIT #6
PORTLAND, OR 97217

PURCHASERS: READ THIS NOTICE CAREFULLY

UNIT SALES AGREEMENT REQUIRED FOR SALE OF UNIT

The sale of a unit by the Declarant (seller) requires the Declarant to use a Unit Sales Agreement, which is a special sales agreement prepared by the Declarant that is unique to this condominium. The Real Estate Agency has reviewed and approved the Unit Sales Agreement for compliance with Oregon condominium laws. The Unit Sales Agreement contains special information that is not found in standard real estate sales agreements, including warranty provisions required under ORS 100.185, and a notice to the purchaser of the right to cancel, for any reason, the sale of a condominium unit from a Declarant within five business days under ORS 100.730.

Before the unit sales agreement is fully executed by all parties, the developer is required to deliver to the purchaser a copy of the declaration and bylaws of the condominium and any supplements and amendments to these documents.

PURCHASER MUST BE GIVEN THIS DISCLOSURE STATEMENT

The Declarant must give each purchaser this disclosure statement not later than the date the unit sales agreement is fully executed by all parties. The purchaser must sign a receipt for the disclosure statement. The Declarant has filed this condominium with the Oregon Real Estate Commissioner as required under ORS chapter 100. The fact that the Commissioner issued this disclosure statement does not constitute a recommendation or endorsement of the condominium by the Commissioner. The Real Estate Agency has not physically inspected the condominium. The information in this disclosure statement was prepared by and is a representation of the Declarant. READ THE DISCLOSURE STATEMENT CAREFULLY.

The operation and management of the condominium association of unit owners is not regulated by the Commissioner. This disclosure statement does not relieve any person from the responsibility of complying with the requirements of any municipal, county, state or federal agency that has jurisdiction over the condominium.

CONDOMINIUM DISCLOSURE STATEMENT FOR CULLY GROVE CONDOMINIUM

Name and Address of Condominium and Developer

This Disclosure Statement discloses certain pertinent information about Cully Grove Condominium (the "**Condominium**"), located at 4745 and 4821 NE Going St. in the City of Portland, Multnomah County, Oregon. This Disclosure Statement has been prepared by Cully Grove LLC, an Oregon limited liability company (the "**Developer**"). Developer's telephone number is (503) 422-2607 and its address is 6325 N. Albina Ave. Unit #6 Portland, Oregon 97217.

On the date this Disclosure Statement was issued, Developer had prepared and submitted to the Oregon Real Estate Agency a proposed Declaration and proposed Bylaws of Cully Grove Condominium Owners' Association (the "**Association**"). Developer will record a final Declaration and final Bylaws of the Association in the deed records of Multnomah County, Oregon upon completion of the Condominium. The Declaration submitting the Condominium to condominium ownership is referred to in this Disclosure Statement as the "**Declaration**," and the Bylaws of the Association is referred to in this Disclosure Statement as the "**Bylaws**." All capitalized terms used in this Disclosure Statement have the meanings given to them in Section 1.1 of the Declaration.

General Description of Condominium

The Condominium consists of 16 Living Units in eight residential buildings ("**Residence Buildings**"), 20 Parking Units, and two Craft Space Units. Of the 20 Parking Units, 12 are partially enclosed within carport structures and eight are uncovered surface spaces. Each of the Craft Space Units has a ground floor entry and is located primarily within the second story of a carport building.

The Living Units are anticipated to consist of three 4-BR units that are approximately 1,874 square feet and 13 3-BR units that range in size from approximately 1,452 square feet to 1,531 square feet. Living Units 1 through 13 are configured as side-by-side units in duplex and triplex buildings. Living Units 14 through 16 are in three stand-alone buildings. All Living Units have two stories above grade and certain Living Units will have a basement. Abutting each Living Unit is a Limited Common Element private yard for the owner of that Living Unit. Living Units 6 through 13 will also have a detached storage locker reserved as a Limited Common Element for the Owner of each such Living Unit.

The Condominium is anticipated to contain General Common Elements consisting of the following:

- A Common House with gathering space, storage, kitchenette, washer/dryer, and half bath on the ground floor, two guest bedrooms and a full bath on the second floor, a covered outdoor deck to the south and a covered outdoor vegetable prep sink to the west.

- Bike storage room and power/garden tool sheds at the north end of each of two carport/storage buildings along the west edge of the property.
- Bike and storage buildings east of the Common House.
- An approximately 4,400 square foot community garden in the northeast corner of the property
- Two guest parking spaces, west of the Common House
- Entry courtyard centered on the south side of the property and located between NE Going Street and the Common House.

The buildings will be constructed utilizing poured in place concrete foundations with wood framed walls and floors above. The Residence Buildings and the Common House are anticipated to have cement board siding over rain screen over plywood and composition roofs of asphaltic composition shingles. The portion of each carport building over the Parking Units is anticipated to have an eco-roof. Construction of all buildings is anticipated to take place in 2011 and 2012.

Nature of Interest Offered in Condominium

Developer is offering a fee simple ownership interest in a Living Unit, Parking Unit and Craft Space Unit, as defined in Section 4 of the Declaration, to prospective purchasers. Ownership of Parking and Craft Space Units will be restricted to Living Unit owners, the Association or the Developer.

Developer has reserved a right in each unit sales agreement not to record the Declaration and to terminate the unit sales agreements if unit sales agreements for 100 percent of Units are not in effect within 180 days after Developer enters into the first unit sales agreement for the Condominium.

The owner of a Living Unit, Parking Unit and Craft Space Unit will also receive an undivided interest, in common with other unit owners, in the Common Elements of the Condominium, including the General Common Elements described in Section 5 of the Declaration. Each Owner of a covered Parking Unit, including Parking Units 1 through 6 and 11 through 16, shall be entitled to an undivided 0.094 percentage ownership interest in the Common Elements of the Condominium, as set forth in the Declaration. Each Owner of an uncovered Parking Unit, including Parking Units 7 through 10 and 17 through 20, shall be entitled to an undivided 0.047 percent percentage ownership interest in the Common Elements of the Condominium. Each owner of a Craft Space Unit shall be entitled to an undivided 0.748 percent percentage ownership interest in the Common Elements of the Condominium. The remaining 97 percent interest in the Common Elements shall be allocated among the Living Units as follows: each Living Unit Owner shall be entitled to an undivided percentage ownership interest in the Common Elements of the Condominium determined by the ratio of the living area square footage of each Living Unit (excluding basements, attics or crawl spaces) to the total living area square footage of all floors of the Living Unit combined (exclusive of any unfinished basements, attics or crawl spaces). See Section 7 of the Declaration.

In addition, each Living Unit owner will also receives the exclusive right to use those Limited Common Elements that pertain to his or her unit. Limited Common Elements will include yard areas abutting each Living Unit and storage lockers assigned to Living Units 6 through 13. Limited Common Elements are further described in Section 6 of the Declaration.

The General Common Elements include the areas described on pages 1 and 2 above. General Common Elements are further described in Section 5 of the Declaration.

Development and Ownership

Developer has an option to purchase the property upon which the Condominium will be developed, and is engaged in developing the Condominium. Zachariah D. Parrish and Jessica Parrish are the owners of the property and Mr. Parrish is a managing member of Developer. The option expires on December 31, 2012, if not exercised prior to that date.

Status of Construction

The property contains two single family homes, which will be removed at the beginning of construction. Developer intends to begin construction in July, 2011 and complete construction in August, 2012. These dates are projections and are subject to revision. Developer can give no assurance that construction will be commenced or completed by these dates.

Financing

Purchasers requiring financing for the purchase of Units in the Condominium will obtain such funds from third-party lenders, and not from Developer.

Use and Occupancy Restrictions

The Units are intended and designated for residential purposes and such limited commercial purposes as may be allowed by the City of Portland and applicable law. Other use restrictions are included in Section 7 of the Bylaws.

Operation and Management of the Condominium

The Oregon Condominium Act (ORS 100.005 to 100.910) (the "Act") requires that an association of unit owners must be created and organized to serve as a means by which the unit owners may take action regarding the administration, management and operation of the Condominium. The Developer will create the Cully Grove Condominium Owners' Association (the "**Association**") for this purpose. The Association will be a nonprofit corporation. Each owner of a Unit will automatically become a member of the Association upon purchasing a Unit in the Condominium. Membership in the Association terminates when the owner transfers his or her interest in the Unit. Each member of the Association shall be responsible for participating in the administration and management of the Association and in the maintenance of the Condominium social fabric and Common Elements. Such roles might include service on the Board, landscape maintenance, coordination or performance of work to maintain General Common Elements in good

condition, compost management, planning social functions, or other functions as determined by the Board from time to time. Unless otherwise decided by the Board, the amount of time expected by the Owner(s) of a Living Unit with two or more adults will be greater than the time expected of a one adult household. The Board is empowered to create additional policies regarding participation or to provide an option for payment in lieu of participation.

Decision-making

Consensus is the primary method of decision-making at all levels of Association governance, except where otherwise required by the Declaration, these Bylaws, or the Act. Using consensus, each member may agree with the matter, disagree with the matter but not block passage, or disagree with the matter and block consensus. If consensus cannot be reached on an issue after two meetings at which an issue has been discussed and at which formal consensus was attempted on that issue, a third meeting may be called and voting may be used. A decision to hold a third meeting and to shift from consensus to voting shall require an affirmative vote of 50 percent of the voting power present at the second meeting. A decision on such issue at the third meeting shall require an affirmative vote of 67 percent of the voting power present for the vote, or such other percentage required by the Act, these Bylaws or the Declaration.

Power and Authority of Board of Directors

The affairs of the Association are governed by its Board of Directors (the "**Board**"), provided that the owners may also adopt rules and regulations governing the use of the Condominium and, in the event of conflict between the rules adopted by the Board and those adopted by the owners, the rules adopted by the owners would govern. The board will consist of from one to three directors prior to the date on which Developer turns over administrative control of the Association to the unit owners, and five or seven directors thereafter. The powers and duties of the board include, among other matters: (i) providing for the operation, inspection, maintenance, and repair of the common elements of the Condominium; (ii) preparing budgets for the Association; (iii) collecting assessments from the owners; (iv) hiring contractors on behalf of the Association; (v) adopting rules and regulations regarding the operation and use of the Condominium; (vi) obtaining insurance on behalf of the Association; (vii) filing tax returns on behalf of the Association; and (viii) electing the Association's officers.

The Board is also responsible for enforcing the provisions of the Declaration, the bylaws of the Association (the "**Bylaws**"), and any rules and regulations. Among the board's enforcement powers are imposing fines for violations of rules and regulations and assessing late charges for overdue assessments. The Oregon Condominium Act also grants the Association a lien on the unit of an owner whose assessments are past due, and the board may take action to obtain and foreclose this lien.

Section 4.2 of the Bylaws sets out the general powers and duties of the Board. Sections 6.1 through 6.4 of the Bylaws deal with the preparation of the Association's budget and the levying of assessments against the units. Sections 7.3 through 7.5 of the Declaration address the rights of the board in response to the failure by an owner to pay Association assessments. Section 6.7 of the Bylaws describes the powers of the Board to remedy a

violation by an owner of the provisions of the Declaration, the Bylaws, or any rules and regulations.

Until 75 percent of units are sold by the Developer, the Developer will control the affairs of the Association. It is typical that the Developer does so during the early stages of development of a condominium, and the Developer has reserved certain special rights to do so in the Declaration. See Section 20 of the Declaration. Prospective purchasers should understand that it is vitally important to all unit owners that the transition of control of the Association from Developer to the unit owners should be accomplished in an orderly manner and in a spirit of cooperation.

Common Expenses, Assessments and Budget

The Association has the right to levy assessments against unit owners for the maintenance of the Common Elements and other purposes. Failure of a unit owner to pay his or her share of assessments will entitle the Association to file and foreclose a lien on his or her unit or institute an action to recover a money judgment for unpaid common expenses without foreclosing or waiving the lien.

The Bylaws specify that all unit owners are obligated to pay all assessments imposed by the Board of Directors on behalf of the Association to meet common expenses of the property. Such assessments will be made by the Board of Directors in accordance with the terms of the Declaration, which provides that the common profits and common expenses of the Condominium will be allocated to the owner of each unit based upon the unit's percentage undivided interest in the Common Elements as described above. In the event an owner of a Unit uses an unreasonably disproportionate amount of a service included in the common expenses, as determined by the board in its sole discretion, such owner will be required to bear the expense of such service individually (as, for example, by separate metering of utilities) and the common expenses incurred by the other owners will be adjusted accordingly.

The anticipated expenses of the Association, including the amount each unit may expect to pay in monthly assessments, are set forth in the estimated budget attached to this Disclosure Statement as Exhibit A. Exhibit A also sets forth the approximate square footage of the units, including only the approximate living area of the Living Units. The budget includes funds allocated for a reserve account, based on the Reserve Study attached to this Disclosure Statement as Exhibit B-1 and the Maintenance Plan attached as Exhibit B-2. The budget, Reserve Study and Maintenance Plan were prepared by the Developer.

NOTICE TO PROSPECTIVE PURCHASERS

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

ACTUAL EXPENSES INCURRED BY THE ASSOCIATION MAY VARY FROM
THOSE ESTABLISHED IN THE PROJECTED BUDGET.

Reserves and Capital Expenditures

Provisions have been made in the projected budget for a reserve account for replacement of those Common Elements all or a part of which will normally require replacement in more than one and less than 30 years, for significant future maintenance items as required by the attached Maintenance Plan and as updated by the Association as required by the Bylaws, and for exterior painting if the common elements include exterior painted surfaces. The reserve account need not include those items that could reasonably be funded from operating assessments.

Developer, in deciding which portion of the Condominium budget should be allocated to the reserve account, has made a good faith projection of the requirements of the Association with respect to replacement of the common elements based upon the Reserve Study attached as Exhibit B-1 to this Disclosure Statement. **HOWEVER, THIS PROJECTION MAY VARY SUBSTANTIALLY FROM THE ACTUAL REQUIREMENTS OF THE ASSOCIATION.** Except as otherwise provided in the Bylaws, the reserve account may be used only for the purposes for which reserves have been established and must be kept in a separate account. **The reserve study assumes that the Board of Directors conducts normal, routine maintenance for the elements reserved for and that the Board is required to perform pursuant to the Declaration, the Bylaws and the Oregon Condominium Act. If the Board fails to perform required maintenance, the reserve fund may be inadequate at the time of the required replacement for one or more elements included in the reserve study.** The Board must annually conduct a reserve study or review and update an existing study to determine and adjust reserve account requirements. See Section 6.2 of the Bylaws for specific provisions relating to reserves.

Utilities

The project is served by the following utility providers:

Water and Sewer Service:	City of Portland
Electricity:	Pacific Power
Telephone:	Qwest
Natural Gas:	Northwest Natural
Cable Television:	Comcast

The units are metered separately for electricity and gas, and those bills will be paid individually by each unit owner. The units are submetered for water, and the Association will use submeter readings to allocate water and sewer costs to each unit owner as part of their monthly assessments. The Association will pay certain electricity and water charges related to the Common Elements, which expenses will be included as part of the monthly assessments. Prospective purchasers may contact the utility providers for further information on current rates and charges. Local services such as fire and police protection, schools and medical facilities are available in the City of Portland.

The fire sprinkler system in the Common House is a General Common Element. Costs for maintenance, repair and replacement of that system will be shared by all of the owners. Some of the Living Units are required to have domestic fire sprinkler systems. Costs associated with the maintenance, repair and replacement of fire sprinkler systems in Living Units are the responsibility of the individual Living Unit owners.

Streets and Roads

Access to the Condominium is provided by NE Going Street, which is a public street.

Sales Agreements

The Developer is not offering any financing to prospective purchasers. Within the time specified in the purchase agreement, each purchaser must apply for loan approval by an institutional lender. In the event the purchaser is unable to obtain a loan on satisfactory terms or satisfy Developer of purchaser's ability to pay by the date specified in the purchase agreement and after diligent efforts to do so, either party may terminate the Unit sales agreement and purchaser's earnest money will be refunded, unless the time for obtaining such credit approval is extended by the parties. If the agreement has not been terminated within the specified financing contingency period, then the purchaser's financing contingency will be deemed waived. Thereafter, if the purchaser is unable to close the purchase because of inability to obtain a satisfactory loan, a change in financial status, a change in loan terms, or any other reason (other than a breach of the agreement by Developer), then purchaser's earnest money deposit will be paid to and retained by Developer. See Section 13 of the unit sales agreement.

Section 12.6 of the unit sales agreement provides that the purchaser shall inspect the unit and the property prior to closing, and shall have the opportunity at that time to note any defects in construction and to be oriented to the appropriate unit maintenance items. Purchaser and Developer shall sign a form of Acceptance of Unit in which the parties shall note items to be completed or corrected, which Developer shall correct within 30 days following the closing date or as soon as reasonably practicable thereafter. Except for any defects noted on the inspection and acceptance form and defects warranted against in the Unit Sale Agreement, purchaser agrees to accept the unit and related common elements in the condition existing on the date of inspection, and that completion or correction of the listed items shall in no way delay or interfere with a timely closing.

At closing, the purchaser will be responsible for the recording fee for the deed, any sales or transfer tax, an initial contribution to the working capital of the Association equal to two months of Association assessments, the next month's assessment for the unit, a pro rata share of the current month's assessment, purchaser's portion of the escrow fee, and all fees, costs and expenses in connection with purchaser's loan, if any, including the premium for any mortgagee's title insurance policy. See Section 3.6 of the unit sales agreement. It is anticipated that at time of closing, there will be a trust deed on the property in favor of Pacific Continental Bank (or other construction lender selected by the Developer) and possibly one or more private lenders (collectively, the "Construction Lenders"). The units will be conveyed to buyers free of the liens of the Construction Lenders, with partial releases issued by the Construction Lenders.

If the purchaser should fail to make any deposit or payment required under the unit sales agreement, Developer may declare the purchaser to be in default, and, without prejudice to any other rights of Developer, declare the entire amount paid by the purchaser forfeited to Developer. In the event the purchaser fails to deposit the balance of the purchase price with the escrow agent within the time set forth for closing, Developer may, in lieu of terminating the agreement, require the purchaser to pay to Developer at closing 12% percent per annum of the total purchase price, plus tax and assessment prorates, from such date to the date of actual closing, or pay \$50 per day, whichever is greater. See Sections 4.2 and 16.12 of the unit sales agreement.

Warranties

As required by the Oregon Condominium Act, Developer will warrant to repair or replace defective plumbing, electrical, mechanical, structural, or other components of the units and common elements of the Condominium in accordance with the warranty set forth in the unit sales agreement. The warranty on a unit and associated limited common elements will continue for one year after Developer delivers possession of that unit to the initial unit owner. The warranty on the general common elements will continue for one year after the first conveyance of a unit in the Condominium. The terms and conditions of Developer's warranty is described in greater detail in each unit sales agreement.

Certain claims, controversies, or disputes relating to the sale must be resolved through mediation or arbitration. See Section 15 of the unit sales agreement, Section 12 of the Bylaws and Section 26 of the Declaration.

Summary of Bylaws Provisions Regarding Operation of the Condominium

Prospective purchasers should carefully review all of the sections of the proposed Declaration and Bylaws, including those identified below that relate to the operation and management of the Condominium.

As provided in Section 17 of the Declaration, upon the recording of the Declaration, Developer will organize the Association to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. The Association will be an Oregon nonprofit corporation. As provided in Section 17 of the Declaration, each unit owner will be a member of the Association. The affairs of the Association will be governed by a Board of Directors as provided in the Bylaws. Each unit owner, other than Developer, will be entitled to one vote for each unit owned by that unit owner. See Section 8 of the Declaration.

Article 3 of the Bylaws describes the meetings of the Association and the method of voting by members. Article 4 of the Bylaws describes the Board of Directors, including the number and qualification of directors, election of directors, the powers and duties of the Board of Directors, meetings of the Board of Directors, and liability and indemnification of directors, officers and the managing agent. Article 5 of the Bylaws describes the officers of the Association.

Article 6 of the Bylaws describes the budget, expenses and assessments of the Association, including collection of assessments. Records and audits of records of the Association are discussed in Article 7 of the Bylaws.

Article 9 of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements. In addition, Article 8 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on business activities in units and restrictions on pets, and establishes the ability of the Board of Directors to adopt additional rules and regulations.

Article 10 of the Bylaws deals with insurance to be carried by the Association, and Article 11 deals with the method of adopting amendments to the Bylaws. Article 12 relates to dispute resolution, including mediation and mandatory arbitration of disputes.

Rights of Developer

Developer has reserved the right to revise or amend the Declaration and Bylaws to the extent reasonable changes may be required by governmental authorities, lenders or title insurance companies or any changes to conform to or utilize the provisions of the Oregon Condominium Act or applicable federal or state law, FannieMae guidelines or FannieMae, Federal Housing Authority or Veterans Affairs regulations, or any amendments or revisions thereto. Any other changes to such documents that materially and adversely affect the purchaser will require the purchaser's consent. If the purchaser does not consent to the change, Developer may terminate the unit sales agreement, in which case the purchaser's earnest money, together with any interest earned on such funds, will be refunded.

Developer has reserved the right to adopt the initial Bylaws and administrative rules and regulations for the Association, to appoint an interim Board of Directors of the Association, and to enter into a management agreement on behalf of the Association with a managing agent. Developer has also reserved certain easements over the common elements. See Sections 14 and 28 of the Declaration.

Until the first organizational and turnover meeting called by the Developer, the Developer will have two votes for each unit owned by the Developer and will have the right to appoint the Board of Directors of the Association along with the right to fully participate in consensus decision-making processes. See Sections 3 and 4 of the Bylaws and Sections 20 and 28 of the Declaration. Developer must call the turnover meeting within 90 days after the earlier to occur of (i) three years after the date of the first conveyance of the first unit to a person other than Developer, or (ii) Developer has sold and conveyed 75 percent or more of the total number of units in the Condominium. See Section 3.3 of the Bylaws. At that meeting, the interim directors will resign and the unit owners will elect three directors See Section 3.4 of the Bylaws.

The Developer's prior written consent is required for any amendment to the Declaration or Bylaws so long as Developer owns a Living Unit in the Condominium or 10 years from the date the Declaration is recorded, whichever is latest. See Section 28.7 of the Declaration and Section 11.5 of the Bylaws.

Additional Information

Purchasers should be aware that urban attached condominium living differs from detached single-family living in that such structures inherently are subject to some sound transmission from unit to unit and from common areas to units and from urban street noise. Before deciding to purchase, each prospective purchaser should satisfy himself or herself that the level of sound transmission at this project will be acceptable to the purchaser. This includes checking (personally or through a qualified inspector of the purchaser's choice) the proposed construction details and, at construction completion, actual noise transmission levels. Developer makes no representation or warranty regarding the existence of or changes in the level of noise, light, air or view benefiting or burdening the unit specifically or the condominium generally.

Any square footages of the unit provided by Developer or Developer's agents are approximate and based upon "architectural" measurements taken from architectural plans. Final square footages may differ, and the square footages in the Declaration and condominium plat will be based upon condominium measurement standards, which are not the same as "architectural" measurements. Developer does not guarantee any specific square footage.

The Condominium will need certain periodic maintenance and inspections in order to assure the safety of the property and that its various components last for their projected useful lives. The Maintenance Plan identifies many, but not all, of the components of the common elements requiring periodic and regularly scheduled maintenance and inspections. Failure to follow the Maintenance Plan could impair the safety of the Condominium, reduce the useful lives of its components and increase future maintenance costs.

Documents by which Purchasers will be Bound

Prospective purchasers should carefully read all of the documents pertaining to the Condominium by which they will be bound. These documents include the following:

1. Proposed Declaration Submitting Cully Grove Condominium to Condominium Ownership. The Declaration contains, among other things, provisions describing the units, the Common Elements, the rights of mortgagees, easements, and Developer's rights.
2. Proposed Bylaws of the Cully Grove Condominium Owners' Association. This document contains, among other things, provisions relating to the management, use and operation of the Association and the rights and obligations of the unit owners.
3. Escrow Agreement between Developer and Fidelity National Title, Fara Laner, Escrow Officer. This document provides for deposit of funds into escrow and outlines a general procedure for the closing of unit sale transactions.
4. Unit Sales Agreement. This document sets forth the rights and obligations of the seller and purchaser and includes a notice to the purchaser of a statutory right to cancel the transaction within five business days after mutual execution of the unit sales agreement.

5. Proposed Articles of Incorporation of the Cully Grove Condominium Owners' Association. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association.

6. Purchasers should review each of the easements and use restrictions referred to in the preliminary title report which will be furnished to them by Fidelity National Title.

7. In addition, purchasers may be bound by financing instruments, the Condominium plat, escrow instructions and provisions of the Oregon Condominium Act. Prospective purchasers should also inquire regarding rules and regulations, if any, that may have been adopted since the date of this Disclosure Statement.

EXHIBIT A

Unit Square Footages, Percentage Ownership of Common Elements, and Estimated Monthly HOA Dues

HOA Income	Approximate Square Footage	Percent Ownership of Common Elements	Monthly HOA Dues	Annual HOA Dues
Living Unit 1	1,452	5.609%	114	1,373
Living Unit 2	1,531	5.913%	121	1,448
Living Unit 3	1,531	5.913%	121	1,448
Living Unit 4	1,525	5.891%	120	1,442
Living Unit 5	1,452	5.609%	114	1,373
Living Unit 6	1,531	5.913%	121	1,448
Living Unit 7	1,525	5.891%	120	1,442
Living Unit 8	1,452	5.609%	114	1,373
Living Unit 9	1,531	5.913%	121	1,448
Living Unit 10	1,452	5.609%	114	1,373
Living Unit 11	1,531	5.913%	121	1,448
Living Unit 12	1,525	5.891%	120	1,442
Living Unit 13	1,452	5.609%	114	1,373
Living Unit 14	1,874	7.239%	148	1,772
Living Unit 15	1,874	7.239%	148	1,772
Living Unit 16	1,874	7.239%	148	1,772
Craft Space Unit 1	270	0.748%	15	184
Craft Space Unit 2	270	0.748%	15	184
Parking Unit 1	162	0.094%	2	23
Parking Unit 2	162	0.094%	2	23
Parking Unit 3	162	0.094%	2	23
Parking Unit 4	162	0.094%	2	23
Parking Unit 5	162	0.094%	2	23
Parking Unit 6	162	0.094%	2	23
Parking Unit 7	162	0.047%	1	11
Parking Unit 8	162	0.047%	1	11
Parking Unit 9	162	0.047%	1	11
Parking Unit 10	162	0.047%	1	11
Parking Unit 11	162	0.094%	2	23
Parking Unit 12	162	0.094%	2	23
Parking Unit 13	162	0.094%	2	23
Parking Unit 14	162	0.094%	2	23
Parking Unit 15	162	0.094%	2	23
Parking Unit 16	162	0.094%	2	23
Parking Unit 17	162	0.047%	1	11
Parking Unit 18	162	0.047%	1	11
Parking Unit 19	162	0.047%	1	11
Parking Unit 20	162	0.047%	1	11
Total HOA income			2,040	24,480

HOA Expenses

	Monthly HOA Expense	Annual HOA Expense
Administrative		
Annual corporation report filing	6	75
Bank Fees	4	50
Insurance	392	4,700
Office supplies / postage / printing	4	50
Bookkeeping, finance mgmt	172	2,064
Reserve study update	25	300
Tax return preparation	21	250
Maintenance & Repairs		
Double check valve inspections	3	40
General maintenance	71	850
Landscaping	57	681
Utilities		
Electricity - common	130	1,560
Trash/recycling	115	1,380
Water & sewer	720	8,640
Total Operating/Maintenance	1,720	20,640
Replacement Reserve	320	3,840
Total HOA Expenses	2,040	24,480

The address for each unit will be: ____ NE Going St., Unit # ____.

NOTICE: The square footage areas stated in this Disclosure are based on the boundaries of the units as described in the Declaration and may vary from the area of units calculated for other purposes.

NOTICE TO PROSPECTIVE PURCHASERS: The projection of the budget of the Association of Unit Owners for the operation and maintenance and other common expenses of the Condominium is only an estimate, prepared with due care. Actual expenses incurred by the Association may vary from those estimated in the projected budget. Property taxes for each unit are not included in this estimate.

EXHIBIT B-1

- Reserve Study -

This **Reserve Study** identifies the components all or part of which will normally require major maintenance, repair or replacement in more than one and less than thirty years and the cost of repair or replacement of each at recommended intervals.

Limitations and Assumptions:

- The information provided by this Reserve Study is effective for one year from the completion date of the project. An annual review and update of this Reserve Study is required to adjust known cost changes and to maintain accuracy.
- The scope of the Reserve Study is expressly limited to the components included.
- The remaining useful life estimates of the Reserve Study assume normal weather conditions and do not factor in damage by flood, wind, storm, earthquake or other insurable events. The useful life estimates assume proper construction, installation, design, and adequate preventative maintenance. Improper construction, installation, design or failure to maintain will lead to shortened useful lives.
- The cost estimates of the Reserve Study are based on current pricing for similar installations and materials and/or based in actual costs paid by contractor on this project. Future costs are subject to change according to supply and demand, material costs, effects of inflation and other forces.

Replacement reserve fund:

The amounts indicated above under "reserves" will be collected on a monthly basis as part of the homeowner's association dues to prepare for estimated replacements and repairs of the following common elements:

	Replacement Cost	Useful Life	% Life Expired	Years Remaining	Value Remaining
Appliances					
Common unit range	500	17	0%	17	500
Common unit fridge	500	17	0%	17	500
Common unit washer/dryer	1,200	15	0%	15	1,200
Common unit sinks	800	12	0%	12	800
Exteriors					
Common bldg, carport roofs	12,500	20	0%	20	12,500
Common bldg, carport gutters/downspouts	3,000	25	0%	25	3,000
Common bldg, carport siding repair	3,000	25	0%	25	3,000
Common bldg, carport ext. painting	3,000	25	0%	25	3,000
Common bldg, carport ext. doors	3,000	30	0%	30	3,000
Storage locker and bike buildings	5,000	20	0%	20	5,000
Exterior lighting	2,000	15	0%	15	2,000
Exterior signage, entry trellis	2,000	20	0%	20	2,000
Re-pave asphalt driveway	4,000	15	0%	15	4,000
Interiors					
Common bldg flooring	6,375	20	0%	20	6,375
Common bldg interior painting	2,000	8	0%	8	2,000
Heating System					
Common bldg HVAC	3,500	20	0%	20	3,500
Hot Water System					
Common bldg hot water heater	400	15	0%	15	400

Capital Account						
Starting Balance ->		-				
Ending Balance (at 30 yrs) ->		50,025				
Min. Balance ->		3,840				
Max. Balance ->		59,560				
Avg. Balance ->		38,383				
Assumptions:						
Annual Reserve deposit		3,840				
Savings interest rate		2.0%				
Expense inflation rate		2.0%				
Notes:						
All costs shown above are in 2011 dollars						
Projections assume bank interest on replacement reserve account as shown in the Assumptions above						
Projections assume increasing construction costs at an inflation rate as shown in the Assumptions above						
Projections assume annual deposits to the Reserve Account increase annually with the expense inflation rate						

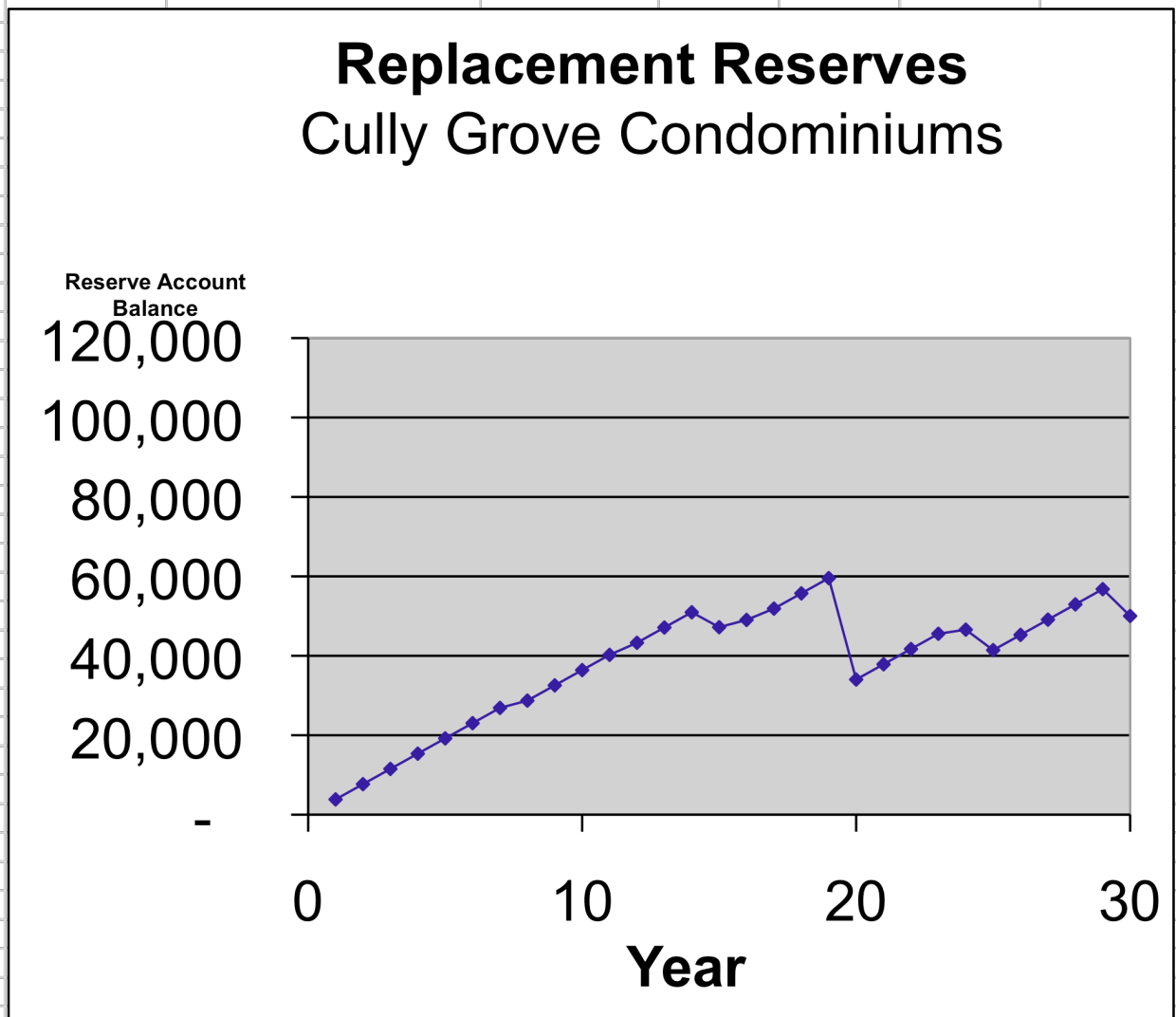


Exhibit B-2

- Maintenance Plan - Cully Grove Condominium

The proper care and maintenance of common elements have been entrusted to the homeowner association. The key to any effective Maintenance Plan is consistency and expertise. The goal of this Maintenance Plan is to provide general information and direction on how to maintain those assets for the long-term benefit of unit owners. While several specific items are included, this list is not exhaustive and some issues may develop over time, which should be added to the Plan.

Many building and grounds components require specific maintenance to ensure their proper function. Many of the tasks are suitable only to trained professionals with a thorough understanding of the systems. It is recommended that only licensed, bonded and insured contractors with the training, knowledge, tools and equipment to handle the maintenance of those systems or components be used to ensure highest service quality.

The Maintenance Plan is divided into two parts: **Annual Preventative Maintenance** and **Reserve Repairs & Replacements**. The first deals with annual tasks while the second deals with cyclical tasks. Close attention to both are required to achieve the desired results.

Annual Preventative Maintenance

The following tasks should be performed according to a regular and adequate schedule as preventative maintenance.

Exterior

General Repairs

The operating budget provides funds to handle various minor repairs such as paint touchup, recaulking, minor electrical and plumbing, and roof repairs. Various non-emergency repair requests should be grouped together so work can be handled cost effectively.

Exterior Lights

For appearance and security, all exterior light fixtures should be in good working order. Repair fixtures and replace bulbs as needed.

Composition Roof & Gutter Maintenance

To ensure roofs last their normal useful life:

1. The roofs must be kept clean of dirt, debris, moss and algae (exclusion for eco-roofs). As needed apply moss killer and clear moss away when it is dead and dry. Missing shingles and flashing should be replaced to prevent water intrusion.
2. Keeping scuppers, gutters and downspouts unobstructed is extremely important to prevent damage to the paint, siding and landscaping. Clear gutters and downspouts at least twice per year, in the spring and fall.

Eco-Roof Maintenance

Visually inspect underside of green roof annually for evidence of leaking (ie. water staining) and plant or soil obstructions of gutters and downspouts. Clean out gutters and replace down-slope gravel and

filter fabric as necessary to ensure soil does not flow off the roof in rainy conditions. Remove dead plant material from the roof annually.

Siding and Trim - Maintenance

All siding and trim must be inspected, repaired and caulked as necessary at least once a year, generally before winter rains to ensure they are watertight.

Water Intrusion Repairs

A knowledgeable building contractor should inspect the buildings for sources of potential water intrusion, like missing flashing, failed caulking or negative drainage which directs water toward the building. Take appropriate corrective action as indicated.

Exterior Painting - Maintenance

Annually inspect exterior siding, trim and painted metalwork (including stair/porch railings) for surface deterioration that may lead to rot or rust. Prep surfaces, prime and re-paint as necessary.

Landscape Maintenance

Landscaping is an extremely important aspect of livability, sustainability (healthy and edible plantings), and market value. Trees should be pruned annually to shape growth, remove dead branches, and prevent contact with structures and with each other. All landscaping should be cut back annually to prevent contact with buildings. Soil around foundation walls should be re-graded annually to preserve at least 6 vertical inches of soil-siding separation. Trees should be watered regularly during at least their first two years following installation.

Entrance Sign and Trellis

Annually inspect entrance sign for wear. Clear seal and/or repaint against the weather as necessary.

Perimeter and Interior Cedar Fencing

Inspect wood fencing annually and repair any damaged boards or supports as required.

Interior

Common House Facilities

Monitor common unit plumbing fixtures (kitchen, sink, toilet, tub/shower) for leaks. Repair promptly as necessary.

Common House – Hot Water Heater Flush

The hot water heater should be flushed every year to remove sediment.

1. Attach hose to drain valve at bottom of tank and run hose to floor drain or building exterior
2. Open valve to full and let water run until clear.
3. Close valve and remove hose.

Common House Appliances

Monitor common unit appliances (range, chest freezer, refrigerator, washer/dryer) for safe operation. When chest freezer is not in use, unplug and prop open slightly to air out and avoid mold growth. Repair promptly as necessary.

Common House heating system

Clean filters for the ductless mini-split heater in the Common House as recommended by the manufacturer.

Fire Extinguishers

Annually check pressure gauges and expiration dates on Common House fire extinguishers. If a pressure gauge has dropped below the line or the expiration date has passed, replace immediately. Bring extinguishers in for regular service to comply with requirements of annual fire bureau inspections.

Wood flooring (common unit living/dining/hallway)

Apply sticky pads to the feet of all heavy furniture in the common unit to avoid scratching the floor finish. Consider screening and refinishing floors every 3-5 years to maintain a fresh appearance.

Linoleum flooring (common unit kitchen and bathrooms)

Wet-mop monthly to clean and disinfect surface. Use as little water as possible. Scrub and re-apply 2 coats of linoleum sealer coat every 2-3 years.

Reserve Repairs & Replacements**Treework**

Have all trees inspected by a certified arborist. Perform corrective pruning as needed to ensure maximum health and beauty of trees and avoid potential damage to nearby buildings.

Composition Roof Replacement

When due for replacement, remove and replace existing shingles with comparable quality roofing according to manufacturer specification. Replace all flashing. Coordinate with replacement of gutters and downspouts.

Gutter and Downspout Replacement

Coordinate with Composition Roof Replacement. Remove and replace with comparable material and design.

Eco-Roof Replacement

Remove and protect landscape plant material and soil. Strip off and replace roof membrane and flashing. Re-install gravel, filter fabric and soil, amending as necessary. Re-install plant material. Time work to minimize negative impacts on plant health.

Siding and Trim - Repair

Inspect all siding for loose trim, bad boards, penetrations, and non-performing flashing. Re-nail, patch or remove-and-replace as needed. Coordinate with exterior painting.

Exterior Painting

Power wash all surfaces to remove peeling paint, moss, algae, dirt and other contaminants. Apply mildewcide to areas with mildew. Scrape or brush loose paint and prime all bare spots with primer. Remove and/or provide adequate protection for light fixtures and other hardware. Mask with tape and paper, cover with plastic tarp or otherwise protect windows, other unpainted surfaces, landscaping and personal property from paint drips and/or overspray. Ensure surface to be painted is dry and free of dirt, dust, oils or other contaminants which will prevent adhesion of the coating. Apply paint or stain by brush, spray and/or back-roll in accordance with manufacturer's guidelines, including appropriate weather conditions. Re-seal cedar exterior trellises every two to three years to maintain the protective coat and fresh appearance. Spray high quality paint or sealer product as applies on exterior doors. Clean up all work related debris and dispose of off-site.

Interior Painting

Before repainting, clean walls and ceilings with TSP or natural cleaner. Protect windows, appliances, electrical and plumbing fixtures, cabinets, and personal property. Perform drywall repair as necessary, sand and prime. Brush, spray and back-roll all painted and stained surfaces with no-VOC paint and sealer in accordance with manufacturer's guidelines.

Common House Appliances and HVAC system

When cost of maintenance exceeds cost of replacement or when significantly more efficient models become available, replace common appliances and HVAC system with new ones of equal or greater quality and efficiency.

Paving

Work with a licensed contractor to remove and replace top layer of asphalt paving in driveway areas once existing payment. Coordinate with re-striping and numbering of parking spaces.

Exterior Signage

Repair and replace exterior signage and pavement/curb marking as necessary to comply with ADA, fire department, and other city requirements.

RECEIPT FOR DISCLOSURE STATEMENT

FOR

CULLY GROVE CONDOMINIUM
(A PROPOSED OREGON CONDOMINIUM)
FILE NO. **CO-26-0411-1070**

ADOPTED AND ISSUED BY THE COMMISSIONER ON: **5-31-2011**

NAME AND ADDRESS OF DECLARANT:

CULLY GROVE LLC
6325 N. ALBINA AVE. UNIT #6
PORTLAND, OR 97217

Oregon law requires that you as a prospective purchaser of a Condominium unit be given a copy of a disclosure statement adopted and issued by the Real Estate Commissioner not later than the date the unit sales agreement is fully executed by all parties.

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

The undersigned hereby acknowledges receipt of a copy of the Disclosure Statement issued May 31, 2011, consisting of 11 pages, not later than the date the unit sales agreement is fully executed by all parties.

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

Dated this ____ day of _____, 20__.

Purchaser

Purchaser

THE DECLARANT IS REQUIRED TO RETAIN THIS RECEIPT FOR THREE YEARS
(PURCHASER'S COPY)

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Purchaser

Purchaser

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(DECLARANT'S COPY)