

RECEIPT FOR DISCLOSURE STATEMENT

FOR

RED TAIL CANYON CONDOMINIUMS
(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 issued October 3, 2006, consisting of 44 pages, not later than the date the unit sales agreement is fully executed by all parties.

The undersigned understands that the Disclosure Statement is not a recommendation or endorsement of the Condominium, but is for information only.

Dated this _____ day of _____, 20__.

Purchaser

Purchaser

THE DECLARANT IS REQUIRED TO RETAIN THIS RECEIPT FOR THREE YEARS

(PURCHASER'S COPY)

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(DECLARANT'S COPY)



Real Estate Agency

CONDOMINIUM DISCLOSURE STATEMENT
ADOPTED & ISSUED: 10-3-2006

FILE NO. CO-26-0706-737

FOR
RED TAIL CANYON CONDOMINIUMS
(AN OREGON CONDOMINIUM)

DECLARANT

RED TAIL CANYON, L.L.C.
8221 SE ASPEN SUMMIT DRIVE, SUITE 8
PORTLAND, OR 97266

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 RED TAIL CANYON CONDOMINIUMS

This Disclosure Statement discloses certain pertinent information about Red Tail Canyon Condominiums (the "Condominium"), located at 8221 SE Aspen Summit Drive, in the City of Portland, Multnomah County, Oregon. This Disclosure Statement has been prepared by Red Tail Canyon, L.L.C. (the "Developer"). Developer's telephone number is (503) 654-4211 and its address is 8221 SE Aspen Summit Drive, Suite 8, Portland, Oregon 97266.

On the date this Disclosure Statement was issued, Developer had prepared and submitted to the Oregon Real Estate Agency a proposed form of Declaration submitting the Condominium to condominium ownership and a proposed form of Bylaws of Red Tail Canyon Condominiums Owners' Association ("the "Association"). Developer will record in the Deed Records of Multnomah County, Oregon, the final Declaration submitting the Condominium to condominium ownership and the final Bylaws of the Association. The proposed Declaration submitting the Condominium to condominium ownership is referred to in this Disclosure Statement as the "Declaration," and the proposed or final Bylaws of the Association is referred to in this Disclosure Statement as the "Bylaws."

General Description of Condominium.

The Condominium consists of twenty-six residential buildings, each with two to six dwelling units, each containing two stories, with a total of 100 units. Each unit includes an attached garage. The buildings are of wood frame construction with Hardiplank and stucco siding and composition roofs. The Condominium also includes a recreation building (a clubhouse) of similar construction.

THE SIDING WAS INSTALLED IN 2001 AND HAS AN ANTICIPATED USEFUL LIFE OF 30 YEARS. ELECTRICAL SYSTEM INCLUDES COPPER WIRES AND FULL BREAKER BOXES INSTALLED IN 2001, HAVING A USEFUL LIFE OF 30 YEARS. PLUMBING IS COMPRISED OF PVC PIPING INSTALLED IN 2001, HAVING A USEFUL LIFE OF 30 YEARS, BUT FOR THE SPA AND POOL FILTER, HEATER AND PUMPS WHICH HAVE A USEFUL LIFE OF 10 TO 15 YEARS. THE COMPOSITION ROOF, WHICH WAS INSTALLED IN 2001, HAS AN ANTICIPATED USEFUL LIFE OF 25 YEARS, AND THE HVAC SYSTEM, WHICH WAS INSTALLED IN 2001, HAS AN ANTICIPATED USEFUL LIFE OF 15 YEARS. THE DECKS, WHICH WERE CONSTRUCTED IN 2001, HAVE AN ANTICIPATED USEFUL LIFE OF 20 YEARS, AND THE SIDEWALKS AND ASPHALT ELEMENTS OF CONSTRUCTION HAVE A USEFUL LIFE OF 25 YEARS, AND WERE INSTALLED IN 2001. REFER TO THE RESERVE STUDY FOR FURTHER PARTICULARS. THIS ASSESSMENT WAS PREPARED BY THE DECLARANT.

Developer is offering a fee simple ownership interest in a unit to the prospective purchaser. Each unit includes an attached garage. The owner of a unit also receives an undivided interest, in common with other unit owners, in the "common elements," including the "general common elements" described in Article 5 of the Declaration, calculated on the basis of the square footage of a unit in relation to the percentage of the total square footage of all units. (See

Article 7 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 driveway that connects a garage to the public street or a common access way. Each balcony, portico, railing or other similar area that is accessible only from one unit or that adjoins the rear door of a unit is a limited common element appurtenant to the unit that it adjoins. Each sidewalk that connects a limited common element driveway to the front door of a unit, and each porch or patio of a unit, is a limited common element appurtenant to the unit to which it leads. (See Article 6 of the Declaration.) Further, each will include a pro rata undivided interest in a storm water detention pond tract and natural area tracts of an adjacent subdivision known as Aspen Summit Village. (See Article 5 and Exhibit D of the Declaration.)

The project was completed in 2001 and is served by the following utility providers:

Water and Sewer Service:	City of Portland (503) 823-7770
Electricity:	Portland General Electric (800) 542-8818
Telephone:	Qwest Communications (503) 358-6113
Cable Television:	Comcast (503) 407-8779

Prospective purchasers may contact these providers for further information on current rates and charges. Access to the project is over public streets. Local services such as fire and police protection, schools, medical facilities and shopping facilities are available in the City of Portland.

Conversion Condominium.

Because Red Tail Canyon Condominiums is a conversion condominium, Oregon law provides certain rights to tenants. Developer must provide a Notice of Conversion to each tenant in the project. In addition, prior to the sale of any dwelling unit which is to be retained as a unit in the condominium without substantial alteration in its physical layout, Developer must first offer to sell the respective unit to the tenant who occupies the unit. Developer cannot make this offer until at least 30 days after delivery or mailing to the tenant of the Notice of Conversion. Such offer will terminate 60 days after its receipt or upon written rejection of the offer by the tenant, whichever occurs earlier. It must be accompanied by a copy of this Disclosure Statement and may not constitute a notice to terminate the tenancy. The Developer may not sell the unit to a person other than the tenant during the 60 days following termination of the offer at a price or on terms more favorable to the purchaser than the price or terms offered to the tenant. The tenant's dwelling unit may not be shown to any prospective purchaser without the tenant's permission before the termination of the tenancy.

The Declaration creating the condominium may not be recorded until at least 120 days after the Notice of Conversion, during which period an individual apartment unit occupied by a tenant may not be renovated without the tenant's consent. Finally, since the Project is within the City of Portland, by City of Portland ordinance any tenant within HUD Section 8 income levels is entitled to a waiver or refund of the last month's rent if such tenant does not elect to purchase.

Plan of Development.

Remodeling and updating of appliances and fixtures is being performed in the units, but will be completed prior to occupancy by purchaser.

Sales Agreements.

The Developer is not offering any financing to prospective purchasers. Within the time specified in the purchase agreement, each purchaser must apply for loan approval by an institutional lender, or if the purchaser plans to pay in cash without obtaining financing, such purchaser must furnish Developer with any credit information requested by the Developer. In the event the purchaser is unable to obtain a loan on satisfactory terms or satisfy Developer of purchaser's ability to pay by the date specified in the purchase agreement and after diligent efforts to do so, either party may terminate the Unit Sales Agreement and purchaser's earnest money will be refunded, unless the time for obtaining such credit approval is extended by the parties. If the agreement has not been terminated within the specified financing contingency period, then the purchaser's financing contingency will be deemed waived. Thereafter, if the purchaser is unable to close the purchase because of inability to obtain a satisfactory loan, a change in financial status, a change in loan terms, or any other reason (other than a breach of the agreement by Developer), then purchaser's earnest money deposit will be paid to and retained by Developer.

The purchase agreement provides that the purchaser may elect to have professional inspections of the property. If the purchaser notifies Developer of defective conditions disclosed by the reports within the time allotted in the purchase agreement, and 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 equal to two months of Association assessments, the next month's assessment for the unit, a pro rata share of the current month's assessment, purchaser's portion of the escrow fee, and all fees, costs and expenses in connection with purchaser's loan, if any, including the premium for any mortgagee's title insurance policy. See Section 5.3 of the Unit Sales Agreement. Any trust deed on the project will provide for release of individual units as they are sold upon payment of a portion of the sales price to the lender. Closing of each sale is conditioned upon release of the unit from any trust deed.

If the purchaser should fail to make any deposit or payment required under the Unit Sales Agreement, Developer may declare the purchaser to be in default, and, without prejudice to any other rights of Developer, declare the entire amount paid by the purchaser forfeited to Developer. 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, Developer may, in lieu of terminating the agreement, require the purchaser to pay to Developer at closing 12 percent per annum of the total purchase price, plus tax and assessment prorates, from such date to the date of actual closing, or pay \$50 per day, whichever is greater. See Section 9.2 of the Unit Sales Agreement.

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

1. **AS IS Sale.**

Red Tail Canyon Condominiums was constructed in 2001, and thus is not a "newly constructed" condominium. Accordingly, Seller disclaims all warranties and covenants, express or implied (including any implied warranty of merchantability or fitness for a particular purpose), relating to the unit, common elements and personal property sold under this Agreement, including without limitation, fixtures, appliances and consumer products as defined in the Magnuson-Moss Warranty Act, or consumer goods as defined in the Uniform Commercial Code as adopted in Oregon (the "Property"). Purchaser, having had the opportunity to inspect the Property, accepts all the Property in its current condition, AS IS, with all defects, apparent and not apparent. The entire risk as to the quality and performance of the same is with Purchaser. Purchaser assumes the entire cost of all necessary servicing or repair should a defect appear.

2. **Release and Waiver of Past, Present, and Future Claims Regarding Condition of Property.**

Acknowledging that this is an "AS IS" transaction, to the fullest extent allowed by law, Purchaser hereby releases and waives any claim whenever arising against Seller or its agents, brokers, successors, employees, affiliates, representatives, officers, directors and members, any contractors, subcontractors, suppliers, consultants or design professionals of every tier performing any work or services in connection with the project, and their insurers and re-insurers, or the association or any board member thereof (collectively, the "Seller Parties"), relating to or arising from the condition of the Property at any time. This waiver is absolute and unconditional, and this release and waiver applies whether or not Purchaser has knowledge of any potential cause of action for such claims. This waiver applies to claims under any legal theory, including but not limited to negligence, negligence per se, negligent or intentional misrepresentation, defective construction, breach of contract or warranty, unlawful trade practice, breach of fiduciary duty, strict liability, nuisance, trespass or any other theory, whether arising from statute, contract, tort or otherwise. This waiver includes, without limitation, claims relating to construction defects, water intrusion, mold, mildew, dry rot, fungus and/or odors in the unit or common elements; products or conditions in the unit or common elements, including for example carbon monoxide, radon or carpet glue; noise or sound transmission; loss of use; emotional distress; incidental or consequential damages; attorney fees and costs; or relocation expenses (temporary or otherwise). Purchaser acknowledges that Seller would have required a significantly higher purchase price for the unit if Purchaser refused to accept the Property on an AS-IS basis, required any warranty, or declined to provide the foregoing release and waiver. This release and waiver shall be binding upon Purchaser, all successor owners or occupants of the unit, the association, and their respective employees, contractors, property managers, brokers, heirs, successors, assigns, guests and invitees. Purchaser agrees that claims of the association are derivative of claims of unit owners and that the association will be bound by the foregoing waiver. This waiver shall act as a complete bar and defense against any released or waived claim. **Purchaser acknowledges that Purchaser**

has read and understands this waiver, that it has had an opportunity to seek and consult counsel regarding this waiver, and will have further opportunity to do so until the expiration of Purchaser's five-day right of cancellation set forth in the Notice to Purchaser (Right of Cancellation) attached to the front of this Agreement.

3. **No Representations.**

It is natural during the course of the transaction contemplated in this Agreement for Purchaser to have questions regarding the unit. In order for the Purchaser to receive authoritative answers, Purchaser must present any questions to Seller in writing. Purchaser understands and agrees that sub-contractors and real estate agents are not authorized to make representations for Seller. Purchaser understands and acknowledges that any statements contained in marketing literature (including Seller's website, if any), flyers, advertisements and listing agreements are not representations and are all subject to change, and, therefore, are not to be interpreted to expand or modify any terms or conditions contained in this Agreement. Purchaser shall at no time speak with subcontractors or site workers to make changes of any kind or regarding the condition of the unit or the common elements. **Purchaser acknowledges that purchaser is not relying on any representation made by Seller or its employees or agents, except as expressly set forth in this Agreement.**

4. **Personal Property.**

Purchaser acknowledges that any warranties of appliances, equipment, and other consumer products that have been installed in the unit, if any, are those of the manufacturer or supplier only, that Seller does not warrant such items, but that, to the extent assignable, these manufacturers' or suppliers' warranties will be assigned to Purchaser effective on the closing date. Seller shall reasonably cooperate with any such claims Purchaser may elect to pursue against the manufacturer, provided there is no cost or liability to Seller. If Seller receives any payment from a manufacturer after closing as a result of product deficiencies applicable to the unit, Seller shall deliver such payment to Purchaser after deduction of Seller's costs. Seller does not represent or guaranty the existence or validity of any manufacturer or supplier warranties or the performance by any manufacturer or supplier of its warranty obligations. Purchaser also acknowledges that the warranty on all appliances, fixtures or equipment placed in common elements by Declarant, if any, are those of the manufacturer or supplier only, that Seller does not warrant such items.

5. **Purchaser's Right of Inspection.**

Purchaser warrants that Purchaser has had, or will have had, at closing adequate opportunity to investigate the condition of the unit, common elements and personal property in accordance with Section 7 of the Unit Sales Agreement. Purchaser is relying solely on this independent investigation in purchasing the unit.

6. **Acoustics, Light, Air and View.**

Purchaser acknowledges that as is typical in residential condominiums, the units are not soundproof and Seller makes no warranty or representation regarding the degree that sounds will infiltrate the unit. Unit occupants may hear some degree of noise from the nearby streets, from nearby units and from nearby common elements. The association, and not Seller, will have the responsibility of enforcing rules against disturbing other members of the association; however noise occurring outside the unit may be audible inside the unit to some degree. Purchaser should make Purchaser's own determination as to the acceptability of noise levels in the unit. Purchaser also acknowledges that any removal of the finished flooring or other alterations within the unit or condominium may adversely affect the noise levels within the unit. **Seller makes no representation or warranty regarding the existence of or changes in the level of noise, light, air or view benefiting or burdening the unit specifically or the condominium generally. In addition, Purchaser acknowledges that the Seller will have no liability if the current level of noise, light, air or view affecting the unit changes due to future developments.**

7. **Mold and Dry Rot.**

Purchaser acknowledges that mold is a commonly occurring natural substance that can grow in the unit and the common elements where water infiltration and humidity exist. Purchaser also acknowledges that there is controversy regarding whether and to what extent certain types of mold are toxic to humans. Purchaser understands and agrees that Seller will not be liable for any property damage or bodily injury suffered by the unit's occupants and resulting from the presence of mold. In addition to mold, water leakage over time can lead to dry rot or other damage. Seller can give no assurance that mold, dry rot or water damage or leakage has not occurred or will not occur in the future. Purchaser should satisfy his or her self (personally or through a qualified inspector) as to the existence of mold, dry rot or water intrusion. **Seller expressly disclaims any liability for mold, dry rot or water damage.** Purchaser is hereby advised to regularly cause the unit and the common elements to be inspected for mold, dry rot or water intrusion. Purchaser should take prompt action to remedy underlying water infiltration and humidity conditions that may cause any mold or dry rot and thereby avoid any possibility of damage or injury from long-term exposure to mold or damage to the condominium from dry rot or water intrusion.

8. **Seller's Continuing Right of Inspection.**

By appointment arranged in advance, Seller, its agents and assigns, shall have the continuing right, but not the obligation, after the closing date to enter Purchaser's unit and the common elements at reasonable times to inspect, identify and/or correct any conditions for which Seller could potentially be responsible under the law.

9. **Time Limitation on Actions.**

It is the intent of the parties that the releases and waivers of claims in this Section 9 be comprehensive and final. To the extent it is determined that any claim against any

Seller Party, under any legal theory, survives the foregoing release and waiver for any reason, such claim must be brought within 90 days after the date Purchaser knew or reasonably should have known of facts sufficient to put Purchaser on notice of the claim, or if earlier, with respect to the unit and related limited common elements, by no later than the first anniversary of the closing date or, with respect to the general common elements, the first anniversary of the date of the Turnover Meeting as described in Section 2.2 of the Bylaws. Any and all such claims not brought within this time period will be deemed time barred, regardless of when Purchaser actually discovered the alleged basis for the claim. For purposes of this section, a claim is "brought" when arbitration is formally initiated or a complaint is filed in the appropriate Small Claims Court and served promptly on Seller. In addition, Purchaser should be aware of the following requirements under Oregon law:

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

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

Common Expenses, Assessments and Budget

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

The Bylaws specify that all owners are obligated to pay all assessments imposed by the board of directors on behalf of the Association to meet common expenses of the property. Such assessments will be made by the board of directors in accordance with the terms of the

Declaration, which provides that the common profits and common expenses of the Condominium will be allocated to the owner of each unit based upon the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined. See Section 8.1 of the Declaration and Article 5 of the Bylaws.

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

NOTICE TO PROSPECTIVE PURCHASERS

THE PROJECTION OF THE BUDGET OF THE ASSOCIATION OF UNIT OWNERS FOR THE OPERATION AND MAINTENANCE AND OTHER COMMON EXPENSES OF THE CONDOMINIUM IS ONLY AN ESTIMATE, PREPARED WITH DUE CARE.

Provisions have been made in the projected budget for a reserve account for replacement of those common elements all or a part of which will normally require replacement in more than three and less than thirty (30) years, for significant future maintenance items as required by the Maintenance Plan established pursuant to Section 3.7(q) of the Bylaws and for exterior painting if the common elements include exterior painted surfaces. The reserve account need not include those items that could reasonably be funded from operating assessments. The amount of such reserves have been computed on the basis of a reserve study provided by Regenesys, Inc. The information constituting the basis for the reserve assessment is attached to this Disclosure Statement. Except as otherwise provided in the Bylaws, the reserve account may be used only for the purposes for which reserves have been established and must be kept in a separate account. The board of directors must annually conduct a reserve study or review and update an existing study to determine and adjust reserve account requirements. See Section 5.5 of the Bylaws for specific provisions relating to reserves.

Operation and Management of the Condominium

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

As provided in Section 14.1 of the Declaration, upon the recording of the Declaration Developer will organize an association of unit owners to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. The Association will be an Oregon nonprofit corporation. As provided in Section 14.2 of the Declaration, each unit owner will be a member of the Association. The affairs of the Association will be governed by a Board of Directors as provided in the Bylaws. Each unit owner will be entitled to one vote for each unit owned by that unit owner. See Section 8.2 of the Declaration.

Article 2 of the Bylaws describes the meetings of the Association and the method of voting by members. Article 3 of the Bylaws describes the Board of Directors, including the number and qualification of directors, election of directors, the powers and duties of the Board of

Directors, meetings of the Board of Directors, and liability and indemnification of directors, officers and the managing agent. Article 4 of the Bylaws describes the officers of the Association.

Article 5 of the Bylaws describes the budget, expenses and assessments of the Association, including collection of assessments. Records and audits of records of the Association are discussed in Article 6 of the Bylaws.

Article 7 of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements, in addition, Section 7.5 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on commercial activities in units and restrictions on pets, and establishes the ability of the Board of Directors to adopt additional rules and regulations.

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

Rights of Developer

The Unit Sales Agreement will not be affected by minor variations in unit size or by modifications to the design, plan or appearance of other units within the Condominium.

Developer has also reserved the right to revise or amend the Declaration, Bylaws and Escrow Agreement to the extent reasonable changes may be required by governmental authorities, lenders or title insurance companies or any changes to conform to or utilize the provisions of the Oregon Condominium Act or applicable federal or state law, FannieMae guidelines or FannieMae, Federal Housing Authority or Veterans Affairs regulations, or any amendments or revisions thereto. Any other changes to such documents that materially and adversely affect the purchaser will require the purchaser's consent. If the purchaser does not consent to the change, Developer may terminate the purchase agreement, in which case the purchaser's earnest money, together with any interest earned on such funds, will be refunded.

Developer has reserved the right to adopt, on behalf of all unit buyers, the initial Bylaws and administrative rules and regulations for the Association, to appoint an interim Board of Directors of the Association, and to enter into a management agreement on behalf of the Association with a managing agent. Developer has also reserved certain easements over the common elements. See Sections 12.5 and 14.4 of the Declaration.

The Developer will have one vote for each unit owned by the 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 Developer. See Sections 3.2 and 3.4 of the Bylaws. Developer must call the organizational and turnover meeting within five years after the date of the first conveyance of the first unit to a person other than Developer, or within 90 days after Developer has sold and conveyed 75 percent or more of the total number of units which Developer may submit to the Condominium, whichever is earlier. See Section 2.2 of the Bylaws. At that

meeting, the interim directors will resign and the unit owners will elect five directors. See Section 3.4 of the Bylaws.

The Developer's prior written consent is required for any amendment to the Declaration or Bylaws so long as Developer owns 25 percent or more of the total number of units which Developer may submit to the Condominium, but no such consent is required three years from the date of the conveyance of the first unit to a person other than Developer. Some amendments to the Bylaws require Developer's consent until ten years after the turnover meeting. See Section 15.2 of the Declaration and Section 9.2 of the Bylaws.

Additional Information

Purchasers should be aware that urban condominium living differs from detached single-family living in that such structures inherently are subject to some sound transmission from unit to unit and from common areas to units and from urban street noise. Before deciding to purchase, each prospective purchaser should satisfy himself or herself that the level of sound transmission at this project will be acceptable to the purchaser. This includes checking (personally or through a qualified inspector of the purchaser's choice) the noise level that exists in the unit now and may exist when other units are occupied.

Any square footages of the unit provided by Developer or Developer's agents are approximate and based upon "architectural" measurements taken from architectural plans. Final square footages may differ, and the square footages in the condominium declaration and plat will be based upon condominium measurement standards, which are not the same as "architectural" measurements. Developer does not guarantee any specific square footage.

As provided in Section 7 of the Unit Sales Agreement, purchaser should satisfy himself or herself (personally or through a qualified inspector of purchaser's choice) as to the existence of dry rot, mold or any other deficiency. Developer will make available access to any portion of the subject buildings requested by purchaser. Notwithstanding the above, should purchaser conduct invasive testing purchaser shall be required, at purchaser's expense, to return the building to a similar condition as was present prior to the destructive testing.

The Condominium will need certain periodic maintenance and inspections in order to assure the safety of the property and that its various components last for their projected useful lives. The Maintenance Plan established pursuant to Section 3.7(q) of the Bylaws identifies many, but not all, of the components of the common elements requiring periodic and regularly scheduled maintenance and inspections. Failure to follow the Maintenance Plan could impair the safety of the Condominium, reduce the useful lives of its components and increase future maintenance costs.

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 the Red Tail Canyon Condominiums to condominium ownership. The Declaration contains, among other things, provisions describing the units, the common elements, the rights of mortgagees, easements, and Developer's rights.

2. Bylaws of the Association of Red Tail Canyon Condominiums Owners' Association. This document contains, among other things, provisions relating to the management, use and operation of the Association and the rights and obligations of the unit owners.

3. Escrow Agreement between Developer and Pacific Northwest Title. 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 Red Tail Canyon Condominiums Owners' Association. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association.

6. Management Agreement, if any, between the Association and a professional community management company, 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 Pacific Northwest Title.

8. Purchasers may be bound by the following matters of record:

- (a) Conditions and restrictions established by the City of Portland,
For: Land Use Review
Variance No.: LUR 95-00867EN
Recorded: November 7, 1996, Recorder's No. 96 169381
- (b) Conditions and restrictions established by the City of Portland,
For: Land Use Review
Variance No.: LUR 97-01257EN
Recorded: May 7, 1998, Recorder's No. 98 077626
- (c) Matters contained in that certain document entitled "Operation and Maintenance Plan," dated November 2, 1998, by and between J. Blaine Hoggard and the City of Portland, recorded November 4, 1998, Recorder's No. 98 200289, which document, among other things, contains or provides for: "drainage system."

Reference is made to said document for full particulars.

- (d) Declaration of Common Open Space, Stormwater Tracts, and Maintenance Agreement, including the terms and provisions thereof.

Recorded: May 7, 1999, Recorder's No. 99093306

- (e) Covenants, conditions and restrictions, as shown on the plat of ASPEN SUMMIT VILLAGE and ASPEN SUMMIT VILLAGE NO. 2

Reference is made to said document for full particulars.

- (f) Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the plat of said property.

Purpose: Public utilities

Affects: 8.00 feet wide along all front lot and tract lines abutting S.E. Aspen Summit Drive Right-of-Way

Purpose: Public Walk-Way

Affects: 4.5 feet wide along front lines of Lots 9 through 14 abutting S.E. Aspen Summit Drive Right-of-Way

Purpose: Public water quality protection

Affects: The Northwesterly portion of Lot 4

9. In addition, purchasers may be bound by financing instruments, escrow instructions and provisions of the Oregon Condominium Act. Prospective purchasers should also inquire regarding rules and regulations, if any, that may have been adopted since the date of this Disclosure Statement.

Attachment
Projected Budget

**Year 2006
Operating Budget, Reserve Study
& Maintenance Plan**

**Red Tail Canyon Condominium
Portland Oregon**

PREPARED BY

Regenesis

PO Box 19605
Portland OR 97280

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Phone 503.977.7974
Fax 800.979.2313

June 16, 2006

Kathryn Hoggart kahh@jbhcompany.com
Red Tail Canyon LLC
PO Box 22334
Milwaukie OR 97269

RE: Red Tail Canyon Condominium
Operating Budget, Reserve Study & Maintenance Plan

Enclosed is the budget work you requested based on information you have provided:

Monthly Fee per Unit My analysis indicates the Monthly Fee per Unit ranges from \$155 to \$290 depending on unit square footage. See the Operating Budget and Reserve Study for details.

Reserve Study Highlights:

Percent Funded The Annual Contribution recommendations included in the Funding Plan Summary in each reserve study is designed to maintain reserves at or near the 100% Funded ideal.

Investment Yield on Reserves. One of the benefits of the Reserve Study is that it allows long range investment planning. A 4.7% Yield is projected based on average CD rates available. A knowledgeable financial consultant could do better with strategic investment planning and reduce contributions by the owners. See www.BankRate.com for local investment options.

Tax Rate of 15% shown on the Reserve Study Funding Plan Summary assumes that taxes will be filed using IRS Form 1120 versus Form 1120H which has a 30% Tax Rate. Filing Form 1120 is more costly but when the taxable interest earned on reserve funds warrants the additional expense (tax savings exceed additional CPA charges), filing Form 1120 should be considered.

Inflation Rate of 3.55% is imputed over the 30 year projection period based on the current inflation rate quoted by www.inflationdata.com.

Other Resources to Consider:

Here are a number of valuable resources you can offer to your homeowner association:

The Regenesis Report is my monthly newsletter that provides insightful HOA management strategies and advice. It is considered by many to be the best HOA newsletter available anywhere. It's available free to Regenesis reserve study clients.

Regenesis.net is the world's largest HOA information resource. Subscribers have access to hundreds of topical articles, sample policies, links to thousands of relevant internet websites and much more. The annual subscription is currently \$99 which includes an unlimited consulting feature called "Ask the HOA Expert".

Regenesis Video Series This five video series addresses key issues every HOA board should understand. The series includes **The Board** (explains their duties), **Meetings** (how to run one), **Insurance** (the kinds no HOA should do without) and **Reserves** (explains why they are so necessary). The set sells for \$99.75 in either DVD or VHS format.

Regenesis Turnover Service. I would be happy to assist you with the turnover process which should begin at least 90 - 180 days in advance of the meeting. This will help the new Board get off on the road to success.

Annual Reserve Study Update. The State of Oregon requires an annual review and update of the Reserve Study. My charge for a non-site visit **Annual Reserve Study Review & Update** is \$495 based on the current component list and assuming that annual updates with Regenesis are performed. (A site visit which is recommended at least every three years would add \$400.) The Regenesis review and update provides a new 30 year projection with current inflation factor, investment rates and any known cost changes.

It's been my pleasure to provide this valuable financial and maintenance planning information for your homeowner association. Please call me if you have any questions. Otherwise, please forward an "Approved" copy of this report to your attorney.

Regards,



Richard L. Thompson PRA
HOMEOWNER ASSOCIATION MANAGEMENT CONSULTANT



PO Box 19605
Portland OR 97280

Regenesis

Regenesis.net

Phone 503.977.7974
Fax 800.979.2313

Homeowner Association Developer Services

Regenesis offers specializes consulting services to homeowner association developers. Our nationally recognized expertise will provide a marketing edge when applied in these areas:

- ▶ **Concept Stage Consulting** Selection of materials, design and amenities has a huge impact on market value, durability and the homeowner association fee charged. Using the latest homeowner association strategies, construction costs can be reduced, the structures cheaper to maintain and lower homeowner fees. This will help the homes sell faster and increase your profitability.
- ▶ **Budgeting Expertise** Regenesis has a long track record of crafting Operating Budgets and Reserve Studies for new homeowner associations. Putting the developer arms length from the budget adds credibility and reduces liability.
- ▶ **Maintenance Plans** A Maintenance Plan will provide the details the new homeowner association needs to properly care for the assets placed in its care. We take the maintenance funds provided in both the Operating and Reserve Budgets and instruct how to use them effectively to better preserve the assets. It is required for all Oregon condominiums and planned communities that have a reserve study obligation.
- ▶ **Transition Coordination** A successful developer to owners turnover requires careful planning. Regenesis will coordinate the scheduling, selection and training of future board members and after turnover consulting to ensure the new homeowner association get off on the right foot.
- ▶ **The Regenesis Report** A monthly newsletter distributed free to Portland area homeowner associations. It has timely articles of interest to developers, board members and property managers. It is widely regarded as the best publication of its kind in the nation.
- ▶ **Regenesis.net** The largest homeowner association information resource in the world. It includes articles, newsletter, books, videotapes, software, statutes, cost cutting techniques and numerous other resources to assist the Board manage the association better.
- ▶ **Regenesis Seminars** are held through out the year in Portland to instruct on critical issues like Budgeting, Insurance, Maintenance Planning, Working With Contractors, Legal Issues, Construction Defects, Developer Turnover Meetings and Reserve Planning.

MAKE YOUR HOMEOWNER ASSOCIATION ALL IT CAN BE. FOR MORE INFORMATION, CONTACT:

Richard L. Thompson
HOA MANAGEMENT CONSULTANT

Innovative Homeowner Association Management Strategies

**Year 2006
Operating Budget**

**Red Tail Canyon Condominium
Portland Oregon**

PREPARED BY

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PO Box 19605
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www.Regenesis.net

Red Tail Canyon Condominium

8149 SE Aspen Summit Dr, Portland OR

2006 Operating & Reserves Budget

Administrative

Annual Corporation Report Filing	50
Annual Financial Review	3000
Insurance	18000
Licenses & Permits	250
Office Supplies/Postage/Printing	2500
Professional Management	21600
Reserve Study Update	495
Tax Return Preparation	300
Total Administrative	\$ 46,195

Maintenance & Repairs

Backflow Testing	75
Exercise Equipment Maintenance	500
General Repairs	25000
HVAC Maintenance-Common	500
Janitorial	5200
Janitorial Supplies	500
Landscape-Maintenance	18025
Landscape-Extras	4000
Pool & Pond Maintenance	2400
Pool & Pond Supplies	1000
Pressure Washing	500
Roof & Gutter Maintenance	5000
Total Maintenance & Repairs	\$ 62,700

Utilities

Electricity-Common	8000
Gas-Common	4750
Water-Irrigation	3500
Water & Sewer	36000
Total Utilities	\$ 52,250
Total Expenses	\$ 161,145
Reserve Contribution	\$ 65,232
Total Expenses & Reserves	\$ 226,377

Red Tail Canyon Condominium
8149 SE Aspen Summit Dr, Portland OR
Budget Notes

Annual Corporation Report	File Annual Report with Oregon Secretary of State Corporation Division
Annual Financial Review	Required of all Oregon HOAs withover \$75,000 annual revenue
Backflow Testing	Annual inspection and testing
Electricity-Common	Based on most recent 12 months; exterior lights, recreation building, swimming pool
Exercise Equipment Maintenance	Twice annual maintenance on equipment
General Repairs	Patch roof, electrical, plumbing, patch parking lot, etc. based on \$250 per unit
HVAC Maintenance-Common	NOTE: Many first year repairs are covered by Builder's Warranty; increase after first year
Insurance	For Recreation Building \$10,000 Deductible Hazard & Fire with Guaranteed Replacement Cost \$1,000,000 Directors & Officers \$1,000,000 General Liability \$50,000 Fidelity Earthquake with 10% deductible
Janitorial	Information from Vern Newcomb of American Benefits. Phone 503.292.1580
Janitorial Supplies	Clean Recreation Building; 4 hours/week @ \$25/hr
Landscape-Maintenance	For cleaning clubhouse Pruning, edging, mowing, raking, cleanup. By Robin's Landscape and Design, Phone 5803.380.4869
Landscape-Extras	Pest control, seasonal flowers, other beyond scope of maintenance contract
Licenses & Permits	Pool and other
Pool & Pond Maintenance	Weekly maintenance by professional pool service for six months a year. By Rose City Pool Service, Phone 503.233.8059
Pool & Pond Supplies	Based on most recent 12 months By Classic Pool and Spa, Phone 503.656.0021
Pressure Washing	Remove algae, moss and oil as needed.
Professional Management	Includes quarterly board plus annual meetings, maintenance coordination, accounting and financial reporting, newsletters, rules enforcement, minutes, agendas, insurance renewal, operating and reserve budgeting, emergency response
Gas-Common	For pool and recreation building heating and hot water
Office Supplies/Postage/Printing	\$25 per unit per year
Reserve Contribution	See Reserve Study Funding Plan for details
Reserve Study Update	Review and revise Reserve Study; Information from Regenesi, Phone 503.977.7974
Roof & Gutter Maintenance	Twice per year @ \$25/unit
Tax Return Preparation	See accountant to discuss IRS Form 1120 versus 1120H filing options
Water-Irrigation	28,832 sq ft of landscaped area.
Water & Sewer	Based on unit usage of \$30/unit/month average

Red Tail Canyon Condominium

8149 SE Aspen Summit Dr, Portland OR

Unit Fee Allocation

Unit Addr	Unit Sq Ft	% of Total	Annual Fee	Monthly Fee
1	1576	1.116%	\$ 2,526	\$ 210
2	1576	1.116%	\$ 2,526	\$ 210
3	1576	1.116%	\$ 2,526	\$ 210
4	1576	1.116%	\$ 2,526	\$ 210
5	1576	1.116%	\$ 2,526	\$ 210
6	1576	1.116%	\$ 2,526	\$ 210
7	1576	1.116%	\$ 2,526	\$ 210
8	1576	1.116%	\$ 2,526	\$ 210
9	1576	1.116%	\$ 2,526	\$ 210
10	1576	1.116%	\$ 2,526	\$ 210
11	1576	1.116%	\$ 2,526	\$ 210
12	1302	0.922%	\$ 2,087	\$ 174
13	1302	0.922%	\$ 2,087	\$ 174
14	1302	0.922%	\$ 2,087	\$ 174
15	1302	0.922%	\$ 2,087	\$ 174
16	1302	0.922%	\$ 2,087	\$ 174
17	1302	0.922%	\$ 2,087	\$ 174
18	1302	0.922%	\$ 2,087	\$ 174
19	1302	0.922%	\$ 2,087	\$ 174
20	1302	0.922%	\$ 2,087	\$ 174
21	1302	0.922%	\$ 2,087	\$ 174
22	1302	0.922%	\$ 2,087	\$ 174
23	1302	0.922%	\$ 2,087	\$ 174
24	1328	0.940%	\$ 2,128	\$ 177
25	1328	0.940%	\$ 2,128	\$ 177
26	1302	0.922%	\$ 2,087	\$ 174
27	1302	0.922%	\$ 2,087	\$ 174
28	1302	0.922%	\$ 2,087	\$ 174
29	1302	0.922%	\$ 2,087	\$ 174
30	1328	0.940%	\$ 2,128	\$ 177
31	1328	0.940%	\$ 2,128	\$ 177
32	1302	0.922%	\$ 2,087	\$ 174
33	1302	0.922%	\$ 2,087	\$ 174
34	1302	0.922%	\$ 2,087	\$ 174
35	1302	0.922%	\$ 2,087	\$ 174
36	1302	0.922%	\$ 2,087	\$ 174
37	1302	0.922%	\$ 2,087	\$ 174
38	1302	0.922%	\$ 2,087	\$ 174
39	1302	0.922%	\$ 2,087	\$ 174
40	1302	0.922%	\$ 2,087	\$ 174
41	1302	0.922%	\$ 2,087	\$ 174
42	1328	0.940%	\$ 2,128	\$ 177
43	1328	0.940%	\$ 2,128	\$ 177
44	1480	1.048%	\$ 2,372	\$ 198
45	1480	1.048%	\$ 2,372	\$ 198
46	2058	1.457%	\$ 3,298	\$ 275
47	1720	1.218%	\$ 2,756	\$ 230

48	1720	1.218%	\$ 2,756	\$ 230
49	2174	1.539%	\$ 3,484	\$ 290
50	1480	1.048%	\$ 2,372	\$ 198
51	1480	1.048%	\$ 2,372	\$ 198
52	2058	1.457%	\$ 3,298	\$ 275
53	1720	1.218%	\$ 2,756	\$ 230
54	1720	1.218%	\$ 2,756	\$ 230
55	2174	1.539%	\$ 3,484	\$ 290
56	1302	0.922%	\$ 2,087	\$ 174
57	1302	0.922%	\$ 2,087	\$ 174
58	1328	0.940%	\$ 2,128	\$ 177
59	1328	0.940%	\$ 2,128	\$ 177
60	1302	0.922%	\$ 2,087	\$ 174
61	1302	0.922%	\$ 2,087	\$ 174
62	1302	0.922%	\$ 2,087	\$ 174
63	1302	0.922%	\$ 2,087	\$ 174
64	1328	0.940%	\$ 2,128	\$ 177
65	1328	0.940%	\$ 2,128	\$ 177
66	1302	0.922%	\$ 2,087	\$ 174
67	1302	0.922%	\$ 2,087	\$ 174
68	1720	1.218%	\$ 2,756	\$ 230
69	1720	1.218%	\$ 2,756	\$ 230
70	1720	1.218%	\$ 2,756	\$ 230
71	1415	1.002%	\$ 2,268	\$ 189
72	1415	1.002%	\$ 2,268	\$ 189
73	1415	1.002%	\$ 2,268	\$ 189
74	1415	1.002%	\$ 2,268	\$ 189
75	1158	0.820%	\$ 1,856	\$ 155
76	1158	0.820%	\$ 1,856	\$ 155
77	1302	0.922%	\$ 2,087	\$ 174
78	1302	0.922%	\$ 2,087	\$ 174
79	1302	0.922%	\$ 2,087	\$ 174
80	1302	0.922%	\$ 2,087	\$ 174
81	1415	1.002%	\$ 2,268	\$ 189
82	1415	1.002%	\$ 2,268	\$ 189
83	1415	1.002%	\$ 2,268	\$ 189
84	1415	1.002%	\$ 2,268	\$ 189
85	1158	0.820%	\$ 1,856	\$ 155
86	1158	0.820%	\$ 1,856	\$ 155
87	1158	0.820%	\$ 1,856	\$ 155
88	1158	0.820%	\$ 1,856	\$ 155
89	1480	1.048%	\$ 2,372	\$ 198
90	1480	1.048%	\$ 2,372	\$ 198
91	1480	1.048%	\$ 2,372	\$ 198
92	1480	1.048%	\$ 2,372	\$ 198
93	1158	0.820%	\$ 1,856	\$ 155
94	1158	0.820%	\$ 1,856	\$ 155
95	1158	0.820%	\$ 1,856	\$ 155
96	1158	0.820%	\$ 1,856	\$ 155
97	1480	1.048%	\$ 2,372	\$ 198
98	1480	1.048%	\$ 2,372	\$ 198
99	1480	1.048%	\$ 2,372	\$ 198
100	1480	1.048%	\$ 2,372	\$ 198
141256		100%	\$ 226,377	\$ 18,865

**Year 2006
Reserve Study**

**Red Tail Canyon Condominium
Portland Oregon**

PREPARED BY

Regenesis

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Regenesis

Reserve Study

Table of Contents

METHODOLOGY

Explains the purpose of the reserve study, how the information was gathered and the sources used.

LIMITATIONS & ASSUMPTIONS

Explains what a Reserve Study does and does not do.

STATE STATUTE

The current section of statute relating to reserve studies (if applicable).

WORKSHEET REPORT

Alphabetical listing of the reserve components by type, cost, year put in service, useful life and replacement year

FUNDING PLAN SUMMARY REPORT

- **Percent Funded:** Starting Balance divided by the Ideal Balance
- **Ideal Balance:** Each component is measured, assessed for useful and remaining useful life plus cost of repair or replacement. Based on this analysis, each component should have a certain amount of money set aside as of the year in question. The Ideal Balance is the sum of all these component amounts as adjusted by the inflation factor.
- **Starting Balance:** Reserve funds total at beginning of each year
- **Annual Contribution:** Funds needed to meet the reserve schedule
- **Interest Income:** Yield on invested reserve funds
- **Tax Liability:** Federal taxes owed on investment interest earned

ANNUAL EXPENDITURES REPORT

Chronological repair and replacement schedule

Regenesis

Reserve Study Methodology

DEFINITIONS

Reserve Study Identifies the components with cyclical lives of between three and thirty years and the cost of repair or replacement of each at recommended intervals.

RESERVE STUDY CRITERIA

1. Identify current reserve funds balance
2. Identify components to be included
3. Establish reasonable life of each component
4. Establish remaining life of each component
5. Estimate replacement or repair cost of each component
6. Assemble data in Reserve Study
7. Generate Reserve Funding Plan.

FUNDING PLAN CRITERIA

The Funding Plan goal is to reach 100% Funding of the Ideal Balance during the life of the study period. If reserves are initially severely underfunded, the Funding Plan accelerates quickly to address immediate cash needs but then eases into a gradual annual increase. Due to cash inflows and outflows, the plan rarely hits 100% exactly but will hovers just below or over that mark.

The Funding Plan charts the annual beginning balance, yearly expenditures, contribution requirements and ending balance. It factors in interest earned on invested reserve funds, taxes paid on interest earned and area inflation.

SOURCES OF INFORMATION (as applicable):

Original plans and specifications
Original builder and developer
Contractors and vendors
Industry Professionals (engineers, architects, construction managers, etc.)
Property Manager
Resident Manager
Owners
Cost Estimating Services

To accurately track the impact of revenue and expenses, it is recommended that the Reserve Study and Funding Plan be updated annually.

Regenesis

Reserve Study

Limitations & Assumptions

1. This Reserve Study is intended for the sole use of the Client and is not to be construed as a guarantee, warranty or an opinion on the advisability of purchase.
 2. The information and recommendations provided by this Reserve Study are effective for one year from completion date.
 3. Consultant's financial liability for errors and omissions is limited to the charge made to Client to perform the Reserve Study.
 4. The estimated remaining useful lives of the Reserve Study components assumes normal weather conditions, average wear and tear, and that regular preventive maintenance will be performed. It does not factor in damage by flood, storm, earthquake or other insurable events.
 5. The scope of this reserve study is expressly limited to the components described.
 6. The conclusions and recommendations do not involve forensic or destructive testing of the components and were arrived at by information provided by Client. Client warrants that the components have been constructed or assembled according to manufacturer's specifications and comply with all applicable building codes at the time of construction.
 7. This Study is not intended to address or discover construction defects. Client agrees to indemnify, defend and hold Consultant harmless from all related claims.
 8. Cost estimates reflect the replacement of an item with similar design and materials only. The estimates do not take into consideration the shortened useful life a component might experience as a result of improper construction, installation, design or failure to maintain.
 9. Consultant is not responsible for claims relating to asbestos, mold, water intrusion or lead paint. Client agrees to indemnify, defend and hold Consultant harmless from all related claims.
-

**Oregon Condominium Statute
Reserve Study Requirements
EFFECTIVE JANUARY 1, 2006**

100.175. (1) The declarant shall:

- (a) Conduct a reserve study described in subsection (3) of this section; and
- (b) Establish a reserve account for replacement of those common elements all or part of which will normally require replacement in more than three and less than 30 years, for exterior painting if the common elements include exterior painted surfaces, and for such other items as may be required by the declaration or bylaws. The reserve account need not include:
 - (A) Items that could reasonably be funded from operating assessments; or
 - (B) A reserve for limited common elements for which maintenance and replacement are the responsibility of one or more unit owners under the provisions of the declaration or bylaws.

(2)(a) The reserve account must be funded by assessments against the individual units for the purposes for which the reserve account is being established.

(b) The assessment under this subsection will accrue from the time of the conveyance of the first individual unit assessed as provided in ORS 100.530.

(3)(a) The reserve account shall be established in the name of the association of unit owners that will be responsible for administering the account and for making periodic payments into the account.

(b) The reserve portion of the initial assessment determined by the declarant shall be based on the following:

- (A) The reserve study described in paragraph (c) of this subsection;
- (B) In the case of a conversion condominium, the statement described in ORS 100.655 (1)(g); or
- (C) Other reliable information.

(c) The board of directors of the association annually shall conduct a reserve study or review and update an existing study to determine the reserve account requirements and may:

- (A) Adjust the amount of payments in accordance with the study or review; and
- (B) Provide for other reserve items that the board of directors, in its discretion, may deem appropriate.

(d) The reserve study shall include:

- (A) Identification of all items for which reserves are to be established;
- (B) The estimated remaining useful life of each item as of the date of the reserve study;
- (C) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and
- (D) A 30-year plan for the maintenance, repair and replacement of common elements and association property with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

(4) The 30-year plan under subsection (3) of this section shall:

- (a) Be appropriate for the size and complexity of the common elements and association property; and
- (b) Address issues that include but are not limited to warranties and the useful life of the common elements and association property.

(5) The board of directors and the declarant shall, within 30 days after conducting the reserve study, provide to every unit owner a written summary of the reserve study and of any revisions to the 30-year plan adopted by the board of directors or the declarant as a result of the reserve study.

(6)(a) If the declaration or bylaws require a reserve account, the reserve study requirements of subsection (3) of this section first apply to the association of a condominium recorded prior to October 23, 1999:

- (A) Upon adoption of a resolution by the board of directors in accordance with the bylaws providing that the requirements of subsection (3) of this section apply to the association; or
- (B) Upon submission to the board of directors of a petition signed by a majority of unit owners mandating that the requirements of subsection (3) of this section apply to the association.

(b) The reserve study shall be completed within one year of the date of adoption of the resolution or submission of the petition to the board of directors.

(7)(a) Except as provided in paragraph (b) of this subsection, the reserve account is to be used only for the purposes for which reserves have been established and is to be kept separate from other funds.

(b) After the individual unit owners have assumed administrative responsibility for the association under ORS 100.210, if the board of directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds:

- (A) The board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses.
- (B) Not later than the adoption of the budget for the following year, the board of directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

(8) Restrictions on the use of the reserve account do not prohibit its prudent investment subject to any constraints on investment of association funds imposed by the declaration, bylaws or rules of the association of unit owners.

(9) Assessments paid into the reserve account are the property of the association of unit owners and are not refundable to sellers of units.

(10) In addition to the authority of the board of directors under subsection (3)(c) of this section, following turnover, the association may:

- (a) On an annual basis, elect not to fund the reserve account described in subsection (1) of this section by unanimous vote of the owners; or
- (b) Elect to reduce or increase future assessments for the reserve account described in subsection (1) of this section by an affirmative vote of at least 75 percent of the owners.

Worksheet

June 16, 2006

Sorted Alphabetically
Red Tail Canyon Condominium

Item Description	Sub-Group	Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life		Year Life	One	
							Life Adj	Replaces Left			
Clubhouse-Exercise Equipment	0	0	1	Total	8,500,000	100	10	0	2012	6	no
Comments: 1 Nautilus Bowflex XTL \$1000 1 Vision Fitness stationary bike HRC R2600 1000 2 Vision Fitness treadmills T8600 @ \$2000 4000 1 Vision Fitness stairclimber HRC X6600 1500											
Clubhouse-Furniture & Appliances	0	0	1	Total	5,100,000	100	10	0	2012	6	no
Comments: FURNITURE 4 cloth chairs 1 granite table 4 wrought iron chairs 1 wrought iron loveseat 1 stone table 5 silk trees/plants \$ 3250 10 small silk flowers and pots											
APPLIANCES Oven/range \$ 525 Microwave 240 Dishwasher 410 Refrigerator 675 \$ 1850											
Clubhouse-Hot Water Heater	0	0	1	Total	500,000	100	15	0	2017	11	no
Comments: AOSmith Energy Saver FIG.											
Clubhouse-HVAC	0	0	1	Total	4,422,000	100	15	0	2017	11	no
Comments: Goodman CKJ 36-ID											
Clubhouse-Lights-Interior	0	0	1	Total	11,029,000	100	20	0	2022	16	no
Comments:											
Clubhouse-Paint-Interior	0	0	1	Total	8,277,000	100	8	0	2010	4	no
Comments:											

Worksheet

June 16, 2006

Sorted Alphabetically
Red Tail Canyon Condominium

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>One Left Time?</u>
Clubhouse-Window Treatments	0	0	1 Total	2,286,000	100	2002	10	0	2012	6 no
Comments:										
Concrete Repair	0	0	100 Units	50,000	100	2006	5	0	2011	5 no
Comments:										
Decks-Recycled & Wood	0	0	1,309 Square Feet	20,000	100	2002	20	0	2022	16 no
Comments:										
Irrigation Controllers	0	0	20 Each	250,000	100	2002	10	0	2012	6 no
Comments:										
Lights-Exterior	0	0	1 Total	49,474,000	100	2002	20	0	2022	16 no
Comments: Buildings Clubhouse										
			\$46,024							
			3,450							
Mailboxes	0	0	1 Total	3,500,000	100	2002	30	0	2032	26 no
Comments:										
Paint-Exterior	0	0	101 Units	1,200,000	100	2002	8	0	2010	4 no
Comments: Includes Clubhouse.										
Paint-Exterior-Touchup	0	0	101 Units	250,000	100	2006	8	0	2014	8 no
Comments: Includes Clubhouse.										
Paving-Asphalt-Overlay	0	0	51,810 Square Feet	1,250	100	2002	25	0	2027	21 no
Comments:										
Paving-Asphalt-Sealcoat	0	0	51,810 Square Feet	0.150	100	2002	5	0	2007	1 no
Comments:										

Worksheet

June 16, 2006

Sorted Alphabetically
Red Tail Canyon Condominium

Item Description	Sub-Group	Group	Number Of Items	Item Type	Item Cost	%	Total Year Built	Useful Life	Year Life	One
								Life Adj	Replace	Time?
			Total				2002	10	0	2012 6
			Total				2002	15	0	2017 11
Pond Pumps	0	0	1	Total	1,250,000	100	2002	10	0	2012 6
Comments: 1 10SH Little Giant Pump \$1000 1 sump pump 250										
Pool-Filter	0	0	1	Total	1,500,000	100	2002	15	0	2017 11
Comments: Purex Triton II										
Pool-Furniture	0	0	1	Total	2,850,000	100	2002	10	0	2012 6
Comments: 17 reclining chairs 11 chairs 7 tables 3 umbrellas										
Pool-Heater	0	0	1	Total	4,000,000	100	2002	15	0	2017 11
Comments: Purex Triton Mini Max 350										
Pool-Pump	0	0	1	Total	500,000	100	2002	10	0	2012 6
Comments:										
Pool-Replaster & Waterline Tile Replacement	0	0	1	Total	19,840,000	100	2002	12	0	2014 8
Comments: Replaster: 2240 sf @ \$7/sf \$15,680 Waterline Tile: 160 lf @ \$26 4,160										
Roof-Composition-Asphalt	0	0	1,244	Squares (10'x10')	125,000	100	2002	25	0	2027 21
Comments: Installed by Rain-Master Roof, Phone 503.231.9677										
Roof-Gutters & Downspouts	0	0	7,270	Linear Feet	3,250	100	2002	25	0	2027 21
Comments:										
Siding & Trim Repair	0	0	101	Units	150,000	100	2002	8	0	2010 4
Comments: Includes Clubhouse.										

Worksheet

June 16, 2006

Sorted Alphabetically
Red Tail Canyon Condominium

Item Description	Sub-Group	Group	Number Of Items	Item Type	Item Cost	%	Total Year Built	Useful Life	Life Adj	Year	Life	One
Spa-Filter	0	0	1	Total	1,500,000	100	1,500	2002	15	0	2017	11
Spa-Heater	0	0	1	Total	3,500,000	100	3,500	2002	10	0	2012	6
Spa-Heater	0	0	1	Total	3,500,000	100	3,500	2002	15	0	2017	11
Spa-Pump	0	0	1	Total	500,000	100	500	2002	10	0	2012	6
Spa-Replaster & Waterline Tile Replacement	0	0	1	Total	2,580,000	100	2,580	2002	12	0	2014	8
Stucco-Clean & Repair	0	0	101	Units	100,000	100	10,100	2002	8	0	2010	4
Water Intrusion Inspection & Repairs	0	0	100	Units	50,000	100	5,000	2006	2	0	2008	2
Total	32 items											
Comments: Purex Triton II												
Comments:												
Comments:												
Comments:												
Comments:												
Comments: Replaster: 220 sf @ \$7/sf Waterline Tile: 40 lf @ \$26/lf												
Comments: Three coat stucco system. Coordinate this event with Paint-Exterior.												
Comments:												

Funding Plan Summary

June 16, 2006

Red Tail Canyon Condominium

Year	Percent Funded	Inflation		Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation	
		Unadjusted Ideal Balance	Adjusted Ideal Balance					Adjusted Expenditures	Unadjusted Expenditures
2006	23%	163,787	163,787	38,000	65,232	3,319	(498)	0	0
2007	48%	211,390	218,894	106,053	60,605	6,030	(905)	(8,047)	(7,771)
2008	61%	251,221	269,374	163,737	58,375	8,815	(1,322)	(5,361)	(5,000)
2009	69%	293,824	326,240	224,243	59,050	11,927	(1,789)	0	0
2010	75%	341,427	392,553	293,431	60,751	6,588	(988)	(183,645)	(159,727)
2011	65%	229,303	272,998	176,137	62,709	9,472	(1,421)	(5,953)	(5,000)
2012	72%	271,906	335,211	240,945	64,946	10,402	(1,560)	(52,096)	(42,258)
2013	74%	277,251	353,935	262,637	67,260	13,925	(2,089)	0	0
2014	80%	324,854	429,427	341,733	69,633	14,425	(2,164)	(69,625)	(52,670)
2015	81%	319,787	437,735	354,003	72,087	18,332	(2,750)	0	0
2016	85%	367,390	520,748	441,672	74,597	21,845	(3,277)	(14,174)	(10,000)
2017	88%	404,993	594,427	520,663	77,160	24,684	(3,703)	(34,042)	(23,194)
2018	90%	429,402	652,628	584,763	79,715	17,947	(2,692)	(242,761)	(159,727)
2019	88%	317,278	499,334	436,972	82,407	22,474	(3,371)	0	0
2020	91%	364,881	594,638	538,482	85,097	26,925	(4,039)	(8,148)	(5,000)
2021	93%	407,484	687,641	638,317	87,743	31,666	(4,750)	(8,438)	(5,000)
2022	95%	450,087	786,498	744,539	90,269	24,451	(3,668)	(269,438)	(154,190)
2023	94%	343,499	621,552	586,153	89,919	29,662	(4,449)	0	0
2024	96%	391,102	732,811	701,285	92,007	34,682	(5,202)	(9,369)	(5,000)
2025	97%	433,705	841,485	813,403	94,252	40,445	(6,067)	0	0
2026	97%	481,308	966,996	942,033	97,199	28,888	(4,333)	(375,997)	(187,147)
2027	97%	341,764	711,014	687,790	100,583	10,082	(1,512)	(523,563)	(251,662)
2028	92%	137,705	296,656	273,379	103,587	14,777	(2,217)	(10,771)	(5,000)
2029	94%	180,308	402,224	378,755	107,211	20,321	(3,048)	0	0
2030	96%	227,911	526,463	503,239	111,016	22,977	(3,447)	(69,876)	(30,250)
2031	96%	245,264	586,660	563,909	114,947	28,643	(4,296)	(11,960)	(5,000)
2032	97%	287,867	713,008	691,243	118,994	28,163	(4,224)	(151,533)	(61,180)
2033	97%	274,290	703,498	682,642	123,184	34,979	(5,247)	0	0
2034	98%	321,893	854,898	835,559	127,488	22,329	(3,349)	(424,210)	(159,727)
2035	97%	209,769	576,892	557,816	132,015	29,320	(4,398)	0	0
Total					2,630,039	618,499	(92,775)	(2,479,009)	(1,334,502)
Average				477,451	87,668	20,617	(3,092)	(82,634)	(44,483)
Maximum			966,996	942,033	132,015	40,445	(6,067)	(523,563)	(251,662)
Minimum			163,787	38,000	58,375	3,319	(498)	0	0

4.70% Investment Rate
 15.00% Tax Rate
 3.55% Inflation Rate
 0.00% Contingency Rate

Annual Expenditures*June 16, 2006**Red Tail Canyon Condominium*

Year	Amount	Item Description
2007	8,047	Paving-Asphalt-Sealcoat
	<u>8,047</u>	
2008	5,361	Water Intrusion Inspection & Repairs
	<u>5,361</u>	
2010	5,749	Water Intrusion Inspection & Repairs
	9,516	Clubhouse-Paint-Interior
	139,349	Paint-Exterior
	17,419	Siding & Trim Repair
	11,612	Stucco-Clean & Repair
	<u>183,645</u>	
2011	5,953	Concrete Repair
	<u>5,953</u>	
2012	6,164	Water Intrusion Inspection & Repairs
	10,479	Clubhouse-Exercise Equipment
	6,287	Clubhouse-Furniture & Appliances
	2,818	Clubhouse-Window Treatments
	6,164	Irrigation Controllers
	9,581	Paving-Asphalt-Sealcoat
	4,315	Spa-Heater
	616	Spa-Pump
	616	Pool-Pump
	1,541	Pond Pumps
	3,514	Pool-Furniture
	<u>52,096</u>	
2014	6,610	Water Intrusion Inspection & Repairs
	33,378	Paint-Exterior-Touchup

Annual Expenditures*June 16, 2006**Red Tail Canyon Condominium*

Year	Amount	Item Description
	26,227	Pool-Replaster & Waterline Tile Replacement
	3,411	Spa-Replaster & Waterline Tile Replacement
	<u>69,625</u>	
<u>2016</u>	7,087	Water Intrusion Inspection & Repairs
	7,087	Concrete Repair
	<u>14,174</u>	
<u>2017</u>	6,490	Clubhouse-HVAC
	734	Clubhouse-Hot Water Heater
	11,407	Paving-Asphalt-Sealcoat
	2,202	Pool-Filter
	5,871	Pool-Heater
	2,202	Spa-Filter
	5,137	Spa-Heater
	<u>34,042</u>	
<u>2018</u>	7,599	Water Intrusion Inspection & Repairs
	12,580	Clubhouse-Paint-Interior
	184,206	Paint-Exterior
	23,026	Siding & Trim Repair
	15,351	Stucco-Clean & Repair
	<u>242,761</u>	
<u>2020</u>	8,148	Water Intrusion Inspection & Repairs
	<u>8,148</u>	
<u>2021</u>	8,438	Concrete Repair
	<u>8,438</u>	
<u>2022</u>	8,737	Water Intrusion Inspection & Repairs
	14,853	Clubhouse-Exercise Equipment

Annual Expenditures*June 16, 2006**Red Tail Canyon Condominium*

Year	Amount	Item Description
	8,912	Clubhouse-Furniture & Appliances
	19,272	Clubhouse-Lights-Interior
	3,995	Clubhouse-Window Treatments
	45,748	Decks-Recycled & Wood
	8,737	Irrigation Controllers
	86,453	Lights-Exterior
	44,123	Paint-Exterior-Touchup
	13,580	Paving-Asphalt-Sealcoat
	6,116	Spa-Heater
	874	Spa-Pump
	874	Pool-Pump
	2,184	Pond Pumps
	4,980	Pool-Furniture
	<u>269,438</u>	
2024	9,369	Water Intrusion Inspection & Repairs
	<u>9,369</u>	
2026	10,046	Water Intrusion Inspection & Repairs
	10,046	Concrete Repair
	16,629	Clubhouse-Paint-Interior
	243,503	Paint-Exterior
	30,438	Siding & Trim Repair
	20,292	Stucco-Clean & Repair
	39,861	Pool-Replaster & Waterline Tile Replacement
	5,183	Spa-Replaster & Waterline Tile Replacement
	<u>375,997</u>	
2027	134,734	Paving-Asphalt-Overlay
	16,168	Paving-Asphalt-Sealcoat
	323,506	Roof-Composition-Asphalt
	49,155	Roof-Gutters & Downspouts

Annual Expenditures

June 16, 2006

Red Tail Canyon Condominium

Year	Amount	Item Description
	<u>523,563</u>	
2028	10,771	Water Intrusion Inspection & Repairs
	<u>10,771</u>	
2030	11,550	Water Intrusion Inspection & Repairs
	58,326	Paint-Exterior-Touchup
	<u>69,876</u>	
2031	11,960	Concrete Repair
	<u>11,960</u>	
2032	12,384	Water Intrusion Inspection & Repairs
	21,053	Clubhouse-Exercise Equipment
	12,632	Clubhouse-Furniture & Appliances
	10,953	Clubhouse-HVAC
	1,238	Clubhouse-Hot Water Heater
	5,662	Clubhouse-Window Treatments
	12,384	Irrigation Controllers
	8,669	Mailboxes
	19,249	Paving-Asphalt-Sealcoat
	3,715	Pool-Filter
	8,669	Spa-Heater
	9,907	Pool-Heater
	1,238	Spa-Pump
	1,238	Pool-Pump
	3,096	Pond Pumps
	7,059	Pool-Furniture
	3,715	Spa-Filter
	8,669	Spa-Heater
	<u>151,533</u>	

Annual Expenditures*June 16, 2006**Red Tail Canyon Condominium*

Year	Amount	Item Description
2034	13,279	Water Intrusion Inspection & Repairs
	21,982	Clubhouse-Paint-Interior
	321,889	Paint-Exterior
	40,236	Siding & Trim Repair
	26,824	Stucco-Clean & Repair
	<u>424,210</u>	

Total: 2,479,009

**Year 2006
Maintenance Plan**

**Red Tail Canyon Condominium
Portland Oregon**

PREPARED BY

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Maintenance Plan for Red Tail Canyon Condominium

The proper care and maintenance of substantial assets have been entrusted to the homeowner association. The key to any effective Maintenance Plan is consistency and expertise. The goal of this Maintenance Plan is to provide general information and direction on how to maintain those assets to produce the highest livability and market values for member units. While many specific items are included, the list is not exhaustive and some issues may develop over time which should be added to the Plan.

Many building and grounds components require specific maintenance to ensure their proper function. Many of the tasks are suitable only to trained professionals with a thorough understanding of the systems. It is highly recommended that only licensed, bonded and insured workman with the training, knowledge, tools and equipment to handle the maintenance of those systems or components be used to ensure highest service quality.

The Maintenance Plan is divided into two parts: **Annual Maintenance** and **Reserve Repairs & Replacements**. The first deals with annual tasks while the second deals with cyclical tasks. Close attention to both are required to achieve the desired results.

Annual Maintenance

The following tasks should be performed on according to a regular and adequate schedule as preventive maintenance:

Backflow Testing This task tests the backflow valve attached to the main water supply to determine if it is doing its job. This testing is done by contractors certified by the local water supplier to do this work.

Caulking Repairs VERY IMPORTANT A knowledgeable contractor should inspect the buildings for sources of potential water intrusion, like missing flashing, failed caulking or negative drainage which directs water toward the building. Take appropriate corrective action as indicated.

Exercise Equipment Several times a year, the equipment should be cleaned, repaired and lubricated to ensure maximum useful life. This is a service that should be performed by the equipment vendor or a factory trained technician..

General Repairs The Operating Budget provides money to handle various minor repairs like paint touchup, recaulking, minor electrical, plumbing and roof repairs. The management company generally groups various non-emergency repair requests until there is sufficient work to handle the work cost effectively.

HVAC Maintenance At least once a year, the Clubhouse HVAC equipment should be inspected, tuned and repaired by a knowledgeable HVAC maintenance contractor.

Hot Water Heater Maintenance Every year the heaters should be flushed of sediment by attaching a hose to the bottom flush valve, opening the valve and letting the water run until clear. This can be done by a handyman.

Janitorial & Supplies Weekly janitorial is required at the Clubhouse to perform the following tasks unless otherwise indicated:

1. Wipe down entry doors inside and out using commercial cleaner.
2. Vacuum, sweep and mop flooring as appropriate
3. Wash windows (once a month)
4. Empty trash.
5. Wipe down kitchen counters and appliances
6. Change burned out lightbulbs.

Landscape-Maintenance Landscaping is an extremely important aspect of livability and market value. Having a contractor that is competent and regularly attending to the landscaping is the proper approach. When the contractor completes work, a job slip should be left with a designated Committee member so the work can be reviewed. If there are deficiencies, the contractor should be notified immediately. If the contractor is consistently unresponsive or the quality of work deficient, a change in contractors is indicated. For details on landscape maintenance, refer to the contractor's agreement when available.

Lights-Exterior For appearance and security, all exterior light fixtures should be in good working order. Repair fixture or replace bulbs as needed.

Pond Maintenance Pond requires periodic cleaning to remove trash, debris and algae. Pumps need regular cleaning to run clear.

Pool Maintenance The pool contractor usually performs weekly cleaning and chemical balancing during the pool season and monthly maintenance during the winter months. See the contractor's maintenance schedule for specifics.

Pressure Washing At least once a year, spot cleaning of walkways and paving should take place to remove oil spills, moss and algae. This can be done by a handyman.

Roof & Gutter Maintenance To ensure the roof lasts its normal useful life:

1. The roof must be kept clean of moss and algae. As needed, apply moss killer and clear moss away when it is dead and dry.
2. Missing shingles and flashing should be replaced as soon as possible to prevent water intrusion.

Keeping gutters and downspouts running clear is extremely important to prevent damage

to the paint, siding and landscaping. Perform at least twice per year, in the fall just prior to winter rains and again in the spring after winter rains have passed.

Siding & Trim All siding and trim should be inspected, repaired and caulked as necessary at least once per year, generally before winter rains come to ensure it is watertight.

Reserve Repairs & Replacements

The following items should be performed according to the schedule outlined in the Reserve Study:

Concrete Safety Repair At recommended intervals, the walkways should be inspected for tripping hazards. Grind down or remove and replace selected sections as needed.

Landscape Renovation Bushes and plants mature, overgrow their location and die. This fund is to remove and replace those specimens that need it. It is recommended to use drought and pest resistant native species.

Lights-Exterior In common wall housing, uniformity increases value. The homeowner association should maintain a uniform exterior lighting standard both for operation and curb appeal.

Paint-Exterior Coordinate with Siding & Trim Repair. Pressure wash, repair and prepare all surfaces to be painted.

1. Inspect and repair siding and trim as needed.
2. Pressure wash all surfaces to remove peeling paint, moss, algae, dirt and other contaminants.
3. Treat areas with algae with mildewcide.
4. Scrape or wire brush loose paint and prime all bare spots with primer.
5. Inspect all open joints around windows, doors and trim and caulk as needed.
6. Remove and/or provide adequate protection for address plates, lighting fixtures and other hardware.
7. Mask with tape and paper, cover with plastic tarp or otherwise protect windows, other unpainted surfaces, landscaping and personal property from paint drips and/or overspray.
8. Surface to be painted shall be dry and free of dirt, dust, oils or other contaminants which will prevent adhesion of the coating.
9. Coating shall be applied at a temperature in accordance with manufacturer's specification.
10. Spray and backroll or roll on high quality latex paint to siding, trim, soffit and fascia according to manufacturer's guidelines.
11. Spray high quality oil enamel to exterior doors according to manufacturer's guidelines.
12. Clean up all work related debris and dispose of off site.

Paint-Exterior-Touchup At recommended intervals, units should be inspected for peeling paint and missing or failed caulking. Scrape all loose paint, prime and apply matching color. Apply high quality clear caulking as needed.

Paving-Asphalt-Overlay

1. Keep sprinkler system turned off before and throughout process
2. Seal cracks with rubberized sealer
3. Remove and patch crumbled or alligatored areas
4. Apply 2" overlay of new material
5. Apply two coats of emulsified sealcoat 20 gallons per 1000 sf
6. Add 3 lbs of sand per gallon to first coat
7. Apply sealcoat in dry weather only with surface temperature of at least 60 degrees F
8. Allow first coat to dry to touch before applying second coat.
9. Wait 24 hours before driving on
10. Restripe as needed.

Paving-Asphalt-Sealcoat

1. Keep sprinkler system turned off before and throughout process
2. Thoroughly clean all asphalt surfaces removing moss, algae, oil, dirt, rocks and weeds
3. Seal cracks with rubberized sealer
4. Remove and patch crumbled or alligatored areas
5. Apply two coats of emulsified sealcoat according to the following application rates:
 - a. Smooth surfaces (newer): 20 gallons per 1000 sf
 - b. Medium surfaces (middle age): 30 gallons per 1000 sf
 - c. Rough surfaces (older): 50 gallons per 1000 sf
6. Add 3 lbs of sand per gallon to first coat
7. Apply sealcoat in dry weather only with surface temperature of at least 60 degrees F
8. Allow first coat to dry to touch before applying second coat.
9. Wait 24 hours before driving on

Roof-Composition-Asphalt When due for replacement, roofing must be removed to install the new shingles. Consider upgrading to a longer life product for greater durability and smaller per year cost.

Roof-Gutters & Downspouts Coordinate with Roof-Composition-Asphalt. Remove and replace with comparable material and design.

Siding & Trim Repair Hardiplank siding has a greater than 30 year life but need to be repaired and renailed at intervals. Coordinate with Paint-Exterior.

Stucco-Clean & Repair Coordinate with Paint-Exterior. Pressure wash the stucco to remove dirt, algae and moss. Repair cracks as needed.

Treework Have trees inspected by licensed arborist and perform corrective pruning as

needed.

Water Intrusion Inspection & Repairs Inspect all buildings for missing or failed caulking. Apply high quality clear caulking as needed.