

**PENINSULA PARK COMMONS CONDOMINIUM
DECLARANT'S DISCLOSURE STATEMENT**

Condominium and Declarant Identification

Name of Condominium: Peninsula Park Commons Condominium
Location of Condominium: 6325 N. Albina Ave. Portland, Oregon 97217
Name of Declarant: Peninsula Park Commons LLC
Address of Declarant: 6325 N. Albina Ave. #3 Portland, Oregon 97217
Effective Date of Disclosure Statement: _____, 2004

This Disclosure Statement discloses pertinent information about Peninsula Park Commons Condominium, a Condominium (the "Condominium"), located at 6325 North Albina Avenue, in the City of Portland, county of Multnomah, Oregon. This Disclosure Statement has been prepared by Peninsula Park Commons LLC, an Oregon limited liability company (the "Declarant"). Declarant's telephone number is (503) 289-3311 and its address is 6325 N. Albina Ave., Apt. #3, Portland, OR 97217.

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 Peninsula Park Commons Condominium to Condominium Ownership and a proposed form of Bylaws of the Association of Unit Owners of Peninsula Park Commons Condominium. Declarant will record in the Deed Records of Multnomah County, Oregon, the final Declaration submitting Peninsula Park Commons Condominium to Condominium Ownership (referred to in this Disclosure Statement as "Declaration"), and the proposed or final Bylaws of the Association of Unit Owners of Peninsula Park Commons Condominium (referred to in this Disclosure Statement as the "Bylaws").

General Description of Condominium

Declarant has developed the Condominium in one stage. The project consists of one single-story building containing seven units. Six units are being offered for residential purchase and use with general and limited common elements as described in the Declaration and Bylaws filed herewith. The seventh unit (Unit 3) will be a general common element of the Condominium for common use by all homeowners. The project construction is complete as of the date of this Disclosure, however interior renovation and landscaping work are currently in progress and will be complete prior to recording of the final Declaration.

The building was constructed in approximately 1938, is of wood frame construction and contains many of the characteristics of residential properties of that era. The buildings have one story of approximately 4,452 square feet of finished space and approximately 1,638 square feet of unfinished basement space. The interiors of the units are being renovated and updated in collaboration with prospective purchasers. Typical improvements include re-finishing wood floors, re-painting, and replacing plumbing fixtures and entry doors that have exceeded their useful lives.

Each unit has a full bathroom and full kitchen. Most units have original built-ins, trim, and door hardware. With the exception of original picture windows fronting on the courtyard, all windows are insulated vinyl. Each unit has its own forced air gas furnace. Units 1 and 7 have fireplaces. Unit 1 and either Unit 3 or 4 will have direct interior stair access to the basement. All units will have pull-down stairs to the attic for storage. The dimensions, designation and location of each unit are shown in plans recorded simultaneously herewith. The square footage of each unit is shown in Exhibit B attached hereto.

Declarant is offering a fee simple ownership interest in a unit to the prospective purchaser. The owner of a unit also receives an undivided interest, in common with other unit owners, in the "general common elements" as described in Section 5 of the Declaration, based upon the relative square footage of such owner's unit compared to the square footage of all units combined. In addition, each unit owner also receives the exclusive right to use those "limited common elements" which pertain to his or her unit. See Section 6 of the Declaration.

The City of Portland provides water and sewer service. Electricity is furnished by Pacific Power, gas service by NW Natural and phone through Qwest. Cable television is available from Comcast. Garbage and recycling are handled by Wooten Sanitary. Prospective purchasers may contact these providers for further information on current rates and charges. Access to the project is by either N. Albina or N. Holman. Local services such as fire and police protection, schools, medical facilities and shopping facilities are available in the City of Portland.

Attached to this Disclosure as Exhibit C are statements listing the present condition of all structural components and major mechanical and utility installations in the condominium, including construction and a reasonable estimate of the remaining useful life, at a minimum of the roof, siding, plumbing, electrical, HVAC systems, sidewalks, asphalt and decks. Also attached as Exhibit A is a proposed Homeowners Association Budget and schedule of association dues per unit.

Plan of Development

Declarant reserves the right to reclassify the variable property designated on the Condominium plat as "Nonwithdrawable Variable Property." The Declarant's right to reclassify the variable property will terminate seven (7) years from the date of recording of the conveyance of the first unit in the Condominium to a person other than the Declarant. In addition to the initial development of the Condominium which includes six (6) residential units, it is anticipated that the Declarant will reclassify the Nonwithdrawable Variable Property as two (2) to six (6) additional residential units with associated limited and general common elements. The reclassification will be accomplished by recording a Supplemental Declaration and plat in the Records of Multnomah County, Oregon. It is possible that the proposed improvements will increase the proportionate amount of common expenses payable by existing owners.

The variable property may not be withdrawn from the condominium. The plat shall show the location and dimensions of all such property and shall be labeled "NONWITHDRAWABLE VARIABLE PROPERTY." A description of this property may be found in Section 11.1 of the Declaration. If, by the termination date, all or a portion of the variable property designated as "nonwithdrawable variable property" has not been reclassified, such property shall automatically be reclassified as of such date as a general common element of the condominium and any interest in such property held for security purposes shall be automatically extinguished by such

classification. Notwithstanding the termination date, the Association may, with respect to any variable property automatically reclassified, exercise any rights previously held by the Declarant. The exercise of any right shall first be approved by at least a majority of all voting rights. All other actions relating to such reclassified general common elements shall be regulated and governed in like manner as other general common elements of the condominium. If a Supplemental Declaration and plat is required for any action, the plat shall be executed by the chair and secretary of the Association and shall comply with requirements of the Oregon Condominium Act as to a Supplemental Declaration and the recording of plats.

Sales Agreements

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

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 fund of the Association of unit owners (the "Association") in an amount equal to one month of estimated regular Association assessments for that unit, 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. There is an existing Trust Deed on the property in favor of the Bank of Portland. There are no closing conditions specified by the Bank of Portland. The units may proceed to recording as they are sold with partial releases issued by the Bank of Portland.

If the purchaser should fail to make any deposit or payment required under the Unit Sale Agreement and/or any subsequent addenda, Declarant may declare the purchaser to be in default, and, without prejudice to any other right of Declarant, declare the entire amount paid by Purchaser forfeited to Declarant. 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, Declarant may, in lieu of terminating the agreement, require the purchaser to pay Declarant at closing 12 percent per annum of the total purchase price from such date to the date of actual closing.

Each sales agreement addendum will contain the following warranty:

"REAL ESTATE WARRANTY: Seller warrants to Purchaser for a period of one year from the date of possession that the unit and related limited common elements sold under this agreement will be free of defects in materials or workmanship. In addition, Seller warrants that the general common elements shall be free of defects in materials or workmanship for a period of one year from the date of the first conveyance of a unit in the condominium to a buyer or one year from the date of completion of the specific general common element, whichever is later. In event of any defects covered by such warranty, Seller shall have the right to elect whether to repair or replace the defective item. Purchaser is solely responsible for any consequential damages arising out of such defects. SELLER GIVES THIS WARRANTY AND PURCHASER ACCEPTS THIS

WARRANTY IN LIEU OF ANY AND ALL IMPLIED WARRANTIES, AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXCLUDED. This warranty applies only to those items that are integral component parts of the structure, and is not applicable to 'consumer products' as defined in the Magnuson-Moss Warranty Act. A written claim reasonably specifying a breach of this warranty must be delivered to Seller no later than thirty (30) days after the expiration of this warranty. Notwithstanding any existing statutes of limitation or ultimate repose, an action to enforce this warranty shall not be commenced later than ninety (90) days after the expiration of the warranty."

All claims, controversies, or disputes relating to the sale must be resolved through mediation or arbitration, as outlined in the Unit Sale Agreement.

Common Expenses, Assessment 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 be 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. Exceptions to this would be legal and accounting fees, which will be charged equally to all units, and water and sewer fees, which at the Board's discretion may be charged to unit owners on a per capita (per person) basis.

Declarant has prepared an initial projected budget of the Association for the operation and maintenance and other common expenses of the Condominium, as well as projected amounts required to establish a capital reserve fund for replacement of those common elements that will normally require replacement in more than three and less than thirty years, and for exterior painting. A more detailed explanation of the basis for the reserves is set forth in the following section of this Disclosure Statement, and a copy of the projected budget is attached to this Disclosure Statement as Exhibit A.

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 years and for the exterior painting. The reserve account need not include those items that could reasonably be funded from operating assessments.

Declarant contracted with a home inspector to assess the condition, remaining useful life and replacement cost of common elements for the replacement reserve study.

Declarant has used this information to determine the necessary monthly deposits into the reserve account. The reserve account may be used only for maintenance, repair and replacement of the common elements for which reserves have been established and must be kept in a separate account. The Board of Directors must annually conduct a reserve study, or review and update an existing study, of the common elements to determine and adjust the reserve account requirements. See Article VII, Section 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 Declarations and Bylaws, including those identified below which relate to the operation and management of the Condominium.

As provided in Article IV of the Bylaws, upon the recording of the Declaration, Declarant will organize an Association of Unit Owners to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. This Association will be an Oregon nonprofit corporation. As provided in Article IV of the Bylaws, each unit owner will be a member of the Association. A Board of Directors as provided in the Bylaws will govern the affairs of the Association. Each unit owner will be entitled to one vote for each unit owned by that unit owner. See Article IV, Section 5 of the Bylaws.

Article IV of the Bylaws describes the meetings of the Association and the method of voting by members. Article V of the Bylaws describes the Board of Directors, including the number of 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 VI of the Bylaws describes the officers of the Association.

Article VII 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 VIII of the Bylaws.

Article IX of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements. In addition, Article IX, Section 5 of the Bylaws sets forth the use and occupancy restrictions, such as residential use (with limited exceptions), owner-occupancy requirement, restriction on long-term leasing of units, and established the ability of the Board of Directors to adopt additional rules and regulations.

Article X of the Bylaws deals with insurance to be carried by the Association, Article XI deals with dispute resolution, and Article XII deals with the method of adopting amendments to the Bylaws.

Rights of Declarant

Declarant reserves the right to adopt, on behalf of all unit buyers, the initial Bylaws and administrative rules and regulations for the Association of Unit Owners, 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.

Declarant will have one vote for each unit owned by the Declarant, and will have the right to appoint the Board of Directors of the Association until the first organizational and turnover meeting called by the Declarant. See Article III of the Bylaws. Declarant must call the organizational and turnover meeting within 3 years after the first conveyance of the first unit to a person other than Declarant, or within 90 days after the Declarant has sold and conveyed 50 percent or more of the total number of units. At that meeting, the interim directors (if any) will resign and the unit owners will elect all directors. See Article II of the Bylaws.

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 Peninsula Park Commons Condominium to Condominium Ownership. The Declaration contains, among other things, provisions describing the units, the common elements, and the rights of mortgagees, easements and Declarant's rights.
2. Bylaws of the Peninsula Park Commons Condominium Homeowners 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 Declarant and Pacific Northwest Title Company. This document provides for deposit of funds into escrow and outlines a general procedure for the closing of unit sales transactions.
4. Unit Sale Agreement and Receipt for Earnest Money. This document sets forth the rights and obligations of seller and purchaser.
5. Supplemental Addenda, including: property disclosure/disclaimer notice (and right to cancel for any reason within 5 business days), Seller's property disclosure form, lead-paint disclosure.
6. Purchasers should review each of the easements and use restrictions referred to in the preliminary title report that will be furnished to them by Pacific Northwest Title Company.
7. 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.

EXHIBIT A

Proposed Operating Budget and Monthly Assessments

**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.**

Budget*:

<u>EXPENSE</u>	<u>Annual cost</u>
Insurance	\$1,614
Maintenance/yard care	\$2,000
Garbage service	\$925
Common electricity, natural gas	\$560
Capital Reserves	\$2,880
<i>Subtotal</i>	<i>\$8,179</i>
Water and sewer**	\$2,520
Total	\$10,699

Monthly association dues (to be paid at the 1st of every month).

<u>Unit</u>	<u>Percentage</u>	<u>Ins.</u>	<u>Maintenance, Landscaping</u>	<u>Admin. Filing Fees</u>	<u>Garbage</u>	<u>Gas, Electric</u>	<u>Reserves</u>	<u>Monthly Subtotal</u>	<u>Water</u>	<u>TOTAL</u>
1	18.0%	24.21	30.00	3.00	13.88	8.40	43.20	122.69	37.80	160.49
2	15.8%	21.25	26.33	2.63	12.18	7.37	37.92	107.69	33.18	140.87
4	17.2%	23.13	28.67	2.87	13.26	8.03	41.28	117.23	36.12	153.35
5	15.1%	20.31	25.17	2.52	11.64	7.05	36.24	102.92	31.71	134.63
6	15.7%	21.12	26.17	2.62	12.10	7.33	37.68	107.01	32.97	139.98
7	18.2%	24.48	30.33	3.03	14.03	8.49	43.68	124.05	38.22	162.27

* This proposed budget does not include an estimate of property taxes. The homeowner should consult with their lending institution and/or Multnomah County assessor's office for an estimate of property taxes.

** The Declaration and By-laws allow water and sewer expenses to be distributed on a per capita basis. However, since we do not yet know the composition of owner households, we have assumed for this budget water and sewer will be distributed based on unit size.

EXHIBIT B

Unit Sizes and Ownership Percentage

ADDRESS UNIT NO.	GENERAL DESCRIPTION	OWNERSHIP PERCENTAGE	APPROX. SQUARE FEET
6325 N. Albina			
Unit 1	2-bedroom/1-bath	18.0 %	728
Unit 2	1-bedroom/1-bath	15.8 %	640
Unit 3	General Common Element ("GCE")		
Unit 4	2-bedroom/1-bath	17.2 %	694
Unit 5	1-bedroom/1-bath	15.1 %	611
Unit 6	1-bedroom/1-bath	15.7 %	633
Unit 7	2-bedroom/1-bath	18.2 %	736
6 units + 1 GCE Unit		100.00%	4,040

Note: Square footage is an estimate and includes finished space only. Limited common spaces, basement space, and General Common Element space (ie. Unit #3) are not counted.

EXHIBIT C

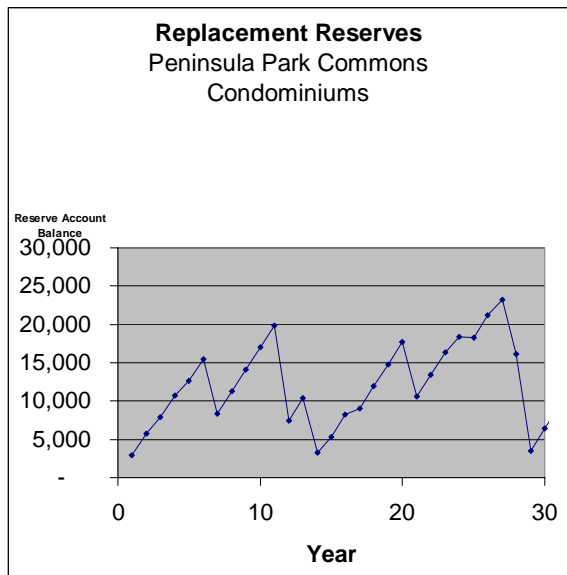
Replacement Reserve Assessment

Capital reserve fund:

The amounts indicated above under "reserves" will be collected on a monthly basis as part of the homeowner's association dues to prepare for estimated replacements and repairs of the following common elements:

	Replacement Cost	Useful Life	% Life Expired	Years Remaining	Value Remaining
Appliances					
Apt. #3 Range	500	17	0%	17	500
Apt. #3 Fridge	500	17	0%	17	500
Old basement W/D	800	12	75%	3	200
New basement W/D	800	12	0%	12	800
Exteriors					
Roofing	12,500	17	25%	12	9,375
Gutters/Downspouts	3,000	25	0%	25	3,000
Lighting	300	25	30%	17	210
Painting	10,000	7	0%	7	10,000
Heating System					
Apt. #3 Furnace	2,000	17	25%	12	1,500
Hot Water System					
Central water heaters (2)	1,000	12	55%	5	450

Based on these capital needs, annual deposits to the Capital reserve fund will need to be **\$2,880**. Following is a 30-year projection for capital expenditures:



Capital Account

Starting Balance ->	-
Ending Balance (at 30 yrs) ->	6,400
Min. Balance ->	2,880
Max. Balance ->	23,260
Avg. Balance ->	12,050

Assumptions:

Annual Reserve deposit	2,880
Savings interest rate	2.5%
Expense inflation rate	2.5%

Notes:

All costs are shown in 2004 dollars

Notes: Projections assume annual deposits increase annually at the expense inflation rate. These figures are estimates and are to be used only to assist in budgeting for future expenses. Actual figures will depend upon bids acquired at the time of the repairs.