

CONDOMINIUM DISCLOSURE STATEMENT FOR CROSSWATER CONDOMINIUMS

This Disclosure Statement discloses certain pertinent information about **Crosswater Condominiums** (the “**Condominium**”), located at the premises commonly known as 2101 SE Ellis Street, in the City of Portland, Multnomah County, Oregon. This Disclosure Statement has been prepared by RDKN Properties, LLC, an Oregon limited liability company (the “**Declarant**”). Declarant’s telephone number is (503) 970-1125 and its address is PO Box 266, West Linn, OR 97068.

On the date this Disclosure Statement was issued, Declarant had prepared and submitted to the Oregon Real Estate Agency a form of Declaration Submitting Crosswater Condominiums to Condominium Ownership and a form of Bylaws of Crosswater Condominiums Homeowners’ Association. Declarant will record in the Deed Records of Multnomah County, Oregon, a Declaration Submitting Crosswater Condominiums to Condominium Ownership and Bylaws of Crosswater Condominiums Homeowners’ Association. The proposed or final Declaration Submitting Crosswater Condominiums to Condominium Ownership is referred to in this Disclosure Statement as the “**Declaration**,” and the proposed or final Bylaws of Crosswater Condominiums Homeowners’ Association is referred to in this Disclosure Statement as the “**Bylaws**.”

General Description of Condominium

The project contains one (1) building consisting of three (3) stories. The building consists of six (6) dwelling units. The building is of wood frame construction with a combination of Hardiplank horizontal and vertical lap siding, board and batten, tongue and groove cedar and stone siding, and a composition roof.

Declarant is offering a fee simple ownership interest in a unit to the prospective purchaser. The owner of a unit also receives an undivided interest, in common with other unit owners, in the “common elements,” including the “general common elements,” which are described in Section 4.1 of the Declaration, based upon the relative square footage of such owner’s unit compared to the square footage of all units combined as set forth in Section 3.5 of the Declaration. In addition, each unit owner also receives the exclusive right to use those “limited common elements” which pertain to his or her unit. The limited common elements include each porch, and patio or deck located in the front or back of the Units. See Section 5 of the Declaration.

Water and sewer service is provided by the City of Portland. Electricity is furnished by Portland General Electric, and telephone service is provided by Qwest. Natural gas service is provided by NW Natural. Cable television service is available from Comcast. Prospective purchasers may contact these providers for further information on current rates and charges. Access to the project is over public streets. Local services such as fire and police protection, schools, medical facilities and shopping facilities are available in the City of Portland.

Homebuyer Protection Act Compliance

Fidelity National Title Insurance Company has agreed to issue to each purchaser of a Unit in the Crosswater Condominiums an owner's policy of title insurance which will not contain exceptions for construction liens. Such policies will protect purchasers of Units from construction liens pursuant to ORS 87.007, commonly known as the "Homebuyer Protection Act."

Sales Agreements

Declarant will sell units in accordance with Unit Sales Agreements that have been approved in form by the Oregon Real Estate Agency.

The Declarant is not offering any financing to prospective purchasers. Within the time specified in the Unit Sales Agreement each purchaser must apply for loan approval by an institutional lender, or if the purchaser plans to pay in cash without obtaining financing, such purchaser must furnish Declarant with any credit information requested by the Declarant. See Section 3.2 of the Unit Sales Agreement. In the event the purchaser is unable to obtain a loan or satisfy Declarant of purchaser's ability to pay by the date specified in the purchase agreement and after diligent efforts to do so, the Unit Sales Agreement will terminate and purchaser's earnest money will be refunded, unless the time for obtaining such credit approval is extended by the parties.

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 of unit owners (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 5.3 of the Unit Sales Agreement. Any trust deed on the project will provide for release of individual units as they are sold upon payment of a portion of the sales price to the lender. Closing of each sale is conditioned upon release of the unit from any trust deed.

If the purchaser should fail to make any deposit or payment required under the Unit Sales Agreement, Declarant may declare the purchaser to be in default, and, without prejudice to any other rights of Declarant, declare the entire amount paid by the purchaser forfeited to Declarant. 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, Declarant may, in lieu of terminating the agreement, require the purchaser to pay to Declarant at closing 10 percent per annum of the total purchase price, plus tax and assessment prorates, from such date to the date of actual closing. See Section 9.2 of the Unit Sales Agreement.

Each Unit Sales Agreement will contain the following warranty:

“REAL ESTATE WARRANTY. Seller warrants to Purchaser for a period of one year from date of possession that the unit and related limited common elements sold under this agreement will be free of defects in materials or workmanship, in addition, Seller warrants that the general common elements shall be free of defects in materials or workmanship for a period of one year from the date of the first conveyance of a unit in the condominium to a buyer. In the event of any defects covered by such warranty, Seller shall have the right to elect whether to repair or replace the defective item. Purchaser is solely responsible for any consequential damages arising out of such defects. THIS WARRANTY IS GIVEN BY SELLER AND ACCEPTED BY PURCHASER IN LEU OF ANY IMPLIED WARRANTIES AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXCLUDED. This warranty applies only to those items which are integral component parts of the structure, and is not applicable to ‘consumer products’ as defined in the Magnuson-Moss Warranty Act. The latter items may be covered by manufacturer’s warranties, which are available for inspection at Seller’s office. The Association shall be a beneficiary of this warranty with respect to general common elements. A written claim reasonably specifying a breach of this warranty on the unit and the related limited common elements must be delivered to Seller before the expiration of such warranty. A written claim reasonably specifying a breach of the warranty on the general common elements must be delivered to Seller within two years of expiration of such warranty, but the claim must be for a defect existing prior to the expiration of the warranty. Seller shall have sixty (60) days following receipt of the claim within which to repair or replace the defective item, or if such repair or replacement cannot reasonably be completed within sixty (60) days, then to have commenced such repair or replacement and pursue the same with reasonable diligence. An action to enforce the warranty shall not be commenced later than four years after expiration of the warranty.”

See Section 7 of the Unit Sales Agreement.

All other claims must be brought within one (1) year following the turnover meeting described in Section 3.3 of the Bylaws. See Section 8 of the Unit Sales Agreement.

All claims, controversies, or disputes relating to the sale must be resolved through mediation or litigation, unless brought in Small Claims Court. See Section 10 of the Unit Sales Agreement.

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 share of assessments will entitle the Association to file and foreclose a lien on his 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 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 ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined, except for special allocations of certain expenses as set forth in Section 10.6 of the Declaration. See Section 10.6 of the Declaration.

Declarant has prepared an Operating Budget, Reserve Study and Maintenance Plan, a copy of which is attached, which includes an initial projected budget of the Association for the operation and maintenance and other common expenses of the Condominium.

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.

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.

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 thirty (30) years, and for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 6.1.2.2 of the Bylaws. The reserve account need not include those items that could reasonably be funded from operating assessments. The amount of such reserves have been computed on the basis of a reserve study provided by Northwest Community Management. The information constituting the basis for the reserve assessment is attached. 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 board of directors must annually conduct a reserve study or review and update an existing study to determine and adjust reserve account requirements. See Section 6.1.2, and its subsections, of the Bylaws for specific provisions relating to reserves.

Operation and Management of the Condominium

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

Upon the recording of the Declaration Declarant will organize an Association of Unit Owners to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. This Association will be an Oregon nonprofit corporation. As provided in Section 10.2 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 will be entitled to a vote based upon the relative square footage of such unit compared to all units combined.

Articles 2 and 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 12 of the Bylaws.

Article 6 of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements. Article 7 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on certain commercial activities in units and restrictions on pets, and establishes the ability of the Board of Directors to adopt additional rules and regulations. Parking is restricted in the general common elements. Additional use restrictions are contained in Article 8 of the Declaration.

Article 8 of the Bylaws deals with insurance to be carried by the Association, and Article 9 deals with the method of adopting amendments to the Bylaws. Article 15 relates to dispute resolution.

Reserve Study and Maintenance Plan

An initial reserve study for the Condominium has been prepared by a consultant. The reserve study identifies those common elements all or part of which will normally require major maintenance, repair or replacement in more than one (1) and less than thirty (30) years, includes for each item, as applicable, the estimated remaining useful life of each item as of the date of the reserve study, and includes for each item as applicable, an estimated cost of maintenance and repair and replacement at the end of the item's useful life. Each year, the Board of Directors must review and update the reserve study and may adjust the amount of payments for reserves and provide for other reserve items that are deemed appropriate. Pursuant to the initial reserve study, the Declarant has established a reserve account to cover estimated costs of maintenance, repair and replacement as described above, which will be subject to annual review by the Board of Directors of the Association.

A maintenance plan for the Condominium has also been prepared by a consultant. The maintenance plan describes the maintenance, repair and replacement to be conducted by the Association for all property for which the Association has maintenance, repair or replacement responsibility under the Declaration or Bylaws. The Board of Directors must review and update the maintenance plan as necessary.

Unit Owners are responsible for payment of assessments necessary to cover reserves and maintenance pursuant to Article 6 of the Bylaws.

Rights of Declarant

The Declarant has reserved certain rights in the Unit Sales Agreement. These rights include the right to substitute materials of equal quality and the right to make such changes or modifications in the details of the plans and specifications of the unit and project as in the opinion of the project architects or project directors are appropriate or necessary to effect improvements in the project or dwelling facility. The purchaser's consent, however, will be required for any material, adverse change to the property being purchased. If the purchaser does not consent, Declarant may terminate the purchase agreement and refund purchaser's earnest money deposit, together with any interest earned on such funds.

Declarant has also reserved the right to revise or amend the Declaration, Bylaws and Escrow Agreement to the extent reasonable changes may be required by governmental authorities, lenders or title insurance companies. 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, Declarant may terminate the purchase agreement, in which case the purchaser's earnest money, together with any interest earned on such funds, will be refunded.

Declarant has reserved the right, to adopt, on behalf of all unit buyers, 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. See Section 10 of the Declaration and Article 4 of the Bylaws.

The Declarant will have the vote allocated to each unit owned by the Declarant, and will have the right to appoint the Board of Directors of the Association until the first organizational and turnover meeting called by the Declarant. See Sections 2.2 and 3.3 of the Bylaws. Declarant must call the organizational and turnover meeting within three years after the date of the first conveyance of the first unit to a person other than Declarant, or within 90 days after Declarant has sold and conveyed 75 percent or more of the units in the Condominium, whichever is earlier. See Section 3.3 of the Bylaws. At that meeting, the interim directors will resign and the unit owners will elect three directors. See Sections 3.3 and 4.1 of the Bylaws.

The Declarant's prior written consent is required for any amendment to the Declaration or Bylaws so long as Declarant owns 25 percent or more of the units in the Condominium, but no

such consent is required after three years from the date of the conveyance of the first unit to a person other than Declarant. Certain specific amendments will also require Declarant's consent. See Section 13.1 of the Declaration and Article 11 of the Bylaws.

Additional Information

Purchasers should be aware that urban condominium living differs from detached single-family living in that such structures inherently are subject to some sound transmission from unit to unit, from common areas to units and from urban street sounds. 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 noise level that exists in the unit now, and may exist when other units are occupied.

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 established pursuant to Section 6.1.2.2 of the Bylaws identifies the property for which the Association has maintenance and replacement responsibility that requires 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.

Square Footage Notice

THE SQUARE FOOTAGE AREAS STATED IN THE DECLARATION AND THE PLAT 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.

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. Declaration Submitting Crosswater Condominiums to Condominium Ownership. The Declaration contains, among other things, provisions describing the units, the common elements, the rights of mortgagees, easements, and Declarant's rights.
2. Bylaws of the Crosswater Condominiums Homeowners' 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 Declarant and Fidelity National Title Insurance Company. 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.

5. Articles of Incorporation of Crosswater Condominiums Homeowners' Association. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association of Unit Owners.

6. Management Agreement. Any management agreement entered into between the Declarant and a management company dealing with the duties and compensation of the managing agent.

7. Purchasers should carefully review each of the exceptions to title referred to in the preliminary title report which will be furnished to them by Fidelity National Title Insurance Company.

8. In addition, purchasers may be bound by financing instruments, escrow instructions and provisions of the Oregon Nonprofit Corporations Act and 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.