



# State of Oregon Real Estate Agency

1177 Center Street NE  
SALEM, OREGON 97301-2505

## Condominium Disclosure Statement

**LODGES AT CANNON BEACH, A CONDOMINIUM**  
(AN OREGON CONDOMINIUM)  
FILE NO. **CO-04-1208-063**

ADOPTED AND ISSUED BY THE COMMISSIONER ON: **01-30-2009**  
REVISED: **03-04-2009**

NAME AND ADDRESS OF DECLARANT:  
**ESCAPE INVESTMENTS, LLC**  
**3287 SOUTH HEMLOCK STREET**  
**CANNON BEACH, OREGON 97110**

### **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 LODGES AT CANNON BEACH, A CONDOMINIUM**

This Disclosure Statement discloses certain pertinent information about **LODGES AT CANNON BEACH, A CONDOMINIUM** (the “**Condominium**”), located at 132 East Surfcrest Street, Cannon Beach, Oregon 97110, in the City of Cannon Beach, Clatsop County, Oregon. This Disclosure Statement has been prepared by **ESCAPE INVESTMENTS, LLC**, an Oregon limited liability company (the “**Developer**”). Developer's telephone number is 503-436-2480 and its address is PO Box 1037, 3287 S. Hemlock Street, Cannon Beach, Oregon 97110.

On the date this Disclosure Statement was issued, Developer had prepared and submitted to the Oregon Real Estate Agency a proposed form of Declaration submitting each stage of the Condominium to condominium ownership and a proposed form of Bylaws of Association of Unit Owners of Lodges at Cannon Beach, A Condominium (the “**Association**”). Developer will record in the Deed Records of Clatsop, Oregon, final Declarations submitting each stage of the Condominium to condominium ownership and a final Bylaws of the Association. The proposed or final Declarations submitting each stage of the Condominium to condominium ownership are collectively referred to in this Disclosure Statement as the “**Declaration**,” and the proposed or final Bylaws of the Association is referred to in this Disclosure Statement as the “**Bylaws**.”

**General Description of Condominium**

Developer intends to develop the Condominium in stages. Stage 1 contains four buildings, each of which contains two stories without basements. The buildings are of wood frame construction with stone and cedar siding and composite roofs. Stage 1 consists of four two-bedroom and four three-bedroom units, for a total of eight units.

Developer 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” described in Article 5 of the Declaration, based on the relative square footage of such owner's unit compared to the square footage of all units combined. See Article 7 of the Declaration. In addition, each unit owner also receives the exclusive right to use those “limited common elements” that pertain to his or her unit. The limited common elements include the patios and decks that adjoin the units and assigned carport parking spaces. See Article 6 of the Declaration.

Stage 1 is completed and is served by the following utility providers:

Water and Sewer Service:	City of Cannon Beach
Electricity:	Pacific Power
Telephone:	Qwest
Natural Gas:	NW Natural
Cable Television:	Charter Communications

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 Cannon Beach.

### **Plan of Development**

Developer has reserved the right to develop the Condominium in stages, containing no more than 16 units. No additional stage may be added to the Condominium, however, more than seven years after the date of recording of the Declaration. Such date may be extended for up to two additional years by an amendment adopted pursuant to Section 16.2 of the Declaration. Developer does not propose to include in future stages any common elements that would substantially increase the proportionate amount of the common expenses payable by the owners of units in Stage 1, except water feature, landscaped area and gazebo. The allocation of undivided interests in the common elements will change if additional stages are annexed to the Condominium. Such allocation will be determined by the ratio of the area of each unit compared to the total area of all units then existing in the Condominium. See Article 15 of the Declaration for further information on the plan of development.

### **Sales Agreements**

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, or if the purchaser plans to pay in cash without obtaining financing, such purchaser must furnish Developer with any credit information requested by Developer. If the purchaser is unable to obtain a loan on satisfactory terms or to satisfy Developer of purchaser's ability to pay by the date specified in the purchase agreement and after making 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, or a change in loan terms, or for any other reason (other than a breach of the agreement by Developer), then the purchaser's earnest money deposit will be paid to and retained by Developer. See Section 3.2 of the Unit Sales Agreement.

At closing, the purchaser will be responsible for the recording fee for the deed and warranty, 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, the purchaser's portion of the escrow fee, and all fees, costs and expenses in connection with the 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 closing occurs prior to expiration of the construction lien period and the purchaser is paying in cash or the purchaser's lender does not require construction lien title insurance coverage, then the purchaser will be asked to sign a Waiver of Protections from Subcontractors Liens at closing. Signing such a waiver will not affect or reduce the obligation of Developer to convey the unit free of such liens. See Section 5.5 of the Unit Sales Agreement.

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. If 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 Section 9.2 of the Unit Sales Agreement.

Each purchaser will receive a warranty in the form attached as Exhibit A.

Certain claims, controversies, or disputes relating to the sale must be resolved through mediation or arbitration. See Sections 10 and 11 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 or her share of assessments will entitle the Association to file and foreclose a lien on the 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 on the ratio that the number of bedrooms in the particular unit bears to the total number of bedrooms in all units combined. See Section 8.1 of the Declaration.

Developer has prepared an initial projected budget of the Association for the operation and maintenance and other common expenses of the Condominium. A copy of the projected budget is attached to this Disclosure Statement.

### **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 30 years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 7.2 of 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. The amount of such reserves has been computed on the basis of a reserve study provided by Schwindt and Co.. The information constituting the basis for the reserve assessment is attached to this Disclosure Statement. 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 5.5 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 that relate to the operation and management of the Condominium.

As provided in Section 14.1 of the Declaration, upon the recording of the Declaration Developer 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. The Association will be an Oregon nonprofit corporation. As provided in Section 14.2 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 owner will be entitled to one vote for each unit owned by that unit owner. See Section 8.2 of the Declaration.

Article 2 of the Bylaws describes the meetings of the Association and the method of voting by members. Article 3 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 4 of the Bylaws describes the officers of the Association.

Article 5 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 6 of the Bylaws.

Article 7 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, Section 7.6 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on commercial activities in units and restrictions on pets, and establishes the ability of the board of directors to adopt additional rules and regulations.

Article 8 of the Bylaws deals with insurance to be carried by the Association and by unit owners, and Article 9 deals with the method of adopting amendments to the Bylaws. Article 10 relates to dispute resolution, including mediation and mandatory arbitration of disputes.

### **Rights of Developer**

Developer 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 Developer, in Developer's sole opinion, deems appropriate. In the event of a variation, change or modification that materially and adversely reduces the value of the unit, the purchaser shall have the right to terminate the Agreement by notice to Developer and the escrow agent given not later than the earlier of (a) within 10 days after notice of the change was given to the purchaser, or (b) at the time of purchaser's inspection and acceptance of the unit. In the event of such termination, purchaser's sole remedy will be the return of the earnest money the purchaser previously paid to the escrow agent, plus any interest earned on such amount. If the purchaser fails to terminate the Agreement within such period, the purchaser will be deemed to have accepted such changes and modifications.

Developer has reserved the right to revise or amend the Declaration, Bylaws and Escrow Agreement to the extent that reasonable changes may be required by governmental authorities, lenders or title insurance companies or that any changes may be required 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 object to the change within 10 days after notice, purchaser shall be deemed to have approved the change. If the purchaser does object in writing within such time period, Developer may terminate the purchase 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, 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. Developer has also reserved certain easements over the common elements. See Sections 12.5 and 14.4 of the Declaration.

Developer will have five votes for each unit owned by the Developer until the earlier of when Developer has sold 75 percent of the total number of units that Developer may submit to the Condominium, or seven years from the date of the first conveyance of a unit, and will have the right to appoint the board of directors of the Association until the first organizational and turnover meeting called by the Developer. See Sections 3.2 and 3.3 of the Bylaws. Developer must call the organizational and turnover meeting within seven years after the date of the first conveyance of the first unit to a person other than Developer, or within 90 days after Developer has sold and conveyed 75 percent or more of the total number of units that Developer may submit to the Condominium, whichever is earlier. See Section 2.2 of the Bylaws. At that

meeting, the interim directors will resign and the unit owners will elect three directors. See Section 3.3 of the Bylaws.

The Developer's prior written consent is required for any amendment to the Declaration or Bylaws for a period of ten years from the date of closing of the sale of the last unit by Declarant to a person other than a successor declarant. See Section 16.2 of the Declaration and Section 9.2 of the Bylaws.

### **Additional Information**

Purchasers should be aware that 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. Developer and the general contractor are building the buildings to meet building codes and as approved by the City, the architects and the engineers. Nevertheless, these are multi-family buildings where there will be activities that may cause sound transfer from one unit to another, such as fluid through pipes, music from sound systems and televisions, and noises from other activities. 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 that may exist when other units are occupied. 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 holes for mounting a flat screen TV, installing boom box or sound equipment on the common walls between the condominium units must be approved by the Association. This could have the potential of altering the STC ratings designed by the general contractor, developer engineers, architects or consultants and alter any warranty the purchaser may have regarding sound issues.

Any completion date set forth in the unit sales agreement or this Disclosure Statement or otherwise furnished by Developer or Developer's agents, is only an estimate. Developer does not guarantee that the unit will, in fact, be ready for occupancy on such date.

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 Condominium declaration and 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 project may or may not be built according to the specific plans and specifications in existence on the date of the sales agreement. In any case, no building is built 100 percent in accordance with its plans and specifications. Minor variations in unit size or modifications to the design plan or appearance of other units within the Condominium, or variations, changes or modifications in the detail of the plans and specifications do not require the purchaser's consent unless they materially and adversely reduce the value of the unit.

The Condominium will need certain periodic maintenance and inspections in order to ensure the safety of the property and that its various components last for their projected useful lives. The Maintenance Plan established pursuant to Section 7.2 of the Bylaws identifies the components of the common elements requiring periodic and regularly scheduled maintenance and inspections. Seller may deliver an Owner's Manual to each purchaser that describes the periodic inspections and maintenance required to keep the unit in good condition. Failure to follow the Maintenance Plan or Owner's Manual could impair the safety of the Condominium, reduce the useful lives of its components and increase future maintenance costs and release Developer and its design professionals, contractors and subcontractors and their consultants from claims for loss or damage to the extent that such loss or damage results from such failure to follow the Maintenance Plan or Owner's Manual.

Under the terms of the Unit Sales Agreement, Developer will be liable to the purchaser or the Association for mold, dry rot or other results of water intrusion only to the extent caused by construction defects and will not be liable for damage relating to mold or dry rot (a) caused by sources other than construction defects, such as living conditions and personal living habits, (b) to the extent resulting from failure of the unit owner or the Association to properly manage and maintain the project, including, without limitation, failure to regularly inspect for water intrusion or to maintain caulking and seals, or (c) to the extent resulting from failure to promptly notify the Developer of evidence of moisture penetration, mold or dry rot or to permit Developer to inspect or remedy the problem. Developer's responsibility is limited to correcting the construction defect and repairing the resulting damages to the project. Developer will not be responsible for consequential damages such as damages to personal property, personal injury, loss of income or emotional distress.

Units are being offered to the public for the personal use by the purchasers, not for any expectation of profit or return from the unit. Developer is making no representations of any investment potential of the units, including potential for rental income, for resale at a profit, or for any expected tax benefit.

Purchasers should be aware that the Condominium is located within a coastal tsunami hazard zone and accept the risks and dangers inherent in such a location. Purchasers should obey any tsunami warnings issued by authorities.

### **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. Declarations submitting the various stages of Lodges at Cannon Beach, A Condominium to Condominium Ownership. The Declarations contain, among other things, provisions describing the units, the common elements, the rights of mortgagees, easements, and Developer's rights.

2. Bylaws of the Association of Unit Owners of Lodges at Cannon Beach, A Condominium. 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. Plats of the various stages of Lodges at Cannon Beach, A Condominium. The plat shows the location of all buildings, the designation, location, dimensions and square footage of the units, the limited common elements, if any, pertaining to each unit and the general common elements of the condominium project.

4. Escrow Agreement between Developer and Pacific Title. This document provides for deposit of funds into escrow and outlines a general procedure for the closing of unit sale transactions.

5. Unit Sales Agreement. This document sets forth the rights and obligations of the seller and the purchaser and includes a notice to the purchaser of a statutory right to cancel the transaction within five business days.

6. Articles of Incorporation of the Association of Unit Owners of Lodges at Cannon Beach, A Condominium. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association.

7. Management Agreement between the Association and Escape Lodging Company which deals with the duties and compensation of the managing agent.

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

9. In addition, purchasers may be bound by financing instruments, 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

AFTER RECORDING RETURN TO:

Escape Investments, LLC  
PO Box 1037  
Cannon Beach, Oregon 97110

### CONDOMINIUM WARRANTY

**THIS CONDOMINIUM WARRANTY** (this “**Agreement**”) is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by **ESCAPE INVESTMENTS, LLC**, an Oregon limited liability company (“**Seller**”) and \_\_\_\_\_ (“**Purchaser**”).

### RECITALS

A. Seller is a licensed developer who arranged for the construction of the Lodges at Cannon Beach, A Condominium (the “**Condominium**”) in the City of Cannon Beach, Clatsop County, Oregon.

B. Purchaser is the original owner of Unit \_\_\_\_ of the Condominium.

C. In accordance with ORS 701.605 and 205.246(1)(y), Seller and Purchaser wish to record the express warranty being furnished by Seller to Purchaser.

**NOW, THEREFORE**, Seller and Purchaser agree as follows:

#### 1. STATUTORY WARRANTY.

1.1 Express Warranty. Pursuant to ORS 100.185, 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 or one year from the date of completion of the specific general common elements whichever is later. This warranty applies only to those items that 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.

1.2 Seller’s Obligations and Limitations on Seller’s Obligations. In the event of any defects covered by such warranty, Seller, at Seller’s option, shall either repair or

Exhibit A

replace the defective item. Seller will be responsible for repairing any actual damages directly resulting from the defect, but shall not be responsible for any consequential damages arising out of such defect. Seller shall not be responsible for any damages resulting from lack of or improper maintenance or monitoring of the property by Purchaser or the Association or from failure of Purchaser or the Association to provide Seller with prompt notice of the defect. See the attached Disclaimer and Waiver – Mold and Dry Rot for additional limitations on claims for mold and dry rot damage.

1.3 **Implied Warranties Excluded.** THIS WARRANTY IS GIVEN BY SELLER AND ACCEPTED BY PURCHASER IN LIEU OF ANY IMPLIED WARRANTIES AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXCLUDED.

1.4 **Association as Beneficiary.** The Association shall be a beneficiary of this warranty with respect to the general common elements.

1.5 **Time Period Within Which Claim Must Be Asserted.** 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. An action to enforce the warranty shall not be commenced later than four years after expiration of the warranty.

1.6 **Procedure for Asserting Claims; Seller's Right to View, Inspect and Respond.** Purchaser may not commence arbitration or litigation against Seller or any contractor, subcontractor or supplier for construction defects unless Purchaser has given written notice of the claim and permitted them to view, inspect and respond to the claimed defect, as provided in ORS 701.550 to 701.595.

**OREGON LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY COMMENCE ARBITRATION OR A COURT ACTION AGAINST ANY CONTRACTOR, SUBCONTRACTOR OR SUPPLIER FOR CONSTRUCTION DEFECTS. BEFORE YOU COMMENCE ARBITRATION OR A COURT ACTION YOU MUST DELIVER A WRITTEN NOTICE OF ANY CONDITIONS YOU ALLEGE ARE DEFECTIVE TO THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER YOU BELIEVE IS RESPONSIBLE FOR THE ALLEGED DEFECT AND PROVIDE THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW. FAILURE TO MEET THOSE DEADLINES OR FOLLOW THOSE PROCEDURES WILL AFFECT YOUR ABILITY TO COMMENCE ARBITRATION OR A COURT ACTION.**

Exhibit A

1.7 **Personal Property.** Purchaser acknowledges that any warranties on appliances, equipment, and other consumer products as defined in the Magnuson-Moss Warranty Act or the Uniform Commercial Code installed in the unit are those of the manufacturer or supplier only and that Seller does not warrant such items, but to the extent assignable, these manufacturers' or suppliers' warranties will be assigned to Purchaser effective on the closing date. Seller shall reasonably cooperate with any such claims Purchaser may elect to pursue against the manufacturer, provided there is no cost or liability to Seller. If Seller receives any payment from a manufacturer after closing as a result of product deficiencies applicable to the unit, Seller shall deliver such payment to Purchaser after deduction of Seller's costs. Seller does not represent or guarantee the existence or validity of any manufacturer or supplier warranties or the performance by any manufacturer or supplier of its warranty obligations. With respect to any manufactured products, Purchaser expressly assumes the risk, as against Seller, that such products may be deficient, substandard or defective. Purchaser also acknowledges that the warranty of all appliances, equipment and other consumer products placed in the common elements by Declarant, if any, are those of the manufacturer or supplier only and that Seller does not warrant such items.

## **2. CLAIMS OTHER THAN CLAIMS BASED ON STATUTORY WARRANTY CLAIMS.**

2.1 **Release and Waiver of Past, Present, and Future Claims Other Than Statutory Warranty Claims Regarding Condition of Property.** Except with respect to statutory warranty claims under Section 1 above, **Purchaser hereby releases and waives any claim whenever arising against Seller or its agents, brokers, successors, employees, affiliates, representatives, officers, directors, members and managers, against any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the project at any time before this sale is final, and their insurers and reinsurers, against any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the project, and their insurers and re-insurers, or against the association or any board member thereof (collectively, the "Seller Parties"), relating to or arising from the condition of the Property at any time.** This waiver is absolute and unconditional, and this release and waiver applies whether or not Purchaser has knowledge of any actual or potential cause of action for such claims. This waiver applies to claims under any legal theory, including but not limited to negligence, negligence per se, negligent misrepresentation, defective construction, breach of contract or express or implied warranty (except as set forth in Section 1 above), unlawful trade practice, breach of fiduciary duty, strict liability, nuisance, trespass or any other theory, whether arising from statute, contract, tort or otherwise. This waiver includes, without limitation, claims relating to construction defects, design defects, inspection defects, water intrusion, mold, mildew, dry rot, fungus and/or odors in the unit or common elements; products or conditions in the unit or common elements, including for example carbon monoxide, radon or carpet glue; noise or sound transmission; loss of use; emotional distress; incidental or consequential damages; attorney fees and costs; or relocation expenses (temporary or otherwise). Purchaser acknowledges that Seller would have required a significantly higher purchase price for the unit if Purchaser refused to accept the Property on such basis, required any further warranty, or declined to provide the foregoing release and waiver. This release and waiver shall be binding upon Purchaser, all successor owners, buyers or occupants of the unit, the association, and their

Exhibit A

respective employees, contractors, property managers, brokers, heirs, successors, assigns, guests and invitees. Purchaser agrees that claims of the Association are derivative of claims of unit owners and that the association will be bound by the foregoing waiver. This waiver shall act as a complete bar and defense against any released or waived claim. Purchaser agrees to require this release and waiver be included as a term in any future sale or lease of the unit, the project or the Property, and that Purchaser shall indemnify, defend, reimburse and hold the Seller Parties harmless from any claim, suit, demand, damage, liability or expense resulting from the failure to do so. **Purchaser acknowledges that Purchaser has read and understands this waiver and that Purchaser has had an opportunity to seek and consult counsel regarding this waiver.**

2.2 **Time Periods Within Which Claims Must be Asserted.** It is the intent of the parties that the releases and waivers of claims in this Section 2 be comprehensive and final. To the extent that it is determined that any claim against any Seller Party, under any legal theory, including, without limitation, those claims listed in Section 2.1 above, survives the foregoing release and waiver for any reason, such claim must be brought under the initial dispute resolution procedures set forth in Section 10.2(a) of the Bylaws within 90 days after the date the Association or Purchaser knew or reasonably should have known of facts sufficient to put them on notice of the claim, **or if earlier**, with respect to the unit and related limited common elements, by no later than the first anniversary of the closing date of this sale or, with respect to the general common elements, within 90 days after the date of the turnover meeting as described in Section 2.2 of the Bylaws. Any arbitration or litigation based upon such claims must be instituted within 90 days after completion of the mediation proceedings under Section 10.2(b) of the Bylaws, or if shorter, the applicable statute of limitations. **Any and all such claims not brought within these time periods will be deemed time barred, regardless of when the Association or unit owners actually discovered the alleged basis for the claim.**

3. **DISPUTE RESOLUTION.** Any claim by the Association or any unit owner against Seller or any contractor, subcontractor, supplier, consultant or design professional of every tier performing any work or services in connection with the Condominium, and their agents, brokers, successors, employees, affiliates, representatives, officers, directors, managers and members and their insurers and re-insurers, related to the design, construction or condition of the Condominium, including, but not limited to, claims for defective or negligent construction or design or failure to disclose a defective condition, shall be resolved in accordance with the dispute resolution procedures set forth in Sections 10.2 and 10.3 of the Bylaws.

4. **BENEFITS AND BURDENS.** This Agreement shall benefit and burden subsequent owners of the units described above.

**PURCHASER:**

\_\_\_\_\_  
\_\_\_\_\_

**SELLER:**

**ESCAPE INVESTMENTS, LLC,**  
an Oregon limited liability company

By: \_\_\_\_\_  
Patrick Nofield, Member

STATE OF OREGON            )  
  )ss.  
COUNTY OF                    )

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
\_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My commission expires:  
Commission No.:

STATE OF OREGON            )  
  )ss.  
COUNTY OF                    )

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
\_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My commission expires:  
Commission No.:

STATE OF OREGON            )  
  ) ss.  
County of                    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
20\_\_ by Patrick Nofield, Member of Escape Investments, LLC, an Oregon limited liability  
company, on its behalf.

\_\_\_\_\_  
Notary Public for Oregon  
My commission expires:  
Commission No.:

Exhibit A

## **DISCLAIMER AND WAIVER – MOLD AND DRY ROT**

The responsibility of the developer is limited to those things that can be controlled during construction. By the same token, it is the responsibility of the unit owner or the unit owners' association to properly monitor, manage, and maintain the project after purchase. This includes elimination of other sources of moisture, a regular program of caulking, sealing and replacing as needed of all surfaces including but not limited to roofs, decks, doors, vents, and window and wall systems against leaks and continued monitoring for signs of water intrusion, moisture, mold or dry rot.

Accordingly, the Seller's responsibility for mold or dry rot damage will be limited to such damage as may be caused by construction defects and will not apply to damage relating to mold or dry rot (a) caused by sources other than construction defects, including, but not limited to, living conditions or personal living habits, (b) to the extent resulting from failure of the unit owner or the unit owners' association to properly manage and maintain the project, including, without limitation, failure to regularly inspect for water intrusion or to maintain caulking and seals, or (c) to the extent resulting from failure to promptly notify the Seller of evidence of moisture penetration, mold or dry rot or to permit Seller to inspect or remedy the problem. Seller's responsibility is limited to correcting the construction defect and repairing the resulting damages to the project. The Seller will not be responsible under any legal theory (including, but not limited to, negligence) for consequential damages such as damages to personal property, personal injury or illness, loss of income or emotional distress. Claims regarding mold or dry rot must be asserted within the time periods and in the same manner as any other warranty claims as provided in the Statutory Warranty contained in Section 1 of this Agreement.

**The Purchaser hereby expressly waives all claims and causes of action against the Seller in connection with mold or dry rot or other fungal growth and any damages related thereto, except to the extent expressly set forth in this Addendum.**

**LODGES AT CANNON BEACH**  
**A CONDOMINIUM**  
**PHASE I**  
**OPERATING BUDGET**  
**MAINTENANCE PLAN - OFF SITE**  
**RESERVE STUDY - OFF SITE**  
**FULLY FUNDED THRESHOLD METHOD**  
**2009**



*A Professional Corporation  
 Member American Institute of  
 Certified Public Accountants /  
 Oregon Society of Certified Public  
 Accountants*

September 24, 2008

Lodges at Cannon Beach, a Condominium  
 c/o Patrick Nofield  
 3287 S. Hemlock St.  
 Cannon Beach, Oregon, 97110

Dear Patrick,

The following are annual and monthly operating, maintenance, and reserve budget amounts for the Lodges at Cannon Beach, a Condominium.

<u>Operating/Maintenance</u>	<u>Annual</u>	<u>Monthly</u>
<b>Residential &amp; Commercial Shared Expenses:</b>		
Annual Property Inspection	\$ -	\$ -
Roof Maintenance/Inspection	500	42
Gutters and Downspouts Cleaning	-	-
Fire Suppression Maintenance	350	29
Insurance	8,700	725
General Building Maintenance	5,000	417
Garbage	2,400	200
Water/Sewer	4,800	400
Landscape Maintenance	9,600	800
Association Operations	200	17
Tax Prep	325	27
Property Management	6,000	500
Reserve Study & Maint. Plan Update	750	63
Bank Fees	75	6
Licenses and Fees	75	6
<b>Total Shared Operating Expenses:</b>	<b>\$ 38,775</b>	<b>\$ 3,232</b>
<b>Total Reserve Expenses:</b>	<b>\$ 19,000</b>	<b>\$ 1,583</b>
<b>Total Operating &amp; Reserve Expenses:</b>	<b>\$ 57,775</b>	<b>\$ 4,815</b>

If you have any questions concerning this budget, please do not hesitate to call.

Sincerely,

David T. Schwindt, CPA

3407 SW CORBETT AVENUE  
 PORTLAND, OREGON 97239  
 PHONE (503) 227-1165  
 FAX (503) 227-1423  
 E-MAIL CPA@SchwindtCo.com

**Lodges at Cannon Beach Condominiums  
Assessments  
Year 2009**

Unit Number	Unit S.F.	Number of Bedrooms	Share of Common Expenses	Annual Operating / Maintenance	Monthly Operating / Maintenance	Annual Reserve	Monthly Reserve	Annual Total	Monthly Total
A1 Total	1942	3	3/20	\$ 5,816.25	\$485	\$2,850	\$238	\$8,666	\$722
A2 Total	1924	3	3/20	\$ 5,816.25	\$485	\$2,850	\$238	\$8,666	\$722
B1 Total	1659	2	1/10	\$ 3,877.50	\$323	\$1,900	\$158	\$5,778	\$482
B2 Total	1615	2	1/10	\$ 3,877.50	\$323	\$1,900	\$158	\$5,778	\$482
C1 Total	1931	3	3/20	\$ 5,816.25	\$485	\$2,850	\$238	\$8,666	\$722
C2 Total	1458	2	1/10	\$ 3,877.50	\$323	\$1,900	\$158	\$5,778	\$482
D1 Total	1875	3	3/20	\$ 5,816.25	\$485	\$2,850	\$238	\$8,666	\$722
D2 Total	1556	2	1/10	\$ 3,877.50	\$323	\$1,900	\$158	\$5,778	\$482
<b>Total</b>	<b>13960</b>	<b>20</b>	<b>1</b>	<b>\$ 38,775.00</b>	<b>\$3,232</b>	<b>\$19,000</b>	<b>\$1,583</b>	<b>\$57,775</b>	<b>\$4,815</b>

**LODGES AT CANNON BEACH**

**A CONDOMINIUM**

**PHASE I**

**MAINTENANCE PLAN - OFF SITE**

**RESERVE STUDY - OFF SITE**

**FULLY FUNDED THRESHOLD METHOD**

**2009**

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Maintenance Plan

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**LODGES AT CANNON BEACH**

**A CONDOMINIUM**

**PHASE I**

**Maintenance Plan  
Reserve Study  
Disclosure Information  
2009**

We have conducted a Reserve Study and Maintenance Plan for the Lodges at Cannon Beach, A Condominium for the year beginning January 1, 2009 in accordance with guidelines established by Community Associations Institute and the American Institute of Certified Public Accountants.

This Reserve Study and Maintenance Plan are in compliance with the legislative changes made in 2007 to ORS Chapters 94 and 100.

We have no other involvement with the Association other than providing the Operating Budget, Reserve Study and Maintenance Plan.

Schwindt & Company believes that every Association should have a complete building envelope inspection within 12 months of completion of all construction. This inspection must be performed by a licensed building envelope inspector. Ongoing inspections of the property should be performed by a licensed inspector, with the exception of a roof inspection which may be performed by a licensed roofing contractor.

Assumptions used for inflation, interest and other factors are detailed in PAGE 1-2. This reserve study incorporates a provision for income taxes by reducing the net amount of interest earned

David T. Schwindt, the representative in charge of this report is a designated Reserve Study Specialist, Professional Reserve Analyst, and Certified Public Accountant licensed in the State of Oregon.

**According to article 5 of the Declaration, "The general common elements consist of all portions of the Condominium that are not part of a unit or a limited common element."**

**According to article 6 of the declaration, "All patios and decks, each of which shall pertain to the unit that it adjoins as shown on the Plat" and "Parking spaces within carport structures designated as limited common elements in the Plat, each of which shall pertain to the unit indicated in the attached Exhibit B."**

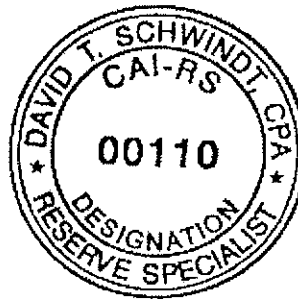
The property is currently under construction; no onsite visit was performed. All information regarding the useful lives and costs of reserve components were derived by the developer, Schwindt & Company, and various construction pricing and scheduling manuals.

The terms RS Means and National Construction Estimator refer to construction industry estimating databases that are used throughout the industry to establish cost estimates and useful life estimates for common building components and products. We suggest that the Association obtain firm bids for these services.

We are not aware of any material issues which, if not disclosed, would cause a material distortion of this report.

Certain information such as the beginning balance of reserve funds and other information as detailed on the component detail reports were provided by Association representatives and are deemed to be reliable by us. This reserve study is a reflection of the information provided to us and cannot be used for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.

Onsite inspections should not be considered a project audit or quality inspection of Association property.



**LODGES AT CANNON BEACH**

**A CONDOMINIUM**

**PHASE I**

**MAINTENANCE PLAN**

**2009**

## Executive Summary

Regular maintenance of common elements is necessary to insure the maximum useful life and optimum performance of components. Of particular concern are items that may present a safety hazard to residents or guests if they are not maintained in a timely manner and components that perform a water-proofing function.

This maintenance plan is a cyclical plan that calls for maintenance at regular intervals. The frequency of the maintenance activity and the cost of the activity at the first instance follow a short descriptive narrative. This maintenance plan should be reviewed on an annual basis when preparing the annual operating budget for the Association

Checklists, developed by Reed Construction Data, Inc., can be photocopied or accessed from the RS Means web site:

<http://www.rsmeans.com/supplement/67346.asp>

They can be used to assess and document the existing condition of an association's common elements and to track the carrying out of planned maintenance activities.

**LODGES AT CANNON BEACH,  
A CONDOMINIUM  
PHASE I  
Maintenance Plan  
2009**

**Pursuant to Oregon State Statutes Chapters 94 and 100 requiring a maintenance plan as an integral part of the reserve study, the maintenance procedures are as follows:**

**The Board of Directors should refer to this maintenance plan each year when preparing the annual operating budget for the Association to ensure that annual maintenance costs are included in the budget for the years that they are scheduled.**

**Property Inspection**

Schwindt & Co. recommends that a provision for the annual inspection of common area components be included in the maintenance plan for all Associations. This valuable management tool will help to ensure that all components achieve a maximum useful life expectancy and that they are functioning as intended throughout their lifespan.

The inspection should be performed by a qualified professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is included in the annual operating budget for the Association.

Cost: Included in Property Management                      Frequency: Annually

**Building Envelope Inspection**

Schwindt & Co. recommends that all Associations perform a building envelope inspection within 12 months of substantial completion of all construction or immediately upon detection of any water intrusion or mold problems. This inspection process may involve invasive testing if the problems detected are serious enough to warrant such measures.

The inspection should be performed by an architect, engineer or State licensed inspector who is specifically trained in forensic water-proofing analysis. The report should include a written summary of findings with recommendations for needed repairs or maintenance procedures.

All reserve studies and maintenance plans prepared by Schwindt & Co. assume that any such recommendations will be followed and that all work will be performed by qualified professionals.

A complete envelope inspection will usually be required only one time although a visual review of the building exterior may be advisable on a periodic basis under certain circumstances. The Association should consult with the inspector(s) who performs the original assessment to determine the best course of action for their individual situation.

This expense should be included in the Association's annual operating budget for the year in which it is scheduled.

Cost: Per Consultant    Frequency: Once

**Roof Inspection & Maintenance**

Schwindt & Co. recommends that a provision for the periodic inspection and maintenance of roofing and related components be included in the maintenance plan for all associations.

The frequency of this inspection will vary based on the age, condition, complexity and remaining useful life of the roof system. As the roof components become older the Association is well advised to consider increasing the frequency of this critical procedure.

The inspection should be performed by a qualified roofing professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance. Recommended maintenance should be performed promptly by a licensed roofing contractor.

The manufacturer of the roof is Malarkey. Refer to the O'Brien Constructors LLC maintenance manual for further details regarding the warranty information and maintenance procedures of the roof.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is included in the annual operating budget for the Association for the year in which it is scheduled.

Cost: \$500

Frequency: Annually

### **Gutter & Downspout Maintenance**

Schwindt & Co. recommends that all gutters and downspouts be cleaned, visually inspected and repaired as required every six months in the spring and fall.

This important maintenance procedure will help to ensure that the gutters & downspouts are free-flowing at all times thus preventing the backup of water within the drainage system. Such backup can lead to water ingress issues along the roof edges, around scuppers or other roof penetrations and at sheet metal flashing or transition points that rely on quick and continuous discharge of water from surrounding roof surfaces to maintain a watertight building exterior.

Refer to the O'Brien Constructors LCC maintenance manual for further details regarding the warranty information and maintenance procedures of the gutters and downspouts.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Annually

### **Lighting: Exterior & Common Area Interior - Inspection/Maintenance**

*Note: Replacement of flickering or burned-out bulbs or lamps should be immediate.*

Lighting is a crucial element in the provision of safety and security. All lighting systems should be inspected frequently and care must be taken to identify and correct deficiencies.

Various fixture and lamp types may be used according to area needs. Lighting systems should be designed to provide maximum, appropriate illumination at minimal energy expenditures. Lighting maintenance processes should include a general awareness of factors that cause malfunctions in lighting systems, such as dirt accumulation and lumen depreciation. It is important to fully wash, rather than dry-wipe, exterior surfaces to reclaim light and prevent further deterioration.

Note deficiencies, required maintenance and repairs after completion of the review.

Repairs and inspections should be made by a qualified professional.

This expense is included in the annual operating budget for the Association as general property maintenance expense.

Cost: Included in General Building Maintenance      Frequency: Bi-Weekly

### **Landscape Maintenance**

The Association will be responsible for maintenance and upkeep of common area landscape throughout the property. This may include mowing lawn, removal of weeds, and dead-heading of flowers. Landscape techniques vary depending on the foliage and season.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is included in the Association's operating budget.

Cost: \$15,000      Frequency: Annually

### **Lawn Irrigation System - Minor Repairs**

Periodic upgrades to the lawn irrigation system should be anticipated with this type of component. These maintenance procedures will include replacement of the control mechanism, replacement of damaged piping, upgrading of sprinkler heads and valve components and any other work that is advised by repair professionals.

Lawn irrigation systems also require periodic testing to ensure proper operation. Sometimes this testing is mandated by ordinance or building codes. All work on lawn irrigation systems must be performed by licensed contractors who specialize in this type of work.

All testing and any routine maintenance is assumed to be included in the operating budget.

Cost: Included in landscaping maintenance      Frequency: Annually

### **Trees - Maintenance**

The Association will be responsible for trimming trees and shrubs in the common area throughout the property. Trees and shrubs should be kept clear of the building components.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense should be included in the Association's operating budget.

Cost: Included in landscaping maintenance      Frequency: Annually

### **Exterior Wood Maintenance - Painting/Staining**

Maintenance of the exterior siding includes regularly scheduled cleaning and inspection of the surface areas for cracks, peeling paint or other sealants, deterioration of the base material and failure of caulking or other sealant materials that serve a waterproofing function. This

This maintenance provision is for the periodic painting of the exterior board and batten, shingle siding, trim and exterior doors. The siding should be cleaned, repaired as required, primed and painted with

premium quality exterior house paint in accordance with the siding manufacturer's specifications. The work should be performed by a qualified, licensed painting contractor.

Refer to the O'Brien Constructors LCC maintenance manual for further details regarding the warranty information and maintenance procedures of the siding.

This expense is included in the reserve study for the Association.

Cost: \$21,738

Frequency: Every 5 years, starting in 2013

### **Exterior Stone Siding Maintenance - Cleaning and Sealing**

This maintenance provision is for the periodic power washing and sealing of the exterior stone siding. The siding should be washed of all dirt, moss and debris and then sealed with a clear coat. This work should be performed by a qualified professional.

This expense is included in the operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Annually

### **Exterior Walls - Inspection and Maintenance**

Wood siding, trim, and other wood building components should be inspected for loose, missing, cracked or otherwise damaged components. Sealant joints should check for missing or cracked sealant.

Painted surfaces should be checked for paint deterioration, bubbling, or other signs of deterioration.

Dryer vents should be checked **twice annually** and cleared of lint. Check operation of exhaust baffles to make sure they are present and move freely. Exhaust ducts should be cleared of debris **every 3 years**.

**The payment for maintenance and the performance of maintenance repair of dryer vents, exhaust baffles, and exhaust ducts is solely the responsibility of the Owners.**

Any penetrations of the building envelope such as utility lines and light fixtures should be checked annually for signs of water intrusion. Hose bibs should be checked for leaks and other failures. Each hose bib should be shut off and drained during the winter to prevent damage from freezing.

Annual inspections to check for signs of water intrusion should be made of the building envelope interfaces such as where the windows intersect with the walls and where the walls intersect with the roof.

Repairs and maintenance should be made as required.

Inspections should be made by a qualified professional.

This expense is included in the annual operating budget for the association.

Cost: Included in the general building maintenance      Frequency: Annually

### **Garage Doors - Staining**

The garage doors will need to be cleaned, prepped and stained with premium quality stain. The work should be performed by a qualified, licensed painting contractor.

The cost is included in the Association's reserve study.

Cost: \$4,679

Frequency: Every 5 years, starting in 2013

### **Asphalt Maintenance - Seal Coating**

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or "seal coat" as it is commonly known. This procedure is typically performed every 4-7 years depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor and Associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavement, filling of any surface cracks and patching of any locally damaged pavement surfaces. The emulsion sealer is then applied.

Parking area demarcation lines will need to be renewed each time that a seal coat is applied. The component expense includes the cost of this work as well as the seal coating cost.

This work should be performed by a licensed paving contractor.

This expense is included in the reserve study for the Association.

Cost: \$4,618

Frequency: Every 6 years, starting in 2014

### **Concrete Pavement Maintenance**

Maintenance of the concrete pavement should include cleaning the surface areas with pressure washing equipment that includes the use of a degreasing agent to loosen and remove petroleum based stains that may occur as a result of vehicle fluids. The pavement should also be visually reviewed for signs of undue stress and cracking. Noticeable cracks should be filled with a suitable concrete crack filler to prevent penetration of moisture below the concrete surface which will undermine the integrity of the base material over time.

This expense is included in the reserve study for the Association.

Cost: Included in General Building Maintenance      Frequency: Annually

### **Attics and Crawl Spaces**

**The performance of and payment for the following maintenance procedures is solely the responsibility of the owners. Owners should be made aware of the consequence of not maintaining their property. A method should be adopted for Owners to report problems.**

Attic should be inspected annually to make sure all vents are free of obstructions and exhaust ducts are tight lined to the exterior. Owners should consult a professional if mold is detected.

Crawl spaces should be checked annually to make sure all vents are free of obstructions. Owners should make sure that finish grade is below the height of the vents and vents are clear of debris. Crawl space should be checked for signs of water intrusion or moisture damage to the building structure.

Owners should consult a professional if water related damage is discovered.

## Windows and Doors

Exterior window and door casings, sashes and frames should be inspected annually for twisting, cracking, deterioration or other signs of distress. Hardware and weather stripping should be checked for proper operation and fit. Gaskets and seals should be reviewed for signs of moisture intrusion. Weep holes should be cleaned. These building envelope components should be repaired and replaced as necessary.

The exterior of the windows will also be cleaned once a year by power-washing.

This expense is included in the Associations operating budget.

Cost: Included in General Building Maintenance      Frequency: Annually

## Exterior Stairs, Decks, Balconies, & Patios

Individual decks and balconies should be carefully checked, particularly concrete and wood, on a monthly basis. Concrete should be reviewed for deficiencies such as alkali-aggregate expansion, honeycombing, chips, cracks, stains, lifted areas, tripping hazards, and/or unevenness. Railings should be reviewed for stability, hardware and overall condition. Wood should be reviewed for deficiencies such as dry rot, termites, instability, worn edges, cracks, holes and splintering. Footing/foundation should be reviewed for stability and overall condition deficiencies such as cracks and broken or missing components. Safety review should include, but not be limited to, the sufficient distance maintained between flammables and other surfaces as well as the overall condition of access points such as doors, windows, screens and thresholds.

Cost: Included in General Building Maintenance      Frequency: Annually

## Gas Connections - Review

**The performance of and payment for the following maintenance procedures is solely the responsibility of the owners for their units. Owners should be made aware of the consequence of not maintaining their property. A method should be adopted for Owners to report problems.**

The following check should be performed monthly for all gas connections and main valves throughout the facility. (Do not open and close valves.) The gas company should be contacted if:

- \* There is an odor of gas anywhere at any time.
- \* Valves cannot be turned off or appear to be rusted or damaged
- \* Minor repairs are needed and maintenance personnel do not have adequate training or tools

When gas is detected by odor, building occupants should immediately evacuate, and the gas company and fire department should be contacted.

Possible undetected leakage should be visually checked (*do not open and close valves*) by performing a bubble test with soap and water, or use a handheld combustible gas detector of professional quality.

Note deficiencies, required maintenance and repairs after completion of the review.

This expense is included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Monthly

**This maintenance plan is designed to preserve and extend the useful life of assets and is dependent upon proper inspection and follow up procedures.**

**LODGES AT CANNON BEACH**  
**A CONDOMINIUM**  
**PHASE I**  
**RESERVE STUDY - OFF SITE**  
**FULLY FUNDED THRESHOLD METHOD**  
**2009**

**Lodges at Cannon Beach, A Condominium Phase I  
Category Detail Index**

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Asphalt - Seal Coat I	2014	1-9
Asphalt - Seal Coat II	2038	1-10
Concrete - Renewal	2038	1-11
Concrete Curbing & Wheel Stops - Renewal	2038	1-11
Sidewalk - Renewal	2038	1-12
<b>Roofing</b>		
Roof - Replacement	2038	1-14
<b>Painting</b>		
Siding - Staining	2013	1-15
<b>Lighting</b>		
Exterior Lighting - Replacement	2033	1-16
<b>Grounds Components</b>		
Retaining Wall	unfunded	1-17
<b>Railings</b>		
Exterior Handrails - Replacement	2023	1-18
<b>Doors</b>		
Entry Doors - Replacement	2038	1-19
Garage Doors - Replacement	2038	1-19
Garage Doors - Staining	2013	1-20
<b>Landscaping</b>		
Irrigation System - Major Upgrade	2038	1-21
<b>Decks</b>		
Upper Level Decks - Replacement	2033	1-22
<b>Siding</b>		
Siding - Cedar Board Replacement	2038	1-23
Siding - Shingle Replacement	2038	1-23
Siding - Stone	unfunded	1-24
<b>Signs</b>		
Unit Identification Signs - Replacement	2038	1-25
Total Funded Assets	18	
Total Unfunded Assets	<u>2</u>	
Total Assets	20	

**ASSOCIATION OF UNIT OWNERS OF  
LODGES AT CANNON BEACH, A CONDOMINIUM  
PHASE I**

**Property Description**

The Association of Unit Owners of Lodges at Cannon Beach, a Condominium Phase I consists of 4 buildings with 8 units located in Cannon Beach, Oregon. The Association shall provide exterior maintenance upon each unit, such as paint, maintenance, repair and replacement of roofs, gutters, downspouts, rain drains, and exterior building surfaces.

This study uses information supplied by the developer, and various construction pricing and scheduling manuals to determine useful lives and replacement costs. The property is currently under construction.

Funds will be accumulated in the replacement fund based on estimates of future need for repairs and replacement of common property components. Actual expenditures, investment income and provisions for income taxes however, may vary from estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future funding needs.

**Lodges at Cannon Beach, A Condominium Phase I**  
**Cannon Beach, OR**  
**Fully Funded Threshold Method Summary**

Report Date	July 20, 2008
Account Number	2ldcnn
Budget Year Beginning	January 01, 2009
Budget Year Ending	December 31, 2009
Total Units	8
Phase Development	1 of 2

<i>Required Annual Contribution</i>	
Inflation	4.00%
Annual Assessment Increase	4.00%
Interest Rate on Reserve Deposit	0.95%
Tax Rate on Interest	0.00%
Contingency	0.00%
2009 Beginning Balance	

**Fully Funded Threshold Funding Model Summary**

- This study utilizes the fully funded threshold funding method, which establishes a reserve funding goal that keeps the reserve balance above a specified dollar or percent funded amount. The fully funded threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, "fully funded".
- This reserve study incorporates a provision for income taxes by reducing the net amount of interest earned.
- The following items were not included in the analysis because they have useful lives greater than 30 years: Grading/drainage, foundation/footings, sanitary sewage and storm drains, telephone, cable, and Internet lines.
- This funding scenario begins with an initial contribution of **\$19,000** in **2009** and increases **4%** each year for the remaining years of the study. A minimum balance of **\$19,098** is maintained.
- The purpose of this study is to insure that adequate replacement funds are available when components reach the end of their useful life. Components will be replaced as required, not necessarily in their expected replacement year. This analysis should be updated annually.

***Fully Funded Threshold Method Summary of Calculations***

Required Monthly Contribution	\$1,583.33
<i>\$197.91 per unit monthly</i>	
Average Net Monthly Interest Earned	<u>\$8.17</u>
Total Monthly Allocation to Reserves	\$1,591.50
<i>\$198.93 per unit monthly</i>	

**Lodges at Cannon Beach, A Condominium Phase I  
Fully Funded Threshold Method Projection**

Beginning Balance: \$0

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
2009	19,000	98		19,098
2010	19,760	284		39,142
2011	20,550	480		60,172
2012	21,372	684		82,229
2013	22,227	628	28,420	76,664
2014	23,116	807	4,618	95,970
2015	24,041	1,040		121,050
2016	25,003	1,284		147,337
2017	26,003	1,540		174,880
2018	27,043	1,478	34,578	168,824
2019	28,125	1,756		198,704
2020	29,250	1,991	5,843	224,102
2021	30,420	2,295		256,817
2022	31,636	2,614		291,067
2023	32,902	2,413	55,920	270,462
2024	34,218	2,757		307,437
2025	35,587	3,117		346,141
2026	37,010	3,423	7,393	379,181
2027	38,491	3,817		421,488
2028	40,030	3,740	51,183	414,075
2029	41,631	4,166		459,872
2030	43,297	4,611		507,780
2031	45,028	5,077		557,886
2032	46,830	5,047	54,230	555,533
2033	48,703	3,531	211,825	395,941
2034	50,651	4,039		450,632
2035	52,677	4,572		507,880
2036	54,784	5,129		567,793
2037	56,975	5,712		630,480
2038	59,254		670,238	19,496

**Lodges at Cannon Beach, A Condominium Phase I  
Component Summary By Category**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life
<b>Streets/Asphalt</b>				
Asphalt - Overlay	2032	24	0	23
Asphalt - Seal Coat I	2014	6	0	5
Asphalt - Seal Coat II	2038	6	24	29
Concrete - Renewal	2038	30	0	29
Concrete Curbing & Wheel Stops - Renewal	2038	30	0	29
Sidewalk - Renewal	2038	30	0	29
<b>Roofing</b>				
Roof - Replacement	2038	30	0	29
<b>Painting</b>				
Siding - Staining	2013	5	0	4
<b>Lighting</b>				
Exterior Lighting - Replacement	2033	25	0	24
<b>Grounds Components</b>				
Retaining Wall	<i>unfunded</i>			
<b>Railings</b>				
Exterior Handrails - Replacement	2023	15	0	14
<b>Doors</b>				
Entry Doors - Replacement	2038	30	0	29
Garage Doors - Replacement	2038	30	0	29
Garage Doors - Staining	2013	5	0	4
<b>Landscaping</b>				
Irrigation System - Major Upgrade	2038	30	0	29
<b>Decks</b>				
Upper Level Decks - Replacement	2033	25	0	24
<b>Siding</b>				
Siding - Cedar Board Replacement	2038	30	0	29
Siding - Shingle Replacement	2038	30	0	29
Siding - Stone	<i>unfunded</i>			
<b>Signs</b>				
Unit Identification Signs - Replacement	2038	30	0	29

**Lodges at Cannon Beach, A Condominium Phase I  
Component Funding Model Assessment Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life
<b>Capital</b>				
Asphalt - Overlay	2032	24	0	23
Entry Doors - Replacement	2038	30	0	29
Exterior Handrails - Replacement	2023	15	0	14
Exterior Lighting - Replacement	2033	25	0	24
Garage Doors - Replacement	2038	30	0	29
Irrigation System - Major Upgrade	2038	30	0	29
Retaining Wall	<i>unfunded</i>			
Roof - Replacement	2038	30	0	29
Sidewalk - Renewal	2038	30	0	29
Siding - Cedar Board Replacement	2038	30	0	29
Siding - Shingle Replacement	2038	30	0	29
Siding - Stone	<i>unfunded</i>			
Unit Identification Signs - Replacement	2038	30	0	29
Upper Level Decks - Replacement	2033	25	0	24
<b>Non Capital</b>				
Asphalt - Seal Coat I	2014	6	0	5
Asphalt - Seal Coat II	2038	6	24	29
Concrete - Renewal	2038	30	0	29
Concrete Curbing & Wheel Stops - Renewal	2038	30	0	29
Garage Doors - Staining	2013	5	0	4
Siding - Staining	2013	5	0	4

**Lodges at Cannon Beach, A Condominium Phase I  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2009</i>	
<i>No Replacement in 2010</i>	
<i>No Replacement in 2011</i>	
<i>No Replacement in 2012</i>	
<b>Replacement Year 2013</b>	
Garage Doors - Staining	4,679
Siding - Staining	<u>23,741</u>
Total for 2013	<b>\$28,420</b>
<b>Replacement Year 2014</b>	
Asphalt - Seal Coat I	<u>4,618</u>
Total for 2014	<b>\$4,618</b>
<i>No Replacement in 2015</i>	
<i>No Replacement in 2016</i>	
<i>No Replacement in 2017</i>	
<b>Replacement Year 2018</b>	
Garage Doors - Staining	5,693
Siding - Staining	<u>28,884</u>
Total for 2018	<b>\$34,578</b>
<i>No Replacement in 2019</i>	
<b>Replacement Year 2020</b>	
Asphalt - Seal Coat I	<u>5,843</u>
Total for 2020	<b>\$5,843</b>
<i>No Replacement in 2021</i>	
<i>No Replacement in 2022</i>	
<b>Replacement Year 2023</b>	
Exterior Handrails - Replacement	13,851
Garage Doors - Staining	6,927
Siding - Staining	<u>35,142</u>
Total for 2023	<b>\$55,920</b>

**Lodges at Cannon Beach, A Condominium Phase I  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2024</i>	
<i>No Replacement in 2025</i>	
<b>Replacement Year 2026</b>	
Asphalt - Seal Coat I	<u>7,393</u>
Total for 2026	<b>\$7,393</b>
 <i>No Replacement in 2027</i>	
<b>Replacement Year 2028</b>	
Garage Doors - Staining	8,427
Siding - Staining	<u>42,756</u>
Total for 2028	<b>\$51,183</b>
 <i>No Replacement in 2029</i>	
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Asphalt - Overlay	<u>54,230</u>
Total for 2032	<b>\$54,230</b>
<b>Replacement Year 2033</b>	
Exterior Lighting - Replacement	5,127
Garage Doors - Staining	10,253
Siding - Staining	52,019
Upper Level Decks - Replacement	<u>144,426</u>
Total for 2033	<b>\$211,825</b>
 <i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<i>No Replacement in 2036</i>	
<i>No Replacement in 2037</i>	
<b>Replacement Year 2038</b>	
Asphalt - Seal Coat II	11,837
Concrete - Renewal	9,824
Concrete Curbing & Wheel Stops - Renewal	5,958

**Lodges at Cannon Beach, A Condominium Phase I  
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
Entry Doors - Replacement	18,088
Exterior Handrails - Replacement	24,945
Garage Doors - Replacement	49,898
Irrigation System - Major Upgrade	15,593
Roof - Replacement	233,899
Sidewalk - Renewal	5,407
Siding - Cedar Board Replacement	217,715
Siding - Shingle Replacement	7,798
Siding - Staining	63,289
Unit Identification Signs - Replacement	<u>5,988</u>
Total for 2038	<b>\$670,238</b>

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

**Asphalt - Overlay**

		10,844 SF	@ \$2.02
		Asset Cost	\$22,002.47
	Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$54,229.84
Placed in Service	January 2008	Assigned Reserves	\$916.76
Useful Life	24		
		Monthly Assessment	\$172.04
Replacement Year	2032	Interest Contribution	<u>\$0.88</u>
Remaining Life	23	Reserve Allocation	\$172.93

This provision funds for the renewal of the asphalt driving and parking surfaces. Renewal of asphalt paving refers to the periodic application of a bituminous asphalt overlay that is typically applied in 1" to 2" thicknesses, depending on the individual project specifications. This overlay is known as a "wearing course" and is designed to renew the life of the pavement for another lifecycle of equal duration to the initial life expectancy of the pavement. The new surface will subsequently be maintained in the same manner as the original asphalt surface.

According to the developer there is 10,844 SF of Asphalt.

This work should be performed by a licensed paving contractor.

Estimated cost per developer.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

**Asphalt - Seal Coat I**

		10,844 SF	@ \$0.35
		Asset Cost	\$3,795.40
	Non Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$4,617.68
Placed in Service	January 2008	Assigned Reserves	\$632.56
Useful Life	6		
		Monthly Assessment	\$64.32
Replacement Year	2014	Interest Contribution	<u>\$0.33</u>
Remaining Life	5	Reserve Allocation	\$64.66

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or "seal coat" as it is commonly known. This procedure is typically performed every 4-7 years depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor and Associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

*Asphalt - Seal Coat I continued...*

of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavement, filling of any surface cracks and patching of any locally damaged pavement surfaces then applying the emulsion sealer.

This work should be performed by a licensed paving contractor.

According to the developer there is 10,844 SF of Asphalt.

Estimated costs are based on square foot estimates provided by Kodiak Pacific Construction.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

<b>Asphalt - Seal Coat II</b>
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	10,844 SF	@ \$0.35
	Asset Cost	\$3,795.40
	Non Capital Streets/Asphalt	Percent Replacement 100%
	Placed in Service January 2008	Future Cost \$11,836.52
	Useful Life 6	Assigned Reserves \$126.51
	Adjustment 24	Monthly Assessment \$29.11
	Replacement Year 2038	Interest Contribution <u>\$0.15</u>
	Remaining Life 29	Reserve Allocation \$29.26

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or "seal coat" as it is commonly known. This procedure is typically performed every 4-7 years depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor and Associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavement, filling of any surface cracks and patching of any locally damaged pavement surfaces then applying the emulsion sealer.

This work should be performed by a licensed paving contractor.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

*Asphalt - Seal Coat II continued...*

According to the developer there is 10,844 SF of Asphalt.

Estimated costs are based on square foot estimates provided by Kodiak Pacific Construction.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

**Concrete - Renewal**

	1 Total	@ \$63,000.00
	Asset Cost	\$3,150.00
	Non Capital Streets/Asphalt	Percent Replacement 5%
	Placed in Service January 2008	Future Cost \$9,823.74
	Useful Life 30	Assigned Reserves \$105.00
	Replacement Year 2038	Monthly Assessment \$24.16
	Remaining Life 29	Interest Contribution <u>\$0.12</u>
		Reserve Allocation \$24.29

This provision is for the partial replacement of 5% of the concrete that is located in the garages and portico. Cracks should be filled as needed.

According to the developer there is 7,882 SF.

Estimated cost per developer.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

**Concrete Curbing & Wheel Stops - Renewal**

	1 Total	@ \$19,104.00
	Asset Cost	\$1,910.40
	Non Capital Streets/Asphalt	Percent Replacement 10%
	Placed in Service January 2008	Future Cost \$5,957.86
	Useful Life 30	Assigned Reserves \$63.68
	Replacement Year 2038	Monthly Assessment \$14.65
	Remaining Life 29	Interest Contribution <u>\$0.07</u>
		Reserve Allocation \$14.73

This provision funds for the renewal of concrete curbing in the year 2039.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

*Concrete Curbing & Wheel Stops - Renewal continued...*

Since the expected useful life of a typical concrete curb installation is greater than 30 years, this component only provides funding for the replacement of a percentage of the total amount of curbing.

According to the developer there is 1,194 LF of curbing.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

Estimated cost per developer.

Sidewalk - Renewal			
		2,774 SF	@ \$12.50
		Asset Cost	\$1,733.75
	Capital	Percent Replacement	5%
	Streets/Asphalt	Future Cost	\$5,406.95
Placed in Service	January 2008	Assigned Reserves	\$57.79
Useful Life	30		
		Monthly Assessment	\$13.30
Replacement Year	2038	Interest Contribution	<u>\$0.06</u>
Remaining Life	29	Reserve Allocation	\$13.36

This provision funds for the partial replacement of 5% of the concrete sidewalks in the year 2038.

Since the expected useful life of a typical concrete sidewalk installation is greater than 30 years, this component only provides funding for the replacement of a percentage of the total amount of sidewalk area.

The Developer has indicated that there are approximately 2,774 total square feet (SF) of sidewalk area.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

Estimated cost based on square foot information provided by Kal's Paving.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

<b>Streets/Asphalt - Total Current Cost</b>	<b>\$36,387</b>
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**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

Retaining Wall

	Capital Grounds Components	Asset Cost Future Cost Assigned Reserves	
Placed in Service	January 2008		<i>none</i>
Useful Life	40		
Replacement Year	2048	<i>No Future Assessments</i>	
Remaining Life	39		

**Note: This component has an estimated useful life of thirty years or greater. This component is included in the study for inventory purposes only.**

Estimated useful life per RS Means.

**Grounds Components - Total Current Cost** **\$0**



**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

Entry Doors - Replacement			
		8 Total	@ \$725.00
		Asset Cost	\$5,800.00
	Capital	Percent Replacement	100%
	Doors	Future Cost	\$18,088.17
Placed in Service	January 2008	Assigned Reserves	\$193.33
Useful Life	30		
		Monthly Assessment	\$44.49
Replacement Year	2038	Interest Contribution	<u>\$0.22</u>
Remaining Life	29	Reserve Allocation	\$44.72

This provision is for the replacement of the unit doors. The Doors are ThermaTru Mahogany (model number CCM60).

Estimated cost per developer.

Estimated useful life per Fannie Mae.

Garage Doors - Replacement			
		8 Total	@ \$2,000.00
		Asset Cost	\$16,000.00
	Capital	Percent Replacement	100%
	Doors	Future Cost	\$49,898.42
Placed in Service	January 2008	Assigned Reserves	\$533.33
Useful Life	30		
		Monthly Assessment	\$122.74
Replacement Year	2038	Interest Contribution	<u>\$0.63</u>
Remaining Life	29	Reserve Allocation	\$123.37

This provision is for the replacement of 8 unit garage doors in 2038. The doors are Wanye Dalton 9800 prefinished vinyl mahogany.

Estimated cost per developer.

Estimated useful life per Fannie Mae.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

**Garage Doors - Staining**

		8 Total	@ \$500.00
		Asset Cost	\$4,000.00
	Non Capital	Percent Replacement	100%
	Doors	Future Cost	\$4,679.43
Placed in Service	January 2008	Assigned Reserves	\$4,000.00
Useful Life	5		
		Monthly Assessment	\$10.71
Replacement Year	2013	Interest Contribution	<u>\$0.05</u>
Remaining Life	4	Reserve Allocation	\$10.77

This provision is for the staining of 8 unit garage doors every 5 years. The doors are Wanye Dalton 9800 prefinished vinyl mahogany.

Estimated cost per Verhaalen Painting, Inc.

Estimated useful life per Keeley O'Brien of O'Brien Constructors LLC. 503-241-2875

**Doors - Total Current Cost                      \$25,800**





**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

**Siding - Cedar Board Replacement**

		16,235 SF	@ \$8.60
		Asset Cost	\$69,810.50
	Capital Siding	Percent Replacement	50%
		Future Cost	\$217,714.61
Placed in Service	January 2008	Assigned Reserves	\$2,327.01
Useful Life	30		
		Monthly Assessment	\$535.55
Replacement Year	2038	Interest Contribution	<u>\$2.76</u>
Remaining Life	29	Reserve Allocation	\$538.32

This provision is for the replacement of the cedar board siding, trim, rain screen and plywood to build the rain screen. Since the expected useful life of the cedar board siding is generally greater than 30 years, a provision to replace 50% of the siding is used.

Estimated cost per developer.

Estimated area is 16,235 square feet (SF) per the developer.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

**Siding - Shingle Replacement**

		2,200 Each	@ \$2.27
		Asset Cost	\$2,500.30
	Capital Siding	Percent Replacement	50%
		Future Cost	\$7,797.56
Placed in Service	January 2008	Assigned Reserves	\$83.34
Useful Life	30		
		Monthly Assessment	\$19.18
Replacement Year	2038	Interest Contribution	<u>\$0.09</u>
Remaining Life	29	Reserve Allocation	\$19.28

This provision is for the replacement of the shingle siding in 2034.

According to the developer there is 2,200 SF of shingle siding in both phases.

Estimated cost per developer.

Estimated useful life per Keeley O'Brien of O'Brien Constructors LLC. 503-241-2875.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

**Siding - Stone**

	Capital Siding	Asset Cost Percent Replacement Future Cost Assigned Reserves	100%
Placed in Service	January 2008		
Useful Life	30		<i>none</i>
Replacement Year	2038	<i>No Future Assessments</i>	
Remaining Life	29		

**Note: The estimated useful life of the stone siding is greater than thirty years. The siding is in the reserve study for inventory purposes only.**

Estimated useful life per Keeley O'Brien of O'Brien Constructors LLC. 503-241-2875

**Siding - Total Current Cost                      \$72,311**



RECEIPT FOR DISCLOSURE STATEMENT

FOR

LODGES AT CANNON BEACH, A CONDOMINIUM  
(AN OREGON CONDOMINIUM)

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 revised March 4, 2009, consisting of 58 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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Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Purchaser

**THE DECLARANT IS REQUIRED TO RETAIN THIS RECEIPT FOR THREE  
YEARS**

(DECLARANT'S COPY)