



Real Estate Agency

CONDOMINIUM DISCLOSURE STATEMENT
ADOPTED & ISSUED: 6-14-2004

REVISED: 4-21-2005

FILE NO. CO-26-0604-537

FOR
BURNSIDE COMMONS CONDOMINIUM
(AN OREGON CONDOMINIUM)

DECLARANT

JDR CONTRACTING INC
16055 SW WALKER RD STE 413
BEAVERTON, OR 97006

THIS CONDOMINIUM HAS BEEN FILED WITH THE REAL ESTATE COMMISSIONER OF THE STATE OF OREGON IN ACCORDANCE WITH THE OREGON CONDOMINIUM ACT (ORS 100.005 TO 100.910 AND 100.990). ISSUANCE OF THE ATTACHED DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION OR ENDORSEMENT OF THE CONDOMINIUM BY THE COMMISSIONER.

THE SIZE OF THE INDIVIDUAL UNIT, THE DRAINAGE, SANITATION, DOMESTIC WATER SUPPLIES, IMPROVEMENTS AND THE PHYSICAL DEVELOPMENT AND THE OPERATION OF THE UNIT OWNERS ASSOCIATION OF THE CONDOMINIUM PROJECT ARE NOT REGULATED BY THE REAL ESTATE COMMISSIONER. THIS DISCLOSURE STATEMENT DOES NOT RELIEVE ANY PERSON FROM THE RESPONSIBILITY OF COMPLYING WITH THE REQUIREMENTS OF ANY FEDERAL, STATE, COUNTY OR MUNICIPAL AGENCY WITHIN WHOSE JURISDICTION THE CONDOMINIUM IS LOCATED.

THE REAL ESTATE AGENCY HAS NOT PHYSICALLY INSPECTED THE CONDOMINIUM AND THE INFORMATION INCLUDED IN THIS DISCLOSURE STATEMENT WAS PREPARED BY AND IS A REPRESENTATION OF THE DECLARANT.

THIS DISCLOSURE STATEMENT MUST BE GIVEN TO EACH PURCHASER NOT LATER THAN THE DATE THE UNIT SALES AGREEMENT IS FULLY EXECUTED BY ALL PARTIES AND RECEIPT THEREFORE MUST BE TAKEN.

**PROSPECTIVE PURCHASERS SHOULD READ THIS DISCLOSURE STATEMENT BEFORE
BUYING**

**CONDOMINIUM DISCLOSURE STATEMENT
FOR
BURNSIDE COMMONS CONDOMINIUM**

This Disclosure Statement discloses certain pertinent information about Burnside Commons Condominium ("Condominium"), located at the corner of SE 176th Street and Burnside, in the City of Gresham, Multnomah County, Oregon. This Disclosure Statement has been prepared by JDR Contracting Inc., referred to as "Declarant" herein. Declarant's telephone number is (503) 643-0847. Declarant's address is 16055 SW Walker Road, Suite 413, Beaverton, Oregon 97006.

Declarant owns fee title to the property. Purchasers will receive fee title to the units that are described below. Declarant submitted to the Oregon Real Estate Agency for approval, and received approval for, a Declaration submitting the Condominium to condominium ownership, and Bylaws of the Association of Unit Owners of the Condominium. All references in this Disclosure Statement to the "Declaration" and the "Bylaws" refer to the Declaration and Bylaws described in this paragraph.

GENERAL DESCRIPTION OF THE CONDOMINIUM

The condominium consists of one building containing 10 units. The building is two stories with no basement. The building is of wood frame construction with a concrete foundation, architectural composition tile roof, and concrete composite siding.

The 10 units are designated Unit 1 through Unit 10. Each unit has two stories referred to herein as first floor and second floor. Unit 1 through Unit 9 each includes a single-car garage on the first floor. Unit 10 includes a bonus room on the first floor instead of a garage.

The following items and areas are reserved or assigned to each unit as a limited common element. Although technically not part of the unit, a limited common is used exclusively by the unit to which it is assigned or reserved. More specific location of the following limited common elements is shown on the plat.

To each of Unit 1 through Unit 7 and to Unit 9 is assigned a portion of the driveway adjacent to the garage for use as a parking space for automobiles. To each unit is assigned an entry porch adjacent to the unit. To Unit 10 is assigned the courtyard adjacent to the unit; the unit owners of Unit 10 may use the courtyard as they would use a patio, and may screen the courtyard from neighboring view with potted plants and similar items.

To each unit is assigned an unfenced yard area adjacent to the unit. Each yard area contains either a deck or a patio. The individual unit owners shall not fence their limited common element yard areas; however, if the unit owners by majority vote decide to fence the yard areas, the Association shall fence the yard areas as a common expense. Until the yard areas are fenced, all decisions regarding landscaping of the yard areas and all landscaping maintenance shall be done by the Board of Directors of the Association. At such time (if any) that the yard areas are fenced, the

decisions regarding landscaping and the responsibility for landscaping each yard area shall fall to the unit owner to which such yard area is assigned; however, maintenance, repair and replacement of the fences shall remain a common expense and shall be done by the Association, through the Board of Directors.

The unit owners of Unit 9 shall have access across the general common elements laying south and east of the driveway that is assigned to Unit 9 as a limited common element, as reasonably necessary for ingress and egress of vehicles to and from such driveway and the garage of Unit 9 to 176th Place. The unit owners of Unit 8 shall have access across the general common elements laying east of the garage for Unit 8, as reasonably necessary for ingress and egress of vehicles to and from such garage of Unit 8 to 176th Place.

Exhibit B of the Declaration sets forth the square footage enclosed by the units; the square footage includes the square footage (approximately 225) of the garage for Units 1 through 9. The square footage set forth in the "proposed" declaration was only an estimate and has now been adjusted to be consistent with the plat. Purchasers should note that the square footage of the units is measured by the unit boundaries set forth in Section 5(b) of the Declaration, which boundaries generally consist of the interior structural elements at the perimeter and bearing walls, floors, and ceilings. In contrast, square footage of houses typically is computed by using measurements of the exterior walls. Thus, it is difficult to accurately compare the square footage of units and houses.

The Condominium is located within the Reynolds School District. As of the date of this Disclosure Statement, the applicable schools are Hartley Elementary School, Reynolds Middle School, and Reynolds High School.

The Condominium is located within a short walk from the light rail station located at Burnside and SE 181st Street.

Declarant is offering a fee simple ownership interest in the unit to prospective purchasers. As provided in Section 6.3 of the Declaration, an undivided 1/10th ownership interest in the common elements is allocated to each unit. This allocation is based on the units being approximately equal in square footage. A unit's undivided interest shall be deemed to be conveyed or encumbered with conveyance of the unit, even though the description in the instrument of conveyance or encumbrance may refer only to title in the unit.

CONSTRUCTION

Declarant commenced construction of the Condominium in the summer 2004. Construction has now been completed.

FINANCING

There is no financing offered by Declarant to prospective purchasers of the unit.

Prospective purchasers must either pay the purchase price in cash or obtain financing from a responsible mortgage lender.

As of the date of this Disclosure Statement, the unit is encumbered with a trust deed encumbering all units as collateral. The trust deed is a "blanket encumbrance" or "blanket loan". Declarant legally cannot sell any unit until the unit is no longer encumbered by the trust deed. Declarant has provisions in the blanket loan for release of a unit from the lien of the trust deed to permit a sale.

WARRANTY

Declarant warrants against defects in the plumbing, electrical, mechanical, structural, and all other components of the newly-constructed units and common elements. This warranty shall exist on the unit and the related limited common elements for one (1) year from the date of delivery of possession of that unit by Declarant to its first owner other than Declarant, and shall exist on the general common elements for one (1) year from the initial conveyance of title to any unit by Declarant to a unit owner other than Declarant or one (1) year from completion of construction of the specific general common element, whichever is later. A written claim reasonably specifying a breach of the warranty on the unit and the related limited common elements must be delivered to Declarant 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 Declarant within two (2) years of expiration of such warranty, but the claim must be for a defect existing prior to the expiration of such warranty. An action to enforce such warranty shall not be commenced later than four (4) years after expiration of such warranty. The Association of Unit Owners of Burnside Commons Condominium is the beneficiary of the foregoing warranty on the general common elements.

In the event of defects covered by this warranty, Declarant shall have the right to elect whether to repair or replace the defective item. These warranties are in lieu of any and all implied warranties by Declarant. There are no additional warranties, express or implied, on the Condominium, and there are no warranties of any kind, express or implied, except the manufacturer's warranty, if any, on consumer products conveyed with the units.

PROJECTED BUDGET

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.

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

As set forth in the projected budget, water and sewer for all units in the Condominium

is a common expense. As more fully described in Article VI, Section 7, of the Bylaws, the Board of Directors of the Association and the unit owners, by majority vote, can decide to allocate water and sewer charges to the individual units in different ways in the future. Each unit owner will establish his own account with the utility provider for natural gas, electricity, telephone, cable television (if available), and trash collection. Unit owners also will pay property taxes on their units; taxes will likely increase the first year that the units are assessed as condominium units (2006-2007).

Each unit owner's liability for common expenses and right to common profits is equal to that unit's undivided ownership interest in the common elements (1/10th for each unit). This method of allocation is based on the units' approximately equal square footage. Notwithstanding the foregoing, no common profits shall be distributed among the unit owners but shall be used solely for purposes of maintaining, repairing and replacing the common elements or other expenses of the Association. Unit owners may be assessed additional amounts individually for common expenses incurred through such unit owner's fault or direction or through his tenant's fault or direction. Further, unit owners may be assessed additional amounts individually for fines, charges and expenses in the process of collection of assessments and enforcement of the Declaration, Bylaws and rules and regulations pursuant to Article VIII of the Bylaws and as otherwise provided in the Bylaws.

Provisions have been made in the projected budget for a reserve account for replacement of those general common elements in the Condominium which would normally require replacement in more than three (3) and less than thirty (30) years. Specific provisions for this reserve account are set forth in Article VII, Section 5, of the Bylaws. The information constituting the basis for the reserve assessment is a reserve study, a copy of which is attached to this Disclosure Statement.

Declarant does not guarantee that the information contained in the reserve study is accurate; the report only represents a good faith estimate, as of the date of this Disclosure Statement, of the information contained therein. The remaining useful life of various components will partly depend on the level of maintenance by the Association over the years.

In the case of any duly authorized capital improvements to the common elements, the Board of Directors may establish separate assessments for the same and maintain the proceeds from such assessments in separate accounts.

As provided in Article VII, Section 2 of the Bylaws, the Declarant may exercise its right to defer commencement of assessments for common expenses and simply pay the expenses as they accrue; and the reserve portion of the assessment does not begin to accrue until the first unit in the Condominium is conveyed to a unit owner other than Declarant. At the time of the initial unit sale, assessments will not have commenced, and there will be no reserves.

Article VII, Section 5 of the Bylaws, provides that following turnover, the Association may elect not to fund the reserve account or elect to reduce assessments for the reserve account. Thus, even if some or all of the units have previously been sold or conveyed by Declarant, there may be little or no reserves. Prospective purchasers should inquire as to the status of the assessments in general, and the status of the reserve assessment and reserves in particular, if this issue is of concern to them.

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 method of apportionment of voting rights to members of the Association, the general power and authority of the Board of Directors, and the nature and extent of Declarant's initial control of the Board of Directors. As provided in Section 11 of the Declaration, an Association of Unit Owners has been formed and Bylaws have been adopted to govern the operation and management of the Condominium.

Upon becoming the legal owner or contract purchaser of a unit, said owner shall automatically be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason. A unit owner's participation in the operation and management of the Condominium is generally limited to the right to vote at meetings of the Association, including election of three directors to the Board of Directors after the turnover meeting. As provided in Section 10 of the Declaration and in Article II of the Bylaws, the owners of each unit shall have one vote.

Article III, Sections 2-4 of the Bylaws provide that the initial meeting of the Association shall be either the first annual meeting, to be held approximately twelve months after the sale of the first unit, or the turnover meeting, whichever comes sooner. Prior to such meeting, the Declarant may call meetings of the unit owners, formally or informally, for such purposes as Declarant deems necessary or appropriate.

Section 11 of the Declaration and Article IV, Section 2, of the Bylaws state that the Declarant has appointed an interim board of directors for the Association to serve until replaced by Declarant or until the turnover meeting is held. In this manner, the Declarant has reserved the right to control the Association until the turnover meeting. The turnover meeting will be held within ninety (90) days of the earlier of: a) the date of conveyance to persons other than the Declarant of seventy-five percent (75%) of the units; or b) three years from the date the first unit is conveyed; Declarant may hold the turnover meeting sooner than the foregoing deadline, at Declarant's option. At the turnover meeting, the interim directors will resign and the unit owners will elect three directors as provided in Article IV, Section 3, of the Bylaws.

Article V of the Bylaws sets forth the responsibilities of the Association and the powers and duties of its Board of Directors. Section 11.5 of the Declaration provides that the Board of Directors, including the interim Board of Directors, has the right to contract with a professional manager or management firm to manage the affairs of the Association. The Declarant does not intend to contract with a professional management firm and assumes that the Association will be self-managed. For this reason, the estimated budget for common expenses attached to this Disclosure Statement does not include management fees.

Articles VII and VIII of the Bylaws provide for the manner in which common expenses will be determined and assessed to the unit owners and the authority of the Board of Directors to collect assessments and otherwise enforce the provisions of the Declaration, Bylaws and rules and regulations of the Association.

Article IX of the Bylaws sets forth the obligations of the unit owners with respect to maintenance and use of the units, limited common elements, and general common elements. Section 4 of Article IX sets forth use and occupancy restrictions, including limitation on commercial activities and provisions regarding pets. Section 5 of that Article provides for additional rules and regulations that may be adopted by the Board of Directors from time to time.

DOCUMENTS BY WHICH PURCHASERS WILL BE BOUND

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

(1) Declaration Submitting Burnside Commons Condominium to Condominium Ownership. The Declaration contains, among other things, provisions describing the units, limited and general common elements, rights of mortgagees, easements, and Declarant's rights.

(2) Bylaws of the Association of Unit Owners of Burnside Commons Condominium. This document contains, among other things, provisions on the management and operation of the Association and the rights and obligations of the owners of units.

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

(4) Escrow Instructions between Declarant and Lawyers Title Insurance Corporation. This document provides for deposit of funds into escrow and outlines a general procedure for closing the sale transactions of the units.

(5) In addition, purchasers may be bound by financing instruments, escrow instructions and provisions of the Oregon Condominium Act; prospective purchasers should also inquire regarding management contracts and rules and regulations, if any, that may have been adopted by the Board of Directors since the date of this Disclosure.

DATE: APRIL 15, 2005

JDR Contracting Inc.,
an Oregon corporation

By: 
Joseph D. Robertson, president

BURNSIDE COMMONS CONDOMINIUM

10 Units

ESTIMATED OPERATING BUDGET and MONTHLY ASSESSMENT

<u>BUDGET ITEM</u>	<u>ESTIMATED ANNUAL COST</u>
Water and Sewer and Storm Sewer	\$6,000
Insurance	5,000
Maintenance and Repair of Common Elements	1,000
Maintenance of Common Element Landscaping and Yard Areas	2,400
Administrative, Legal, Accounting, and Reserve Study Costs	400
Reserve for Replacement of Common Elements	1,310
ESTIMATED TOTAL ANNUAL BUDGET	<u>\$16,110</u>
ESTIMATED MONTHLY BUDGET	<u>\$1,342.50</u>
ESTIMATED MONTHLY ASSESSMENT PER EACH UNIT	<u>\$134.25</u>

Note: These projections are only an estimate, prepared with due care. These projections are subject to increase or decrease to reflect changes in operating policies and/or level of service, inflation, or other causes. It is anticipated that the annual amount for the replacement reserve will increase as the age of the common elements increases and the estimated remaining useful life of some of the common elements decreases. The remaining useful life of some common elements will partly depend on the level of maintenance performed by the Association over the years.

Note: These projections are not intended to forecast all of the costs of owning or residing in the unit. For example, this budget does not include the costs of some utilities for the unit, maintenance and repair of the unit, property taxes, or insurance for personal property and liability not covered by the Association's policy.

**RESERVE STUDY
BURNSIDE COMMON CONDOMINIUM
(May 2004)**

The Reserve Study is comprised of two pages (including this page) plus the attached chart. The Reserve Study is based on estimations compiled with reasonable care and in good faith, and information supplied by the manufacturer where applicable. Estimations are based on opinions, and opinions can differ. The Declarant cannot (and does not) guarantee the accuracy of this Reserve Study.

The Reserve Study does not include amounts that the Association may or should spend in reasonable maintenance and repair of the various common elements. The estimations of remaining useful life may be affected by the level of use by the unit owners, the level of maintenance by the Association, changes in climate, and other factors beyond the Declarant's control.

Notes

1. The material used for the roof is to be architecture composition roofing material that comes with a prorated 30-year warranty. With proper care (i.e., avoidance of moss or leaf buildup) it should perform to or beyond its warranted life.
2. The material used for the exterior siding is a composite cement siding product that is delivered to the site with a factory applied primer protection. It comes with a manufacturer's warranty of 30 years. The structural parts of the walls and the floor and ceiling joists are made from green Douglas fir. With reasonable maintenance to prevent moisture or insects from causing damage, the estimated remaining useful life exceeds 30 years.
3. The foundations, sidewalks, driveways, and patios are all poured in place concrete with reasonable expected remaining useful life in excess of 30 years.
4. The common plumbing consists of ABS storm and sanitary drain pipe connected to drywell and City sewer system, respectively. The estimated remaining useful life of the pipe between the Building and the facilities exceeds 30 years.
5. The common electrical consists of utility company provided cable in PVC conduit between the street and the Building. The conduit's estimated remaining useful life exceeds 30 years. The cable is maintained by the utility provider.
6. The metal fencing is comprised of 2 year old steel chain link fencing with an estimated remaining useful life of 30 years. The wood fencing is "board on board" cedar fencing. The cedar boards are on pressure treated posts with fir rails. The estimated remaining useful life is 10

years. Present day replacement cost is \$2400. We allowed for a 25% increase in cost in ten years, and we did not account for any investment income from the reserve account funds.

7. The recreational amenities may include a play structure, bench, and/or barbecue facility, with a current replacement cost of \$1200. The estimated remaining useful life of such items is 10 years. We allowed for a 25% increase in cost in ten years, and we did not account for any investment income from the reserve account funds.

8. The current cost of exterior paint and labor is \$5500. The estimated remaining useful life is seven years. We allowed for approximately a 10% increase in cost in seven years, and we did not account for any investment income from the reserve account funds.

Reserve Assessment

Based on the foregoing notes and the attached chart, the annual reserve assessment is \$1,310, or \$131 per unit. The monthly reserve assessment is approximately \$10 per unit.

Structural Components	Material Type	General Condition	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost
1. Roof	arch. composition	new/2004	30 +	N/A
2. Siding/exterior walls	cement composite lap siding w/ wood trim	new/2004	30 +	N/A
3. Foundation	concrete w/ footings and stem walls	new/2004	30 +	N/A
4. Floor & Ceiling Joists	wood	new/2004	30 +	N/A
5. Walls (structural)	wood	new/2004	30 +	N/A
6. Patios	concrete	new/2004	30 +	N/A
7. Sidewalks	concrete	new/2004	30 +	N/A
8. Driveways	concrete	new/2004	30 +	N/A
9. Fencing (wood)	6' cedar	new/2004	10	\$3000 (\$300 per year)
10. Fencing (metal)	6' chain link	good	30 +	N/A
11. Plumbing (common)	ABS/PVC water supply and drain pipe	new/2004	30 +	N/A
12. Electrical (common)	cable + PVC conduit	new/2004	30 +	N/A
13. Recreational amenities	varied	new/2004	10	\$1500 (\$150 per year)
14. Exterior wall & trim finish	primed and painted	new/2004	7	\$6000 (\$860 per year)

RECEIPT FOR DISCLOSURE STATEMENT

FOR

BURNSIDE COMMONS 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 April 21, 2005 consisting of 10 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)

RECEIPT FOR DISCLOSURE STATEMENT

FOR

BURNSIDE COMMONS CONDOMINIUM
(AN OREGON CONDOMINIUM)

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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)