Corporate ID _____

State of Rhode Island and Providence Plantations

OFFICE OF THE SECRETARY OF STATE
CERTIFICATE OF INCORPORATION
OF

Hidden Valley Condominium Association, Inc.

The undersigned, as Secretary of State of the State of Rhode Island, hereby certifies that duplicate originals of Articles of Incorporation for the incorporation of

Hidden Valley Condominium Association, Inc.

duly signed pursuant to the provisions of Chapter 7-6 of the General Laws, 1956, as amended, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in her by law, hereby issues this Certificate of Incorporation of

Hidden Valley Condominium Association, Inc.

and attaches hereto a duplicate original of the Articles of Incorporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the State of Rhode Island this tenth day of June A.D., 19 88

Kathleen S. Connell
Secretary of State

By Glenn J. Allen
Acting Deputy Secretary of State

Form No. N-1C

State of Rhode Island and Providence Plantations

NON-PROFIT CORPORATION
DUPLICATE
ORIGINAL ARTICLES OF INCORPORATION

The undersigned, acting as incorporator(s) of a corporation under Chapter 7-6 of the General Laws, 1956, as amended, adopt(s) the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation is Hidden Valley Condominium Association, Inc.

SECOND: The period of its duration (if perpetual, so state) perpetual

THIRD: The purpose or purposes for which the corporation is organized are:

To establish and conduct the non-business of a Condominium Association and to engage in any other lawful business purposes authorized by the State of Rhode Island.

FOURTH: Provisions (if any) for the regulation of the internal affairs of the corporation, including provisions for the distribution of assets on dissolution or final liquidation, are: (Note 1)

None

Filing Fee $15.00

To be filed annually between January 1st and March 1st

State of Rhode Island and Providence Plantations

CORPORATIONS DIVISION
270 WESTMINSTER MALL
PROVIDENCE, RHODE ISLAND 02903

Corporate ID 40080 Annual Report for the year 1987

FIRST: The name of the corporation is DOWNING/HIDDEN VALLEY, INC.

SECOND: It is incorporated under the laws of Rhode Island

THIRD: Character of business, briefly stated, is real estate

FOURTH: If foreign corporation, address of its principal office

FIFTH: Business address in Rhode Island 200 Dyer Street, Providence, RI 02903

SIXTH: Names and addresses of its directors and officers: (Attach rider if necessary)

Name	Office	Address (including number, street, zip code)
Richard P. Baccari	Director	200 Dyer Street, Providence, RI 02903
Charles L. White	Director	200 Dyer Street, Providence, RI 02903
	Director	
Richard P. Baccari	President	200 Dyer Street, Providence, RI 02903
Charles L. White	Vice President	200 Dyer Street, Providence, RI 02903
Robert B. Gardner	Vice Pres.	200 Dyer Street, Providence, RI 02903
Robert B. Gardner	Secretary	200 Dyer Street, Providence, RI 02903
Timothy G. Fay	Ass't Sec.	200 Dyer Street, Providence, RI 02903
Richard P. Baccari	Treasurer	200 Dyer Street, Providence, RI 02903

SEVENTH: Number of Shares authorized:

No. of Shares	Class	Series	Par Value or statement that shares are without par value
4,000	Common	-	NPV

EIGHTH: Number of Shares issued:

No. of Shares	Class	Series	Par Value or statement that shares are without par value
200	Common		NPV

PAID
MAR 12 1987
SEC'Y OF STATE

APR 03 1987

Dated 2/28 19 87

Downing/Hidden Valley, Inc.
(Name of Corporation)

By Richard P. Baccari
Richard P. Baccari

Title President

(Report must be signed by an officer)

Form 31 1/85

FIFTH: The address of the initial registered office of the corporation is

1400 Turks Head Place, Providence, RI 02903 (add Zip Code),

and the name of its initial registered agent at such address is: Barry J. Kusinitz

SIXTH: The number of directors constituting the initial Board of Directors of the corporation is 5, and the names and addresses of the persons who are to serve as the intitial directors are:

Name	*Address*
Barry J. Kusinitz	125 Trellis Drive, West Warwick, RI 02893
Gregory Paolino	37 Trellis Drive, West Warwick, RI 02893
Barbara Ardolino	120 Trellis Drive, West Warwick, RI 02893
Vincent Calise	12 Trellis Drive, West Warwick, RI 02893
Joe Lee Elam	72 Trellis Drive, West Warwick, RI 02893

SEVENTH: The name and address of each incorporator is:

Name	*Address*
Barry J. Kusinitz	125 Trellis Drive, West Warwick, RI 02893

EIGHTH: Date when corporate existence to begin (not more than 30 days after filing of these articles of incorporation): upon filing

Dated June 8, 1988

Barry J. Kusinitz

Incorporator(s)

NOTE: 1. If no provision for the regulation of the internal affairs of the corporation or for the distribution of assets on dissolution or final liquidation are to be set forth, insert "None." In an appropriate case provisions relating to [illegible] qualifications and rights (Section 7-6-15) may be inserted here.

QUITCLAIM DEED

DANIEL C.A. JOHNSON and MAE A. JOHNSON of West Warwick, Rhode Island for consideration paid grant to DOWNING/HIDDEN VALLEY, INC. a Rhode Island corporation with an address at 200 Dyer Street, Providence, Rhode Island 02903 with QUIT-CLAIM COVENANTS:

That certain parcel of land together with all buildings and improvements thereon (if any), located on the westerly side of Quaker Lane in the Town of West Warwick, Rhode Island more particularly described as follows:

Beginning at a point in the westerly line of Quaker Lane at the northeasterly corner of land now or formerly of Park Central Associates and the southeasterly corner of the within described premises; thence running N75°13'9"W 404.92 feet; thence turning an interior angle of 180°55'22" and running N76°08'31"W 345.80 feet; thence turning an interior angle of 179°2'29" and running N75°11'00"W 292.51 feet; thence turning an interior angle of 182°02'00" and running N77°13'00"W 38.77 feet; thence turning an interior angle of 178°15'59" and running N75°28'59"W 171.99 feet to land now or formerly of Hilda A. Hamilton, the last five courses bounding southerly on said Park Central Associates land and said last 4 courses running in whole or in part along the line of a stone wall; thence turning an interior angle of 90°48'26" and running N13°42'35"E 326.55 feet; thence turning an interior angle of 179°19'49" and running N14°22'46"E 449.69 feet to a drill hole at the intersection of two walls and the southwesterly corner of land now or formerly of Quaker Associates of Weyerhauser Mortgage Company, said last two courses bounding westerly on said Hamilton Land and running in whole or in part along the line of a stone wall; thence turning an interior angle of 101°44'28" and running S87°21'42"E 503.85 feet to a drill hole at the intersection of two walls bounding northerly on said Quaker Associates land in part and on land now or formerly of E&J Realty Associates in part; thence turning an interior angle of 92°40'14" and running S00°01'56"E 32.62 feet; thence turning an interior angle of 192°40'38" and running S12°42'34"E 30.16 feet to a drill hole; thence turning an interior angle of 180°07'46" and running S12°50'20"E 64.52 feet to the end of a stone wall; thence turning an interior angle of 242°46'40" running S75°37'00"E 77.03 feet to the end of a stone wall, said last three courses running in whole or in part along a stone wall; thence turning an interior angle of 181°28'51" and running S77°05'51"E 224.24 feet to land now or formerly of Robert A. Nelson, Sr. et ux, said last five courses

bounding easterly and northerly on land now or formerly of Michele A. DeCiantis et al.; thence turning an interior angle of 179°39'28" and running S76°45'19"E along a stone wall 101.77 feet to a point along said stone wall that is the northwesterly corner of other land of the grantors and that is 293 feet from an iron pin set in the westerly line of Quaker Lane; thence turning an interior angle of 90°00'17" and running S13°14'24"W 300 feet; thence turning an interior angle of 269°59'45" and running S76°45'21"E 293 feet to the westerly line of Quaker Lane, said last two course bounding easterly and northerly on said other land of the grantors; thence turning an interior angle of 90°12'37"and running S13°02'02"W along a stone wall 477.96 feet to the point and place of beginning, bounding easterly on Quaker Lane; said last mentioned course and said first mentioned course forming an interior angle of 88°15'11".

The above described premises are conveyed subject to the rights of others in and to a cemetary located on the southerly side of the above described premises and to any roll back tax and sewer assessment.

IN WITNESS WHEREOF, the undersigned have caused these presents to be executed as of the 19th day of September, 1986.

Daniel C.A. Johnson
Daniel C.A. Johnson

Mae A. Johnson
Mae A. Johnson

SEP 19 1986 AT 4:07 O'CLOCK P.M.
REC'D & RECORDED BY Anna C. Zuanti
BOOK 184 PAGE 44-45

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Providence, on the 19th day of September, 1986, before me personally appeared Daniel C.A. Johnson and Mae A. Johnson, to me known and known by me to be the persons executing the foregoing deed and they acknowledged said deed by them executed to be their free act and deed.

Timothy T. More
Notary Public
TIMOTHY T. MORE

RHODE ISLAND CONVEYANCE TAX $110.00 (9/19/86)
RHODE ISLAND CONVEYANCE TAX $110.00 (9/19/86)
RHODE ISLAND CONVEYANCE TAX $110.00 (9/19/86)
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RHODE ISLAND CONVEYANCE TAX $11.00 (9/19/86)
RHODE ISLAND CONVEYANCE TAX $110.00 (9/19/86)
RHODE ISLAND CONVEYANCE TAX $110.00 (9/19/86)
9/19/86 $22.00

lm

PUBLIC OFFERING STATEMENT
FOR
HIDDEN VALLEY CONDOMINIUM

PHASE I

Public Offering Statement # 28
Delivered to: Karen Lundberg

Date of delivery: Aug 9, 1987
Delivered by: Marilyn Lenni

PUBLIC OFFERING STATEMENT FOR HIDDEN VALLEY CONDOMINIUM

(Pursuant to Chapter 34-36.1 of the Rhode Island Condominium Act)

NAME OF CONDOMINIUM:	Hidden Valley Condominium
PRINCIPAL ADDRESS OF CONDOMINIUM:	Quaker Lane West Warwick, Rhode Island
NAME AND PRINCIPAL ADDRESS OF DECLARANT:	Downing/Hidden Valley, Inc. 200 Dyer Street Providence, Rhode Island 02903
EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT:	December 12, 1986

IMPORTANT NOTICE

The following statements are made in compliance with the requirements of Sections 34-36.1-4.02 through 4.04 of the Rhode Island Condominium Act of 1982 (the "Act").

Within ten (10) days after receipt of this Public Offering Statement, before conveyance, the Purchaser may cancel any agreement he or she has executed for the purchase of a Unit in Hidden Valley Condominium (the "Condominium") from the Declarant. If the Purchaser elects to cancel the agreement for the purchase of a Unit pursuant to the immediately preceding sentence, he or she may do so by hand delivering notice of cancellation to the Declarant (in which case a receipt should be obtained) or by mailing the notice by postage prepaid United States mail (in which case return receipt requested is advised). This cancellation of the purchase and sale agreement is without penalty, and all payments made by the purchaser before this cancellation will be refunded promptly by the Declarant.

If the Declarant fails to provide a Public Offering Statement (and all amendments thereto) to a Purchaser before conveying a Unit, that Purchaser may recover from the Declarant, in addition to any other relief, damages as provided in Section 36.1-4.08 of the Act, consisting of an amount equal to ten percent (10%) of the sale price of the Unit.

If a Purchaser receives the Public Offering Statement more than ten (10) days before signing the purchase and sale agreement, he or she cannot cancel the agreement pursuant to the foregoing provisions.

PUBLIC OFFERING STATEMENT

HIDDEN VALLEY CONDOMINIUM
WEST WARWICK, RHODE ISLAND

Table of Contents

INTRODUCTION

This Public Offering Statement is divided into two parts. The first part, entitled "Narrative," summarizes the significant features of the Condominium as required by the Act and presents additional information which may be of interest to prospective purchasers. The second part contains the following exhibits (the "Exhibits"), which are a part of this Public Offering Statement: Exhibit 1 is the current version of the Declaration of Condominium which the Declarant intends to record (the "Declaration"); Exhibit 2 is a copy of the Bylaws of the Hidden Valley Condominium Association (the "Bylaws") which will govern the operation of the Condominium Association; Exhibit 3 is the proposed form of purchase and sale agreement for individual units including all exhibits attached thereto (the "Agreement"); Exhibit 4 contains title information; Exhibit 5 contains the projected budget (the "Budget") for the first year of operation of the Condominium; and Exhibit 6 explains the types of insurance policies to be obtained by the Condominium Association.

The Narrative is not intended to provide a complete or detailed discussion of the Condominium, and the Purchaser should review carefully all parts of this Public Offering Statement, including the Exhibits. The Declarant's salespersons and other representatives are prohibited from orally changing any of the terms and conditions of this Public Offering Statement or of the documents that are part of this Public Offering Statement and may not attempt to interpret their legal effect.

Any term that is capitalized in the Narrative and is not specifically defined in the Narrative will have the meanings which are given to it in the Act, the Declaration, the Bylaws of the Condominium or the Agreement, as applicable.

PART I

NARRATIVE

The Condominium Form of Ownership

Over the last several years, the word "condominium" has become familiar to everyone. The purpose of this section is to help you understand the concept of condominium ownership. When you own a condominium, you hold title to your

dwelling (the "Unit"), which is part of a larger building or complex of buildings (the "Building" or "Buildings"). You also own, in common with the other owners in the same condominium complex, a percentage interest in the common areas of the property in which your Unit is located. These common areas are referred to as the "Common Elements" and generally include all portions of the property which are not part of a Unit. The Common Elements may include the land on which the Building or Buildings containing Units are located, parking areas, landscaped or open areas and building components such as foundations, roofs, exteriors, optional features which are not a part of the Unit and common utility systems. Some portions of the Common Elements are designated as "Limited Common Elements." The Limited Common Elements are for the exclusive use of the Unit Owner to whose Unit the Limited Common Element is assigned by the Declaration, the Plats and Plans or the Condominium Association. Maintenance and repair of the Limited Common Elements in some instances may be the obligation of the Unit Owner. In addition to owning his or her Unit, each individual Unit Owner owns a specified undivided interest in the Common Elements. This is referred to as the "Percentage Interest". The ownership of this Percentage Interest gives each Unit Owner the right, subject to the terms of the Act, the Declaration and the Bylaws and the Plats and Plans, to use and participate in the control of the Common Elements (through membership in the Condominium Association). Ownership of a Unit and a Percentage Interest in the Common Elements obligates each Unit Owner to pay his share of the expenses of operating and maintaining the Common Elements (the "Common Expenses"). Annual budgets are established by the Executive Board of the Condominium Association. Each Unit Owner will contribute equally to the Common Expenses. Each Unit Owner's share will be determined by dividing the annual budget by the number of Units in the Condominium. The Executive Board is elected by the Unit Owners. What makes a condominium ownership unique is that you are the exclusive owner of your Unit and you share ownership of the Common Elements with other persons who own Units which are part of the Condominium.

The Declarant

The Declarant is Downing/Hidden Valley, Inc., a Rhode Island corporation. The Declarant's principal address is 200 Dyer Street, Providence, Rhode Island 02903.

General Description of the Condominium

The Condominium consists of Units in Buildings located

on approximately 21 acres of land with frontage on Quaker Lane in West Warwick, Rhode Island.

The Condominium is to be developed in phases. Phase I will consist of Buildings 1 and 2, with ten Units in each Building, the entrance, sales office and roads and utilities necessary to service Phase I. A subsequent phase which must be built will consist of two Buildings, with ten units in each Building, the roads and utilities necessary to service this phase. Forty Units must be built by the Declarant.

The Declarant intends, but is not obligated, to build additional buildings after forty Units are completed. The maximum number of Units that the Declarant may build is 120 (which includes the 40 Units in the first phases). The construction of 120 Units would result in a density of approximately 5.7 Units per acre.

Construction of Phase I, 20 Units, was started in September, 1986 and is expected to be completed in March, 1987. Construction of the next phase is expected to be completed by May, 1987.

The mix of Unit types at the Condominium is as follows:

<u>Phase I</u>

Two (2) Buildings, each containing six (6) single level Units and four (4) two level townhouse Units.

20 Units (Must be Built)

Two (2) Buildings, each containing six (6) single level Units and four (4) two level townhouse Units.

The Buildings are of new construction and are frame structures with concrete foundations which have no basements. Exterior walls will have wood facades. Roofs will be all wood truss construction with asphalt roof shingles. Presently, all buildings in the Condominium are planned to be alike; however, the Declarant reserves the right to construct other building types in future phases. Since each building will be wired for cable TV, roof antennas may be installed only with the approval of the Declarant or the Association, as the case may be. Electricity for all Units will be individually metered, and all Units will be heated by gas fired forced hot air and will be centrally air conditioned. All Units will be connected to public water and sewer. Hot water will be provided by electric hot water heaters.

All single level Units contain two bedrooms, living room, dining area, kitchen, mechanical/storage room, fireplace, washer and dryer hookups, exterior sundeck, and two bathrooms.

All two level Units contain two bedrooms, living room, dining area, kitchen, mechanical/storage room, fireplace, washer and dryer hookups, exterior sundeck, and one and one half bathrooms.

All Units in the Condominium will be restricted to residential use.

If the Declarant completes construction of 120 Units, as is its intention, the Buildings and Limited Common Elements construction after the initial phases are completed will be of an architectural style, quality of construction and size (except for variation in optional features, if any) which will be compatible with the existing Buildings. The Buildings constructed after the initial phases are expected to be located as shown on the Plat; however, the Declarant cannot guarantee the exact location of Buildings in future phases. The proportion of Limited Common Elements to Units constructed after the first two phases will be substantially similar to the proportion established by the first 40 Units, subject however, to the same variation noted above due to optional features, if any. All assurances made in this paragraph are made by the Declarant and can be relied upon only if the Declarant exercises the development rights reserved.

As Units are added to the Condominium, the Percentage Interest appurtenant to each Unit will be reduced. The construction of 120 units would change the Percentage Interest to the extent set forth on Exhibit B to the Declaration.

All Units constructed in future phases will be subject to the same restrictions in the Declaration affecting use, occupancy, selling or leasing of the Units.

Summary of Principal Condominium Documents

The Condominium will be established and its operation will be governed by the Declaration (when recorded) and the Bylaws (when adopted). A copy of each of these documents is contained in the Exhibits. In addition, there may be certain contracts which affect portions of the Condominium. The following is a summary of the documents presently contemplated:

Declaration of Condominium

The Condominium is created by the Declarant recording the Declaration in the Records of Land Evidence of the Town of West Warwick, Rhode Island.

Article 1 provides for the submission of the Property as a Condominium under the Act. It also lists the easements and restrictions which affect the Condominium.

Article 2 contains the definition of certain terms used in the Condominium Documents. Article 2 also incorporates the provisions of the Act and states that the Act's provisions apply to the operation and government of the Condominium except (where permitted by the Act) to the extent that contrary provisions are found in the Condominium Documents.

Articles 3 and 4 of the Declaration describe the boundaries of the Units and the Limited Common Elements. Unit boundaries generally run along the Unit-side surface of the wooden floor constituting the floor and ceiling, and the dry wall or plaster which forms the walls; the Unit includes the thickness of the drywall or plaster. The Unit Owner is responsible for the dry wall and plaster and for all coverings on the floor including hardwood floors, if any. The Unit boundaries run along the outside surface of doors, windows and window panes and their sills and hardware. The significance of the Unit boundaries is that all portions of the Unit contained within these lines are owned by the Unit Owner, and the Unit Owner has the sole responsibility for the case, maintenance and replacement of these areas, subject however, to the insurance provisions in Article 11 of the Declaration.

Certain portions of the Buildings which contain Units are designated as Limited Common Elements in the Declaration and the Plats and Plans. Parking areas assigned to Unit Owners are Limited Common Elements. In addition, Limited Common Elements also include portions of the Building which serve less than all of the Units in a Building. The maintenance of these Limited Common Elements is undertaken by the Association, and the expense is included in the General Common Expense, except as noted below; and except when maintenance or repair is necessitated by the negligence, neglect or abuse of the Unit Owner, then the cost of such maintenance is allocated to the Unit served by the Limited Common Elements. The Association will maintain all front yards and the 20 feet on each side and behind the Buildings. Optional features, including without limitation, a porch or a balcony, shall be Limited Common Elements

of the Unit to which it is appurtenant. The Unit Owner shall be responsible for the maintenance or repair of such Limited Common Element. Any such Limited Common Element must be painted or repaired at the time the Association paints or repairs the Unit to which it is appurtenant if the Association, in its sole discretion, determines such painting or repair to be necessary. The Unit Owner may undertake such painting or repair or may contract with the Association for the work to be done. If the Unit Owner does not comply with the above procedure, the Association shall have the right to perform the work and to assess the cost of such work to the Unit Owner. The Owner of a Unit served by a Limited Common Element is responsible for cleanliness of the Limited Common Element.

All portions of the Buildings which are not contained within a Unit and which are not designated as Limited Common Elements are deemed to be Common Elements. Common Elements will be maintained by the Condominium Association on behalf of all Unit Owners, and the cost of such maintenance is shared equally by all Units.

Article 5 of the Declaration establishes the Percentage Interest of the Units in the Common Elements, the Common Expense liability and the voting rights of Unit Owners. The Percentage Interest is based on the number of Units in the Condominium. All Units will have approximately the same Percentage Interest. If Units are added to the Condominium, Percentage Interests will be reallocated using the same formula set forth above. The Percentage Interest allocated to each Unit will determine that Unit's appurtenant ownership interest in the Common Elements. Each Unit Owner shall have one vote in the Association for each Unit owned. Common Expense liability will be shared equally by Unit Owners and will be determined by dividing the annual budget by the total number of Units then in existence.

Article 6 lists the various easements to which the Condominium or certain portions of the Condominium are or may be subject. It also reserves the right of the Declarant to maintain models, signs and management offices on the Property.

Article 9 of the Declaration imposes various restrictions on the use of the Units and various other portions of the Condominium. The Units in the Condominium are restricted to residential uses only. Unit Owners are barred from conducting any activity which unreasonably interferes with the quiet enjoyment of adjacent Units, and there are restrictions on whether pets may be kept in the Condominium (for more informa-

tion regarding restrictions, see the portion of this Narrative entitled "Restrictions on Transferability and Use of the Units").

Article 10 sets forth the rights of lenders who provide mortgage financing to purchasers of Units in the Condominium. There are no restrictions on the type of mortgage financing; however, mortgagees must register with the Association in order to receive notices. Under Section 10.3 mortgagees are entitled to receive certain notices, and under Section 10.6 the approval of mortgagees is required for certain acts.

Article 11 of the Declaration outlines the type and amounts of insurance which the Association is required to obtain and the various provisions governing such insurance (for more information regarding insurance see the portion of this Narrative entitled "Condominium Insurance").

Article 12 of the Declaration provides for a limitation on the liability of the members, officers and employees of the Executive Board and provides for the indemnification of members of the Executive Board against all expenses and liabilities which they may incur in the performance of their duties, except in circumstances involving negligence or bad faith. Other Sections in Article 12 provide for the defense of claims against the Association and a disclaimer of bailee liability of the Association, the members of the Executive Board or any Unit Owner for personal property stored on the Common Elements.

Article 13 of the Declaration provides that all present and future owners, lessees, occupants and mortgagees of Units in the Condominium are subject to the Condominium Documents and provides for a procedure to be followed in the event of condemnation of all or part of the Common Elements.

Article 14 of the Declaration describes the makeup of the Executive Board of the Association. The Executive Board will consist of five members elected by Unit Owners at the annual meeting of the Association. Initially, the Declarant will appoint the members of the Executive Board. This Article also provides for the transition from the Declarant-appointed Executive Board to an Executive Board controlled by the Unit Owners. No later than 60 days after the conveyance of 25 percent of the Units which may be created, i.e., 120, to Owners other than the Declarant, the Owners other than the Declarant shall elect two Unit Owners, other than the Declarant, who shall replace two members of the Executive Board appointed by

the Declarant. The terms of office of the initial Executive Board Members will be staggered; thereafter the term of office will be one year.

Article 14 also sets forth the procedure to be followed in order to resolve any inconsistency among the various Condominium Documents and in order to amend the Condominium Documents, and grants to the Executive Board and any aggrieved Unit Owner the power to abate or enjoin any violations of the Act or the Condominium Documents by Unit Owners, tenants of Unit Owners or the Association.

Article 15 of the Declaration permits the Association to employ a professional, experienced managing agent to oversee the daily operation of the condominium or any part thereof. In addition, so long as a Unit remains initially unsold by the Declarant, the Declarant has the right to approve or disapprove any management contract entered into by the Association.

Article 16 deals with the liability of Unit Owners to pay all Common Expense assessments allocated to their Units and provides for the procedures to be followed to affix assessments and collect assessments in the event that the Unit Owner fails to pay them. Section 16.9 requires each Unit Purchaser, upon the initial transfer of title from the Declarant to the Purchaser, to pay to the Association an amount equal to two months estimated Common Expense liability for the Unit being purchased in order to establish a working capital fund for the Association.

Article 17 allows the Declarant to reserve certain rights with respect to the development of the Property and describes what those rights are.

Article 18 provides that the Declarant may assign the rights which it has reserved to others.

Bylaws

The operation and administration of the Condominium Association are governed by the Bylaws.

Article 2 of the Bylaws provides that all Unit Owners in the Condominium are members of the Association. Article 2 also sets forth the time, purpose and procedure for annual and special meetings of the Association. The Association is required to conduct meetings at least annually, and at the annual meeting the Treasurer of the Association is required to present

an annual financial report for the preceding fiscal year and the projected budget for the current fiscal year.

Article 3 provides for an Executive Board of five natural persons. It also describes the time, purpose and procedures for meetings of the Executive Board, and sets forth procedures to be followed in the event that Executive Board members resign or positions on the Executive Board become vacant. Article 3 also sets forth requirements governing the validity of contracts with interested Executive Board Members, and permits the Executive Board to enter into a management contract for the professional management of the Condominium or any part thereof.

Article 4 contains provisions governing the election of officers of the Association by the Executive Board and enumerates the duties of those officers. Officers are elected annually by the Executive Board.

Article 5 describes the procedure for establishing budgets. It also sets forth the obligation of Unit Owners to pay monthly assessments for Common Expenses. Under Section 5.8, the Association, by a majority vote, may reject any budget or capital expenditure approved by the Board.

Article 6 sets forth the procedure for restoration and repair to the Buildings or other parts of the Condominium if damaged or destroyed.

Article 7 describes how individual units will be assessed for real estate tax purposes.

Article 8 sets forth the procedure for amending the Bylaws. Article 9 contains general provisions applicable to the By-laws.

Rules and Regulations

The Bylaws provide that the Executive Board may promulgate rules and regulations governing the details of the use and operation of the Condominium. As of the effective date of this Public Offering Statement, these rules and regulations are set forth on Exhibit E to the Declaration.

Purchase and Sale Agreement

The form of the Purchase and Sale Agreement (the "Agreement") to be executed by all Purchasers is contained in

Exhibit 3 of this Public Offering Statement. It sets forth the rights and obligations of the Purchaser and the Declarant with respect to the Unit. The Purchaser purchases the Unit, the Percentage Interest in the Common Elements appurtenant to the Unit and the personal property, if any, described in the Schedule which is a part of the Agreement.

Item 3 of the Schedule sets forth the sales price and any allowances or credits given to the Unit Purchaser. It also indicates the amount of money to be paid upon execution of the Agreement and at the closing date. Under paragraphs 3 and 20 of the Agreement, the deposit will be held in an escrow account in accordance with the provisions of Section 36.1-4.03(13) of the Condominium Act. The escrow account will be maintained at Eastland Savings Bank, Woonsocket, Rhode Island or at one of its branch offices in Rhode Island. In the event the Unit Purchaser cancels the Agreement pursuant to the provisions set forth on pages one and two of this Public Offering Statement, the Purchaser will be entitled to a return of the deposit paid. The Purchaser is not entitled to earn any interest on the deposit.

Paragraph 5 of the Agreement describes the various exceptions to the title that will be conveyed to the Purchaser.

The closing will be scheduled in accordance with the provisions of paragraph 6 of this Agreement. At the closing certain costs will be apportioned between the Declarant and the Purchaser; paragraph 8 of the Agreement describes the costs for which the Declarant is responsible and the costs for which the Purchaser is responsible.

Paragraph 9 of the Agreement sets forth the events of default and the remedies of both parties if a default by either party occurs. Generally, upon a default by the Purchaser, the Declarant's sole remedy is to retain the Deposit Money. In the event of a default by the Declarant, the Purchaser's sole remedy is to have the Deposit Money returned.

The Declarant gives certain warranties with respect to the Condominium. These warranties are more particularly described in paragraph 11 of the Agreement and in the portion of this narrative entitled "Warranties of the Declarant."

Paragraph 13 of the Agreement sets forth the rights of the parties in the event that all or a portion of the Property is destroyed, damaged or condemned prior to the closing.

Under Paragraph 14 of the Agreement, the Purchaser acknowledges that prior to the conveyance of the first Unit in the Condominium, the Declarant may amend the Declaration and the Bylaws.

Paragraph 15 of the Agreement prohibits the Purchaser from assigning his interest in the Agreement without the prior written consent of the Declarant.

Paragraph 17 of the Agreement limits the representations and warranties of the Declarant to those contained in or incorporated into the Agreement. It also limits changes made by sales persons or other parties.

The Declarant retains the right, in its sole discretion, at any time and from time to time, to increase or to lower the selling price for the Units in the Condominium; provided, however, that no change in price will affect Agreements previously executed.

Contracts

The Declarant may also enter into employment contracts with personnel to maintain the Common Elements and/or the Limited Common Elements for the Unit Owners. A summary of any employment contracts entered into by the Declarant will be provided to all Purchasers after such agreements are signed.

Projected Budget and Financial Matters

The Condominium Association will be established by the Declarant either contemporaneously with or shortly after the recording of the Declaration. A projected budget for the first year of operation of the Condominium Association after the anticipated date of the first conveyance of the Unit to a Purchaser has been prepared by the Declarant. A copy of the budget is included in this Public Offering Statement as Exhibit 5. Because the Association has not yet been formed, no balance sheet for the Association is available.

Since the first conveyance will not occur immediately, the budget is subject to change. Nevertheless, the budget has been prepared based upon what the Declarant believes to be the best current estimates of future costs based on information currently available, such as the current and past operation and maintenance cost of the property or similar properties. In preparing the budget, the Declarant has assumed that all Units would be occupied during the entire one year period which the

budget covers. The budget establishes a reserve for capital expenditures that are anticipated in the future.

Initially, the Condominium shall consist only of the real estate and 40 Units; however, it is the intention, but not the obligation of the Declarant, to build a total of 120 Units in the Condominium.

The budgets have been prepared by the staff of the Declarant based upon what the Declarant believes to be the best current estimates of future costs based on information currently available, such as the current and post operation and maintenance of similar properties. The budgets have been projected on the basis of a fiscal year beginning January 1, 1987 and ending December 31, 1987. In the event the Condominium Association enters into contracts or service agreements, contractually scheduled increases in such contracts or service agreements, if any, may affect the projections. All amounts are rounded off to the nearest dollar. There are no amounts included in the budgets for future capital expenditures or reserves except as set forth therein.

Assumptions relating to occupancy are set forth in each budget. The budgets are based upon the assumption that the rate of inflation will be nominal.

Each purchaser of a Unit in the Condominium will pay a nonrefundable payment equal to two months of the Declarant's initially estimated monthly assessment for Common Expenses. These amounts will be paid directly to the Condominium Association to provide it with initial working capital and such amounts will not be refundable to the Unit Owners at any time under any circumstances.

There are no services not reflected in the budget that the Declarant currently provides or expenses that it currently pays and expects may become at any subsequent time a Common Expense of the Association.

At the closing for each Unit purchased, the Purchaser will be required to pay additional settlement costs, as described in the Agreement.

Title Matters

Upon recording of the Declaration, the Condominium will be subject to the terms of the Declaration, as recorded, the matters shown on the Plats and Plans, as recorded, the

Bylaws and any rules and regulations issued, as each of these may be amended from time to time. In addition the Condominium is subject to the following:

(a) Statutory easements granted by the Act, including (i) the easement provided by Section 34-36.1-2.14 of the Act, which provides that any Unit or Common Element is subject to a valid easement to the extent that any other Unit or Common Element encroaches upon it; (ii) the provisions of Section 34-36.1-2.15 of the Act which provides that the Declarant may maintain sales offices, management offices and models in the Condominium (such right being set forth in Section 6.1(a) of the Declaration; and (iii) the easement provided for in Section 34-36.1-2.16 of the Condominium Act, which allows the Declarant an easement through the Common Elements, and if necessary, through portions of the Limited Common Elements, as reasonably may be necessary to facilitate the completion of the Condominium or to exercise any Development Right or Special Declarant right reserved by the Declarant in Article 16 of the Declaration and elsewhere in the Condominium Documents.

(b) Unrecorded easements, discrepancies, conflicts in boundary lines, shortages of area and encroachments which an accurate and complete as-built survey of the Condominium, would disclose.

(c) Easements and restrictions described in Section 6.1 of the Declaration including the following:

(1) Easements in favor of the Declarant, the Association and appropriate utility and service companies, cable television companies and governmental agencies for utilities, drainage and service lines;

(2) An easement in favor of the Declarant to maintain and correct drainage of surface water;

(3) An easement in favor of the Declarant for the purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Units or Common Elements;

(4) An easement in favor of the Unit Owners, their invitees, employees, tenants and servants, the Association and the agents and employees of the Association for access through each portion of the Common Elements, subject to the requirements and charges imposed by the Executive Board;

(5) An easement in favor of the Association, its agents, employees and independent contractors for the purpose of inspection, upkeep, maintenance, repair and replacement of the Common Elements;

(6) An easement in favor of the benefitted Units (a) for installation, repair, maintenance, use, removal and replacement of utilities located on the Common Elements, or of overhead lighting fixtures, electrical receptacles and light fixtures located in a portion of the ceiling, wall or floor adjacent to the Unit; and (b) for driving and removing nails, screws, bolts and the like into the Unit-side surface of walls, ceilings and floors which are part of the Common Elements;

(7) An easement in favor of each Unit for structural support by adjacent Units, of the Common Elements and the Limited Common Elements;

(8) An easement in favor of the Association, its agents, employees, and independent contractors for inspection of the Units and Limited Common Elements, for inspection, maintenance, repair and replacement of the Common Elements or the Limited Common Elements and for the correction of emergency conditions;

(9) An easement in favor of the Unit Owner benefitted and the Association, its agents, employees and independent contractors for the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, electrical, telephone, telegraph and other communication systems and all other utility lines which are part of the Common Elements and pass through a portion of one or more Units;

(10) An easement in favor of the Unit owner benefitted for the purpose of affixing and removing carpeting, parquet flooring and other floor coverings and otherwise decorating, cleaning and maintaining such surface of the floors, walls and ceilings.

(d) A first mortgage in the principal amount of $7,650,000. granted by Declarant to The Lomas & Nettleton Company. The lien and encumbrance of this mortgage, at Declarant's option, either will be terminated entirely as to the Condominium or released on a Unit-by-Unit basis as each Unit is conveyed. The lien of the mortgage also will be subordinated to the Condominium at the time of the conveyance of the first Unit.

(e) Recorded mortgages, easements, restrictions and agreements referred to Section 1.2 of the Declaration and as set forth on Exhibit 4 hereto.

Warranties of the Declarant

The only warranties provided by the Declarant are those expressly provided in Sections 34-36.1-4.13 and 34-36.1-4.14 of the Act. In summary, the Declarant warrants to each Purchaser of a Unit that the Declarant will correct any "Warranted Defects" appearing in his Unit within two years from the date the Unit is conveyed to that purchaser and Declarant warrants to the Condominium Association that the Declarant will correct any "Warranted Defects" appearing in the Common Elements within a two year period commencing upon the later of the time on which the work on or improvements to the particular Common Element are completed or the date the first Unit in that Phase of the Condominium was conveyed to a bona fide Purchaser. The term "Warranted Defects" means defects in materials used or installed by the Declarant and defects caused by unsound and unworkmanlike construction.

The procedure for making warranty claims and limitations with respect to such claims are set forth in paragraph 11 of the Agreement. No claim arising out of any of the warranties set forth in paragraph 11 of the Agreement may be brought unless, prior to the expiration of the appropriate two year warranty period, the Purchaser has sent written notice by certified mail, return receipt requested, to the Declarant specifying the alleged breaches of these warranties.

The Declarant will make available to each Unit Purchaser any warranty on any item of equipment or appliance that has been purchased new by the Declarant if such warranty has been provided to the Declarant by the manufacturer thereof.

Litigation Involving the Condominium or the Condominium Association

As of the effective date of this Public Offering Statement, there are no judgments against the Condominium Association, nor is the Condominium Association a party to any pending litigation. The Declarant has no actual knowledge of any pending litigation involving the Condominium.

Restrictions on Transferability and Use of the Units

The Declaration provides that the Declarant will have

a right of first refusal to purchase whenever a Unit Owner wishes to sell his or her Unit. The Unit Owner must give written notice of the proposed sale, certified mail, return receipt requested, (including the terms and conditions of sale and an application, identical in form to that form completed by the Unit Owner when purchasing the Unit, completed by the prospective purchaser) to the Declarant at least 45 days prior to the proposed closing date. The Declarant must approve the sale to the proposed purchaser or notify the Unit Owner of its intention to purchase the Unit, on the same terms and conditions, within 20 business days after receipt of the Unit Owner's notification of intention to sell. The Declarant, upon request, will provide evidence, in recordable form, of the Unit Owner's compliance with the requirements set forth in the Declaration and of its approval of the sale.

In the event a Unit Owner wishes to lease his or her Unit, the same requirements as to time of notice and contents thereof and right of first refusal set forth above and in the Declaration will apply.

The Act provides that no part of the Common Elements may be sold unless in conjunction with the sale of a Unit; provided, however, that the Act does permit the common elements or portions thereof to be sold by the Association upon the required vote of the members.

In addition to the restrictions set forth above regarding sale and lease of Units, the Declaration imposes the following restrictions on use:

(a) Unit Owners may not obstruct the Common Elements in any way, nor may any Unit Owner store anything in or on the Common Elements without the prior written consent of the Executive Board;

(b) The Common Elements may be used only for the benefit and enjoyment of the Unit Owners and the occupants of all Units. Unit Owners are prohibited from placing any garbage, trash or rubbish anywhere in the Property other than in their own Units and in or on such parts of the Common Elements as are designated for that purpose by the Executive Board;

(c) No Unit may be used, occupied or kept in a manner which in any way increases the fire insurance premiums on the Property without the prior written consent of the Executive Board;

(d) No Unit Owner (other than the Declarant) may erect any sign on or in his or her Unit or any Limited Common Element which is visible from outside the Unit or from the Common Elements without the prior written consent of the Executive Board (with the exception of a small non-illuminated name sign on the door of the Unit);

(e) Household animal pets may be kept by Unit Owners only with the prior consent of and in the sole discretion of the Condominium Association in accordance with any rules and regulations relating to household pets promulgated by the Executive Board and with local leash laws and animal health laws; and

(f) Unit Owners are responsible for maintaining their individual Units in good order and repair at their own expense.

Condominium Insurance

Article 11 of the Declaration sets forth the provisions concerning the types and amounts of insurance coverage to be provided by the Condominium Association. The Property will be insured by a policy of fire and property damage insurance in an amount equal to the full insurable replacement cost of the Property. The premium for this insurance will be paid by the Condominium Association. Each Unit Owner will pay his share as part of his assessment for Common Expenses. This policy will insure all physical improvements within each Unit that are in existence on the date of Closing. This policy will not insure physical improvements within the perimeter of each Unit or appliances added by the Unit Owner subsequent to the date of Closing. Personal property of the Unit Owner is not insured. It is the individual responsibility of the Unit Owners to obtain property insurance to insure their personal property and subsequent improvements and liability insurance to cover claims arising out of the use or ownership of their individual Units. Condominium Unit Owner Insurance is available in Rhode Island and should be obtained by each Unit Owner to protect himself against fire or other damage to his Unit and liability claims within his Unit.

The Condominium Association will also carry a liability insurance policy on behalf of the Condominium Association and all Unit Owners to insure them against liability arising out of the ownership or use of the Common Elements. This policy will not insure Unit Owners against liability arising from an accident or injury occurring within their Unit or from

their own negligence. Information about the types and amount of insurance to be obtained by the Condominium Association is contained in Exhibit 6.

Insurance proceeds under the fire and property damage insurance policy will be paid to the Condominium Association or an insurance trustee, if there is an insurance trust agreement in effect.

Financing for Phase 1 and Subsequent Phases

The Declarant has received financing from the Lomas & Nettleton Company (the "Lender") to finance the construction of the initial phases, the roads and utilities located therein, and the Lender is committed to advance funds to the Declarant for the construction of 120 Units, the road construction, utility installation and site work and recreational amenities. The closing of the loan from the Lender was held on October 30, 1986.

Financing to be Arranged By Declarant

As of the date of this Offering Statement, the Declarant does not intend to offer financing to prospective purchasers. The Declarant reserves the right to offer financing to prospective purchasers in the future upon such terms and conditions as the Declarant determines. The terms and conditions of such financing, if offered, may be subject to change by the Declarant without prior notice. If the Declarant does offer financing, the current terms and conditions of such financing will be set forth in an amendment or addendum to this Offering Statement. Any financing which the Declarant may offer will be available only to Purchasers acquiring their Unit subsequent to the announcement of Declarant-offered financing. Such financing will not be available for existing Unit Owners.

Zoning and Land Use

The Zoning Board of Review of the Town of West Warwick granted on June 25, 1986 the application filed on behalf of the Declarant to permit the construction of 120 condominium units on the Property in accordance with the original site plan dated April 28, 1986.

Subsequent thereto, this site plan was submitted to the Rhode Island Department of Environmental Management ("DEM"). The Wetlands Division of DEM requested that three buildings foundations in the original site plan be relocated on

the Property in order to satisfy concerns of the Wetlands Division. Therefore, the site plan was modified to take such relocation into account. The revised site plan was submitted to the West Warwick Zoning Board of Review and was approved on November 26, 1986. Therefore, the proposed development of the Property, based on the revised site plan, for 120 two bedroom residential condominium units is in full compliance with the Zoning Ordinance of the Town of West Warwick.

Amendments

This Public Offering Statement is subject to change without notice in order to reflect any material changes in the information set forth herein or otherwise required by the Act.

NO PERSON HAS BEEN AUTHORIZED BY THE DECLARANT TO MAKE ANY STATEMENT, REPRESENTATION OR WARRANTY NOT SPECIFICALLY CONTAINED HEREIN, AND NOTHING IN THIS PUBLIC OFFERING STATEMENT MAY BE CHANGED OR MODIFIED ORALLY. ANY INFORMATION OR DATA REGARDING THE CONDOMINIUM WHICH IS NOT INCLUDED IN THIS PUBLIC OFFERING STATEMENT SHOULD NOT AND MUST NOT BE RELIED UPON.