



Real Estate Agency

CONDOMINIUM DISCLOSURE STATEMENT
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FOR

THE MEWS AT NORTH HARBOUR, A CONDOMINIUM
(AN OREGON CONDOMINIUM)

SUCCESSOR DECLARANT

ATLANTIC COLUMBIA LLC
50 PORTLAND PLACE #400
PORTLAND ME 04101

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 THE MEWS AT NORTH HARBOUR, A CONDOMINIUM

This Disclosure Statement discloses certain pertinent information about The Mews at North Harbour, A Condominium (the "Condominium"), located at 705 N. Harbour Drive in the City of Portland, Multnomah County, Oregon. This Disclosure Statement has been prepared by Atlantic Columbia LLC, an Oregon limited liability company (the "Successor Developer"). Successor Developer's telephone number is (800) 347-1080 and its address is 50 Portland Place, Suite 400, Portland, Maine 04101.

The Condominium was originally established in 1999 by North Harbour Corporation as the original developer. The project is subject to the Declaration Submitting The Mews at North Harbour, A Condominium, to the Oregon Condominium Act, recorded July 30, 1999 as Document No. 99-147514 (the "Declaration"). The Bylaws of the Association of Unit Owners of The Mews at North Harbour, A Condominium (the "Bylaws") are attached as Exhibit D to the Declaration.

General Description of Condominium

Stage 1 of the project contains one building of dwelling units, which is five stories over one story of ground level parking, and a two-story clubhouse building. The buildings are of wood frame construction on concrete foundations with pre-primed hardboard and exterior insulation system ("EIFS") siding and composition shingle roofs. Stage 1 consists of 32 units; 16 of the units are two levels and the other 16 units are three levels. The typical two-level units contain a kitchen, living room, dining room, three bedrooms and three bathrooms, and enclose a living area ranging from approximately 1,968 square feet to 2,034 square feet. The typical three-level units contain a kitchen, living room, dining room, three bedrooms and a loft, and four bathrooms, and enclose a living area ranging from approximately 2,595 square feet to 2,681 square feet.

Successor Developer has acquired and is offering for sale the following units of the Condominium: 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 19, 20, 21, 22, 25, 28, 29 and 31.

Successor Developer is offering a fee simple ownership interest in such units to the prospective purchasers. 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 Section 6.1 of the Declaration, based upon the relative square footage of such owner's unit compared to the square footage of all units combined. See Section 6.3 of the Declaration. In addition, each unit owner also receives the exclusive right to use those "limited common elements" which pertain to his or her unit. The limited common elements include the patios and decks which adjoin the units and assigned parking spaces and storage closets. See Section 6.2 of the Declaration.

Stage 1 was completed in 1999.

Water and sewer service is provided by the City of Portland. Electricity is furnished by Pacific Power and telephone service is provided by QWest. Natural gas service is available from Northwest Natural. Cable television service is available from AT&T Broadband. Prospective purchasers may contact these providers for further information on current rates and charges. Access to the project is over N. Harbour Drive. Local services such as fire and police protection, schools, medical facilities and shopping facilities are available in the City of Portland.

Plan of Development

The Successor Developer has reserved the right to develop the Condominium in up to three stages, containing not more than 70 units. All future stages will have a quality of construction and exterior style compatible with Stage 1, but the units may vary in size and configuration from units in Stage 1. No additional stage may be added to the Condominium, however, after June 1, 2005. Such date may be extended for up to two additional years by an amendment adopted pursuant to Section 4.8 of the Declaration. Successor Developer does not propose to include in future stages any common elements which would substantially increase the proportionate amount of the common expenses payable by the owners of units in Stage 1. 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 approximate area of each unit compared to the total approximate area of all units then existing in the Condominium. See Section 4 of the Declaration for further information on the plan of development.

Sales Agreements

The Successor 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 Successor Developer with any credit information requested by the Successor Developer. In the event the purchaser is unable to obtain a loan or satisfy Successor Developer of purchaser's ability to pay by the date specified in the purchase agreement and after diligent efforts to do so, the Unit Sales Agreement will terminate and purchaser's earnest money will be refunded, unless the time for obtaining such credit approval is extended by the parties. See Section 3.2 of the Unit Sales Agreement.

The purchase agreement provides that the purchaser may elect to have professional inspections of the property. If the purchaser notifies Successor Developer of defective conditions disclosed by the reports within the time allotted in the purchase agreement, and Successor Developer does not agree to correct the defective conditions, the purchaser may

elect to terminate the agreement and receive a refund of the earnest money deposit. See Section 7 of the Unit Sales Agreement.

At closing, the purchaser will be responsible for the recording fee for the deed, any sales or transfer tax, an initial contribution to the working capital of the Association of unit owners (the "Association") equal to two months of Association assessments, the next month's assessment for the unit, a pro rata share of the current month's assessment, purchaser's portion of the escrow fee, and all fees, costs and expenses in connection with purchaser's loan, if any, including the premium for any mortgagee's title insurance policy. See Section 4.3 of the Unit Sales Agreement. Any trust deed on the project will provide for release of individual units as they are sold upon payment of a portion of the sales price to the lender. Closing of each sale is conditioned upon release of the unit from any trust deed.

If the purchaser should fail to make any deposit or payment required under the Unit Sales Agreement, Successor Developer may declare the purchaser to be in default, and, without prejudice to any other rights of Successor Developer, declare the entire amount paid by the purchaser forfeited to Successor Developer. In the event the purchaser fails to deposit the balance of the purchase price with the escrow agent within the time set forth for closing, Successor Developer may, in lieu of terminating the agreement, require the purchaser to pay to Successor 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 5.2 of the Unit Sales Agreement.

The units will be sold without warranty. Each purchase agreement will contain the following provision:

"NO WARRANTY. Stage 1 of The Mews at North Harbour, A Condominium was not constructed by Seller. Accordingly, Seller disclaims all warranties and covenants, express or implied, relating to the real estate, consumer products as defined in the Magnuson-Moss Warranty Act, or consumer goods as defined in the Uniform Commercial Code as adopted in Oregon. Purchaser, having had the opportunity to inspect the unit and the common elements, accepts all real estate, consumer products and consumer goods sold under this Agreement AS IS. Seller, however, will make available to purchaser any manufacturer's warranties applicable to any new appliances within the Unit."

See Section 6 of the Unit Sales Agreement.

All claims, controversies, or disputes relating to the sale must be resolved through mediation or arbitration, unless brought in Small Claims Court. See Section 8 of the Unit Sales Agreement.

Common Expenses, Assessments and Budget

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

The Bylaws specify that all owners are obligated to pay all assessments imposed by the board of directors on behalf of the Association to meet common expenses of the property. Such assessments will be made by the board of directors in accordance with the terms of the Declaration, which provides that the common profits and common expenses of the Condominium will be allocated to the owner of each unit based upon the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined. See Section 7.1 of the Declaration.

Successor Developer has prepared a projected 2001 budget of the Association for the operation and maintenance and other common expenses of the Condominium. A copy of the projected 2001 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 three and less than thirty (30) years 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 have been computed in accordance with a reserve study prepared by Western States Subdivision Consulting. The reserve account may be used only for maintenance, repair and replacement of the common elements for which reserves have been established and must be kept in a separate account.

Operation and Management of the Condominium

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

Successor 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. This Association will be an Oregon nonprofit corporation. Each unit owner will be a member of the Association. The affairs of the Association will be governed by a Board of Directors as provided in the Bylaws. Each unit owner will be entitled to one vote for each unit owned by that unit owner. See Section 7.2 of the Declaration.

Articles II and III of the Bylaws describe the meetings of the Association and the method of voting by members. Articles IV and V of the Bylaws describe the Board of Directors, including the number and qualification of directors, election of directors, the powers and duties of the Board of Directors and meetings of the Board of Directors. Article VI of the Bylaws describes the officers of the Association.

Article VII and VIII of the Bylaws describe the budget, expenses and assessments of the Association, including collection of assessments.

Article IX of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements. In addition, Article IX, Section 6 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on commercial activities in units and restrictions on pets. Section 7 establishes the ability of the Board of Directors to adopt additional rules and regulations.

Article X of the Bylaws deals with insurance to be carried by the Association, and Articles XI and XII deal with damage and destruction and condemnation. Article XIII deals with the method of adopting amendments to the Bylaws.

Rights of Successor Developer

Successor Developer has 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. Successor Developer has also reserved certain easements over the common elements. See Section 16 of the Declaration.

Successor Developer has reserved the right to revise or amend the Declaration, Bylaws and Escrow Agreement to the extent reasonable changes may be required by governmental

authorities, lenders or title insurance companies. Any other changes to such documents that materially and adversely affect the purchaser will require the purchaser's consent. If the purchaser does not consent to the change, Successor 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.

The Successor Developer will have one vote for each unit owned by the Successor Developer, and will have the right to appoint the Board of Directors of the Association until the first organizational and turnover meeting called by the Successor Developer. See Article IV, Sections 2 and 3 of the Bylaws. Successor 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 Successor Developer, or within 90 days after Successor Developer has sold and conveyed 75 percent or more of the total number of units which Successor Developer may submit to the Condominium, whichever is earlier. See Article III, Section 3 of the Bylaws. At that meeting, the interim directors will resign and the unit owners will elect five directors. See Article IV, Section 3 of the Bylaws.

The Successor Developer's prior written consent is required for any amendment to the Declaration or Bylaws so long as Successor Developer owns 10 percent or more of the total number of units that have been created or annexed to the Condominium. See Section 15 of the Declaration.

Additional Information

Purchasers should be aware that condominium living differs from detached single-family living in that multiple unit structures inherently are subject to some sound transmission from unit to unit and from common areas to units. Prior to purchasing, each prospective purchaser should satisfy himself or herself that the level of sound transmission at this project will be acceptable to the purchaser.

The Condominium will need certain periodic maintenance in order to assure the safety of the property and that its various components last for their projected useful lives. The reserve study sets aside funds for certain major items that could not otherwise be funded from general operating expenses. Additional items of regular maintenance include, without limitation, regular cleaning of dryer vents to the outside, removal of moss on the roofs, cleaning of gutters, regular inspection and clearing of drains, regular paint maintenance and making sure that dirt or barkdust stays below the flashing at foundations.

There have been prior leaks in the northwest section of the Condominium that have been repaired. While no other leaks have been detected, due to the nature of the northwest climate there can be no assurance that leaks will not occur in the future. The Association should regularly inspect for and correct any leakage before damage occurs.

Some concrete work and siding at the end of the project was installed in anticipation of development of future stages of the Condominium. Purchasers should be aware that Successor Developer is not required to add additional stages to the Condominium. If no additional stages are added, this work would remain in its present state.

The original developer did not incorporate or organize the Association and there is no record that any operating reserve or working capital assessments were made or collected by the original developer. Some of the existing owners filed suit for an accounting. Successor Developer has incorporated and organized the Association, adopted an initial budget and will commence collecting assessments.

Documents by which Purchasers will be Bound

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

1. Declaration Submitting Stage 1 of The Mews at North Harbour, A Condominium to the Oregon Condominium Act. The Declaration contains, among other things, provisions describing the units, the common elements, the rights of mortgagees, easements, and Successor Developer's rights.
2. Bylaws of the Association of Unit Owners of The Mews at North Harbour, 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. Escrow Agreement between Successor Developer and Fidelity National Title Insurance Company of Oregon. This document provides for deposit of funds into escrow and outlines a general procedure for the closing of unit sale transactions.
4. Unit Sales Agreement. This document sets forth the rights and obligations of the seller and purchaser and includes a notice to the purchaser of a statutory right to cancel the transaction within five business days.
5. Articles of Incorporation of the Association of Unit Owners of The Mews at North Harbour, A Condominium. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association of Unit Owners.
6. Management Agreement between the Association and Excelsior Management, which deals with the duties and compensation of the managing agent.

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

8. 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.