

NARRATIVE

I. Description of the Condominium

A. Site and Construction Schedule

The Heritage Way Condominiums are to be constructed at 50 Old Orchard Road, Saco, Maine. The land area constituting the Condominium property consists of approximately 5.298 acres. Initially, the condominium consists of one unit. The Declarant has reserved the right to construct an additional twenty-one, single-family, detached condominium units, for a total of twenty-two units.

The land area of the Condominium is in a MDR zone, as defined in the Zoning Ordinance of the City of Saco. This zone permits condominium development, and the project has received final approval of the City of Saco Planning Board.

Construction of the Condominium began in the Spring of 2023. The Declarant expects that all declared buildings and appurtenant structures will be completed within two years and landscaping will be finished at the same time.

While all of the units are to be restricted to residential use, the Declarant may use any of the unsold units as models or as a temporary sales office.

B. Declaration

The Declaration, a copy of which is attached to this Public Offering Statement, is the legal document which creates the Condominium. The Declaration will become effective when filed in the York County Registry of Deeds, and will be recorded prior to the sale of any units. This document establishes the boundaries of the condominium as a whole, as well as the boundaries of the common elements and percentage interest pertaining to each unit. In addition, the Declaration establishes special property rights within the Condominium such as limited common elements and easements.

II. Description of the Units

The identifying numbers, number and size of rooms, and square footage of each unit are shown on the floor plans attached to the Declaration. Generally, each unit will consist of the entire building, including the foundation, and all portions of the exterior structure, including the windows, doors, and roof. Each unit will also include any exterior decks or stairs leading into the unit.

III. Common Elements

The common elements constitute all of the Condominium other than the limited common elements and individual units. Major common elements of the Condominium include the private way serving the units and the open spaces shown on the plan.

The limited common elements are those parts of the common elements which are reserved for the exclusive use of specific units. The limited common elements include the majority of the driveway that extends into the road right of way as well as the yard area surrounding the unit.

The units, common elements, and limited common elements are shown on the Plats and Plans which are attached to the Declaration.

Each unit has an undivided interest in the common elements. This undivided interest is stated as a percentage is referred to in the Declaration and Bylaws as the "percentage interest". The percentage interest of each unit, set forth in the Declaration, has initially been established on the basis of one unit, but, as set forth in Exhibit B to the Declaration, the percentage interest will change as units are added to the Condominium.

IV. Creation of and Restrictions on the Condominium

A. Description of the Declaration and Bylaws

The Declaration and Plats and Plans are the legal documents necessary to create the Condominium and are referred to as the "condominium instruments". Both instruments have been, or prior to the sale of the first unit, will be, recorded in the York County Registry of Deeds and copies are attached to this Public Offering Statement with related exhibits. Additionally, the operation of the Condominium is governed by the provisions of the attached Bylaws.

Essentially, the Declaration is viewed as being a deed which establishes and defines the Condominium and which recites the manner in which the Declarant desires to submit the property to a condominium regime. The Declaration describes the property, the boundaries of the units, the elements that comprise the common elements, a determination of each unit's percentage interest in the common elements, the purposes and restrictions on the use of the property, provisions for easements, and provisions concerning assessments and liens against the units as well as

the liability of the unit owners for payment of the common expenses. The Declaration also describes the manner in which the Board of Directors of the Association will be elected.

The Bylaws contain the rules for self-government of the Condominium by the Saco Commons Association. The Bylaws provide for the creation and composition of the Board of Directors which directs the affairs of the Condominium, administers policies outlined in the Declaration and Bylaws, and generally oversees the upkeep and administration of the Condominium. The Bylaws also cover such matters as the requirements for meetings, voting, manner in which the budget should be prepared, determination and handling of assessments, including special assessments, filing of assessment liens, nature of insurance coverage, and restrictions on the use of the units and the common elements.

The Bylaws also provide that the Board of Directors has the right to establish policies, procedures, rules, and regulations governing the use of the Condominium. These rules may be modified or amended by vote of 75% of the members attending in person or by proxy a meeting of the Association called for the purpose of changing the rules and regulations. A copy of the initial rules and regulations has been attached hereto. It is not expected that any special fees or charges will be imposed in connection with the use of the common elements.

If a dispute arises between the Declarant and a unit owner, or the Association, arising out of or relating to the Declaration, the Bylaws or a deed to a unit, the Declaration provides that such dispute shall be submitted to binding arbitration.

B. Liens, Defects, Encumbrances and Restrictions on Use

A unit owner's use and enjoyment of his unit is restricted by the Declaration and Bylaws. These restrictions, which apply to all units, relate to such matters as the leasing of units, compliance with the Declaration, Bylaws, and Rules and Regulations, the use of units, and the payment of assessments. The Declaration prohibits the subdivision of ownership interests in condominium units to permit "time sharing" or other devices to effect interval ownership.

The Declarant and its agents have the limited right to post signs and advertisements on the condominium property for the purpose of selling the units. Each unit is restricted to residential use.

The entrance to the condominium property is subject to an easement for shared access, and the installation of utilities, reserved by the owners of property abutting the Condominium. In addition, the condominium will be

subject to the normal utility easements for water, sewer, electric and telephone lines. Finally, the condominium will be subject to certain easements created by the Declaration and the Maine Condominium Act. These easements are:

1. Easement for encroachments. By virtue of this easement, unit owners and the Association are protected in the event that a unit or common element encroaches upon another unit or common element.
2. Easement to facilitate sales. The Declarant may use any unsold units in the Condominium as models or as sales offices and may place advertising signs anywhere within the Condominium.
3. Easement for ingress and egress. Each unit owner has a right of access to the common elements, subject to rules, regulations and restrictions established by the Association.
4. Easement for support. Each unit and common element has an easement for lateral and subjacent support from every other unit and common element.

The Condominium property may become subject to a mortgage to secure financing during the course of construction. However, at the time of the conveyance of a unit to a purchaser, the Declarant will have such unit released of record from every mortgage, deed of trust, or any other perfected lien affecting the unit, except the lien of the unit purchaser's mortgage, if any, and the encumbrance of the Condominium instruments of records, general real estate taxes for the current year not then due, and easements, restrictions and covenants of record.

As of the date of this Public Offering Statement, there are no unsatisfied judgments or pending suits against the Association, and the Declarant has no knowledge of any pending suits material to the Condominium.

C. Restraints on Alienation and Leasing.

Section 1604-102 of the Maine Condominium Act prohibits the Declarant from offering any interest in a condominium unit until the Declarant has prepared and delivered to a purchaser a current public offering statement.

The Maine Condominium Act states that portions of the common elements may be mortgaged or sold if unit owners possessing at least 80% of the voting rights in the condominium agree to such action.

The Declaration authorizes the Board of Directors to prescribe by resolution a form of lease or specific provisions to be included in any lease of a unit and, if the Board so acts, no unit owner may thereafter execute a lease of his own unit which is not in compliance with such resolution. No unit may be rented for less than 30 days.

The Declaration and Bylaws, attached to this Public Offering Statement, should be carefully reviewed by each prospective purchaser of a unit.

V. Operation of the Condominium

A. The Unit Owners Association

1. Self-governing of the Condominium. The Maine Condominium Act provides for the self-governing of the condominium by a unit owners association. Membership in the association is an incident of ownership of a unit; therefore, every unit owner is automatically a member and remains a member until his ownership of a unit ceases.

The association is a non-profit corporation under Maine law. At the time of this Public Offering Statement there are no unsatisfied judgments or, to the best of Declarant's knowledge and belief, no pending suits against the association.

2. Delegation of the Powers and Responsibilities of the Association. The Bylaws provide that the powers and responsibilities of the Association are delegated to the Condominium's Board of Directors, some of which may in turn be delegated to a managing agent if one is retained or hired by the Association. Basically, the Board of Directors has the powers and responsibilities in administering the Condominium to, among other things (a) prepare the annual budget; (b) make and collect assessments against the unit owners for common expenses; (c) provide for the upkeep, maintenance and care of common elements; (d) designate, hire, and dismiss the personnel necessary for the maintenance of the Condominium; (e) establish bank accounts on behalf of the Association; (f) make alterations to the Condominium; (g) enforce by legal means the provisions of the Condominium instruments; (h) obtain necessary insurance; (i) pay the cost of services rendered to the Condominium; and (j) keep the books of account of the Condominium.
3. Allocation of Voting Power. Each unit is allocated one vote in the Association. A unit owner is entitled to cast the vote allocated to his unit.

4. Transfer of Control. The Declaration authorizes the Declarant to appoint and remove three (3) members of the Board of Directors and all officers of the Association until the earlier of (a) five years after the date on which the first unit in the Condominium is conveyed or (b) sixty days from the date on which 75% of the units have been conveyed, at which time the unit owners shall elect a three-member Board of Directors. The Declarant can relinquish this authority at any time after sale of 50% of the units.

B. Management of the Condominium

The Bylaws provide that the Board of Directors may employ a professional managing agent for the Condominium at a level of compensation fixed by the Board of Directors. The Declarant has not entered into any management agreement. The decision as to whether to retain the services of a managing agent will be made by the Association. A management fee has not been included in the proposed budget.

The Bylaws contain provisions for reserves for capital expenditures. Article V, Section 5.2(b) (4) provides for the establishment of reasonable reserves for operating contingencies, maintenance and replacements. The Bylaws also provided that if for any reason such reserve fund is inadequate to defray the cost of a required capital improvement, replacement, or major repair, the Board of Directors may levy a further assessment against the unit owners in proportion to the percentage interest of their respective units.

A unit owner will be personally liable for all lawful assessments levied against his condominium unit which become due while he is the unit owner. In addition, common expenses assessed against the unit owner will give rise to a lien on the owner's unit, which lien, if unsatisfied, may be enforced by foreclosure or other legal remedies.

The percentage interest in the common elements of the Condominium is set forth in the Declaration; the amount of the estimated monthly assessment (condominium fee) for expenses for each unit is set forth in attached proposed initial budget. The condominium fee is based on the percentage interest of the unit.

VI. Budget

An annual budget for the Condominium's operation for the first full twelve months of operation is attached to this Public Offering Statement. The budget was prepared by the Declarant based on the best estimates available in February 2024, but, since there is no history of operating expenses, it is impossible to

project with assurance such future costs. The budget assumes completion of and assessments paid with respect to ten units. If the Declarant adds the additional units, the operating expenses will be expected to increase, but these expenses will be shared by a larger number of units. Therefore, it is anticipated that the Common Charges for each unit will remain about the same whether there are ten or twenty units. Declarant provides no special services nor incurs any special expenses on behalf of the unit owners that are anticipated to become common expenses at a later time.

VII. Unit Purchase

Prices for all units are established by the Declarant and may be subject to change at any time at the Declarant's discretion prior to the execution of a purchase agreement. Different purchasers may pay different prices for similar units at the sole discretion of the Declarant.

At the settlement on the purchase of the unit, the purchaser will be required to pay, in addition to the purchase price of the unit, those settlement costs identified in the purchase agreement, as well as additional costs which may be required in connection with mortgage financing. It is not anticipated that the purchaser will be required to sign any contracts or leases at the settlement, with the exception of a limited warranty statement.

In addition to regular monthly assessments, purchasers will also have to pay an amount equal to twice the monthly assessment on their units to the Association (or to the Declarant if it has previously advanced the payment) for the purpose of providing the Association with working capital.

Declarant does not anticipate receiving a commitment from a bank or savings and loan association to provide permanent financing to purchasers. Accordingly, a prospective unit purchaser must arrange for his own financing.

Purchasers' deposits will be placed in a non-interest bearing escrow account. Deposits will be returned to prospective purchasers who cancel their contracts in accordance with Section 1604 of the Maine Condominium Act or, if not applicable, such deposits will be treated in accordance with the terms of the purchase agreement. Purchasers will not be entitled to interest on returned deposits. The escrowed deposits will be held by the listing real estate broker.

VIII. Insurance

The Board of Directors will obtain insurance to protect the Association and, to a certain limited extent, the unit owners as individuals. In general, the types and amounts of insurance to be obtained by the Association are described in Article IX of the Declaration and Article V, Section 5.12 of the Bylaws.

The Association shall have no obligation to obtain insurance on the individual units. The unit owners will have the right, but not obligation, to obtain insurance coverage for the unit and any personal property.

The Association and unit owners will be insured against liability arising from ownership or use of the common elements. This coverage will not insure unit owners against liability arising from an accident or injury occurring within a unit or liability arising from the act or negligence of a unit owner.

The Board of Directors will also maintain appropriate workers' compensation insurance, fidelity and directors' and officers' liability coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle funds of the Association, including the managing agent.

The Declarant strongly recommends that each unit owner obtain insurance coverage on his unit and personal property, and liability exposure not covered by the Association policy. The unit owner should be aware, however, that there are certain restrictions on this type of additional insurance in Article IX of the Declaration and Section 5.12 of the Bylaws, and unit owners are encouraged to review these documents with an insurance professional. The unit owner may also consult the Board of Directors or the managing agent before purchasing such insurance.

IX. Warranties

Certain warranties are given to all unit owners, subject to certain exclusions and modification made by the Declarant. On or before settlement of the purchase of a unit, as a condition of purchase, the purchaser will be asked to execute a written instrument providing for a two-year statute of limitations. A sample Limited Warranty is attached. Additionally, implied warranties of merchantability will be limited to the duration of the Limited Warranty Certificate issued by the Declarant.

With respect to the units and common elements, the Maine Condominium Act provides as follows:

Section 1604-112 - Express Warranties of Quality

- A. Express warranties made by the seller to a purchaser of a unit, if relied upon by the purchaser, are only created as follows:
 - 1. Any written affirmation of fact or promise which relates to the unit, its use, or rights appurtenant thereto, area improvements to the Condominium that would directly benefit the unit, or the right to use or have the benefit of facilities not located in the Condominium,

- creates an express warranty that the unit and related rights and uses will conform to the affirmation or promise;
2. Any model or description of the quantity or extent of the real estate comprising the Condominium, including plans and specifications of or for improvements, creates an express warranty that the Condominium will conform substantially to the model or description;
 3. Any written description of the quantity or extent of the real estate comprising the Condominium, including plats or surveys, creates an express warranty that the Condominium will conform to the description, subject to customary tolerances; and
 4. A provision that a buyer may put a unit only to a specified use is an express warranty that the specified use is lawful.
- B. Neither formal words, such as “warranty” or “guarantee”, nor a specific intention to make a warranty, are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.
- C. Any conveyance of a unit transfers to the purchaser all express warranties of quality made by previous sellers.

Section 1604-113 – Implied warranties of quality

- A. A declarant and any person in the business of selling real estate for his own account warrants that a unit will be in at least good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.
- B. A declarant and any person in the business of selling real estate for his own account impliedly warrants that a unit and the common elements in the condominium are suitable for the ordinary uses of real estate of its type and that any improvements made or contracted for by him, or made by any person before the creation of the condominium, will be
1. free from defective materials; and
 2. constructed in accordance with applicable law, according to sound engineering and construction standards and in a workmanlike manner. Construction complying with the National Building Code and Code Administrators (BOCA), Basic Building Code or equivalent applicable local building code, if any, shall be deemed to satisfy such sound engineering or construction standards.

- C. In addition, a declarant warrants to a purchaser from him of a unit that may be used for residential use that any existing use, continuation of which is contemplated by the parties, does not violate applicable laws at the earlier of the time of conveyance or delivery of possession.
- D. Warranties imposed by this section may be excluded or modified as specified in Section 1604-114.
- E. For purposes of this section, improvements made or contracted for by an affiliate of a declarant (Section 1601-103, Paragraph (1)) are made or contracted for by the Declarant.
- F. Any conveyance of a unit transfers to the purchaser all of the Declarant's implied warranties of quality.

Section 1604-114 – Exclusion or modification of implied warranties of quality

- A. Except as limited by subsection (b) with respect to a purchaser of a unit that may be used for residential use, implied warranties of quality
 - 1. may be excluded or modified by agreement of the parties; and
 - 2. are excluded by expression of disclaimer, such as “as is”, “with all faults”, or other language which in common understanding calls the buyer's attention to the exclusion of warranties.
- B. With respect to a purchaser of a unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but a declarant may disclaim liability, in an instrument signed by the purchaser, for a specified defect or specified failure to comply with applicable law if the defect or failure entered into and became a part of the basis of the bargain.

Section 1604-115 – Statute of limitations for warranties

- A. A judicial proceeding for breach of any obligation arising under Section 1604-112 or 1604-113 must be commenced within six (6) years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than two (2) years. With respect to a unit that may be occupied for residential use, an agreement to reduce the period of limitation must be evidenced by a separate instrument executed by the purchaser.
- B. Subject to subsection (c), a cause of action for breach of warranty of quality, regardless of the purchaser's lack of knowledge of the breach, accrues

1. as to a unit, at the time the purchaser to whom the warranty is first made enters into possession if a possessory interest was conveyed, or at the time of acceptance of the instrument of conveyance if a non-possessory interest was conveyed; and
 2. as to each common element, at the time the common element is completed or, if later
 - a. as to a common element which may be added to the condominium or portion thereof, at the time the first unit therein is conveyed to a bona fide purchaser; or
 - b. as to a common element within any other portion of the condominium, at the time the first unit in the condominium is conveyed to a bona fide purchaser.
- C. If a warranty of quality explicitly extends to future performance or duration of any improvement or component of the condominium, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.

X Fees and Charges

The Declarant does not anticipate that there will be any special fees or charges to be paid by Unit Owners for the use of the Common Elements and other facilities in the Condominium. With respect to the improvements depicted on the Plats and Plans, adequate financial arrangements have been made for the construction and completion of such improvements.

XI. Professional Management

Pursuant to Section 3.14 of the Bylaws, the Executive Board is authorized to employ a managing agent. The managing agent, if any, may be authorized to perform most of the functions of the Executive Board except the assignment of Common Elements as Limited Common Elements or Revised Common Elements; the adoption or repeal of Rules and Regulations; the adoption of the budget, the right to borrow money on behalf of the Association or to designate signatories on its bank accounts; or the acquisition or mortgage of Units. Any contract of employment with a manager shall not exceed one year, but must also be cancelable without cause on no more than ninety days notice.

XII. Development Rights.

The Declarant has reserved the right to add up to twenty-one units and their associated Limited Common Elements, in the locations shown on the

Condominium Plat. If the Declarant exercises the Development Right to add one or more units to the Condominium, each Unit Owner's percentage interest in the Condominium would change based on the number of units added. This amendment might also change the annual budget and the amount of the Common Charges.

The Declarant must exercise the Development Right to add either or both Buildings and the associated Limited Common Elements, to the Condominium within twenty (20) years from the date the Declaration is filed in the York Registry of Deeds. The process for amending the Declaration, Plats and Plans is discussed in detail in Section 4.12 of the Declaration.

THIS PUBLIC OFFERING STATEMENT IS SUBJECT TO CHANGE WITHOUT NOTICE IN ORDER TO REFLECT CHANGES IN THE INFORMATION AND MATERIALS HEREIN SET FORTH OR OTHERWISE REQUIRED BY THE MAINE CONDOMINIUM ACT.

AGREEMENT

Pursuant to 33 M.R.S.A., Section 1604-115(a) of the Maine Condominium Act, the undersigned hereby agree to reduce the period of limitation on actions for the breach of any obligation arising under 33 M.R.S.A., Section 1604-112 (express warranties of quality) or 33 M.R.S.A., Section 1604-113 (implied warranties of quality) from six years to two years with respect to Heritage Way Condominiums, Unit _____.

Dated: _____

Witness:

Buyer -

Buyer -