

## NOTICE

EVERY PROSPECTIVE PURCHASER SHOULD READ THIS PUBLIC OFFERING STATEMENT CAREFULLY BEFORE SIGNING A PURCHASE AND SALES AGREEMENT

### **Public Offering Statement For Goodwin Street Condominium**

Name of Condominium: Goodwin Street Condominium

Principal Address: 4 Goodwin Street, Newport, Rhode Island 02840

Name of Declarant: Christopher Harkins

Principal Address of Declarant: 1907 East Main Road  
Portsmouth, RI 02871

Effective Date of  
Public Offering Statement: 11/ /06

#### IMPORTANT NOTICE:

**RHODE ISLAND LAW REQUIRES THAT THE ORIGINAL SELLER OF CONDOMINIUM UNITS DISCLOSE FULLY AND ACCURATELY THE CHARACTERISTICS OF THE UNITS BEING OFFERED FOR SALE. THIS PUBLIC OFFERING STATEMENT IS THE MEANS BY WHICH SUCH DISCLOSURE IS MADE.**

Under the law, a purchaser of a condominium unit is afforded a ten (10) day period after receiving the public offering statement, or after signing a contract to purchase a unit (whichever is later) during which he/she may decide not to purchase the Unit and obtain a full refund of any sums deposited. However, if a purchaser receives the public offering statement more than ten (10) days before signing a contract of sale, he/she cannot cancel the contract.

If the purchaser elects to cancel the contract for the purchase of a Unit in accordance with the above, he/she may do so by hand-delivering a notice of cancellation to the Declarant (in which case a receipt should be obtained) or by mailing notice, postage prepaid, by United States mail, return receipt requested. Cancellation of the purchase contract is without penalty and all payments made by the Purchaser before cancellation will be refunded promptly by Declarant.

If the Declarant fails to provide a public offering statement (and all amendments thereto) to a Purchaser before conveying a Unit, that Purchaser may recover from the Declarant, in addition to any rights to damages, or other relief, damages pursuant to RIGL 34-36.1 of the Condominium Act.

The preceding statements have been made in compliance with section 34-36.1-4.03(a)(11) of the RI Condominium Act.

## I. INTRODUCTION:

This Public Offering Statement includes information which we must provide to you under Rhode Island Law. In this Disclosure Statement, "Declarant" or "we" or "our" means Christopher Harkins. "You" means a potential buyer. This Public Offering Statement consists of two parts, a Narrative portion and an Exhibits portion. The exhibits include legal documents which are required for the creation of the Condominium and other documents affecting the operation of the Condominium. The Narrative portion is intended to summarize the significant features of these documents and to provide a general explanation of the Condominium. Capitalized terms used in this Disclosure Statement are defined either herein, in the exhibits, or by the Rhode Island Condominium Law, RIGL 1956, 1995 Reenactment, Title 34, Chapter 36.1. In the event of any inconsistency between the exhibits and the narrative, the provisions of the exhibits will govern. This Disclosure Statement is only a summary of this Condominium. You should carefully read this document and all exhibits attached.

## II. THE DECLARANT --THE PERSONS RESPONSIBLE FOR THE CONDOMINIUM

The Declarant is the party that owns the property described in Exhibit "A" attached to the

Declaration of Condominium and submits it to the condominium form of ownership and is responsible for creating (or "declaring") the Condominium and for constructing and completing the buildings and grounds as depicted on the Plats and Plans attached as Exhibit "E" to the Declaration of Condominium.

The Declarant for the Goodwin Street Condominium is Christopher Harkins whose address is 1907 East Main Road, Portsmouth, Rhode Island 02871.

## III. THE CONDOMINIUM CONCEPT

Generally, the term "Condominium" refers to a form of property ownership. Property which is owned as a Condominium contains two distinct types of property - Units and Common Elements.

Units are portions of a Condominium which are set aside for individual ownership and use. In the case of a residential Condominium, the Units are the separate living quarters which may be used

only by the Unit Owners, Tenants or Guests. The Unit itself consists of the space bounded by the exterior walls, floor and ceiling of that unit, including exterior doors and windows, the drywall or plaster wall and ceiling, wall and floor coverings (but not including the structure of its building). The Unit also includes the portions of the plumbing, electrical, mechanical and communications systems which serve only the Unit. The specific size of each unit is shown on the Plats and Plans attached as Exhibit "E" to the Declaration of Condominium.

Common Elements, on the other hand, are portions of the Condominium which are not included within the Units. Each Unit Owner owns an "undivided interest" in the Common Elements. An undivided interest is a fractional or percentage share of ownership of all of the Common Elements. In this Condominium, the undivided interest is a percentage (Percentage Interest).

A Limited Common Element is a portion of the Common Elements assigned to a particular Unit or Units, and to the exclusive use of the Unit Owners of such Unit or Units (for example, a parking space).

Each individual Unit Owner owns, along with his or her Unit, a specified undivided interest (the "Percentage Interest") in the Common Elements and the Limited Common Elements, usually expressed in the form of a percentage. This means that all Unit Owners share in the ownership of all Common Elements and Limited Common Elements. The ownership of this Percentage Interest gives each Unit Owner the right, subject to the terms of the Condominium Act, the Declaration, the Bylaws and the Plats and Plans, to use the Common Elements and to participate in the control of the Common Elements and the Limited Common Elements (through membership in the Condominium Association) in common with the other Unit Owners, and also imposes upon each Unit Owner the obligation to pay a percentage of the expenses of operating and maintaining the Common Elements and Limited Common Elements equal to his or her Percentage Interest multiplied by the aggregate amount of the Common Expenses. The amounts of these Common Expenses are determined in annual budgets established by the Executive Board of the Condominium Association.

It is this coupling of exclusive ownership of a Unit with the shared ownership of the Common Elements and Limited Common Elements which distinguishes condominium ownership from other forms of property ownership. In the case of Goodwin Street Condominium, the basement, common area, walkways, the exterior of the Units, the porches, the patios, the grounds and the parking areas shall be

the responsibility of the Condominium Association to maintain.

IV. GENERAL DESCRIPTION OF THE GOODWIN STREET CONDOMINIUM:

The name of the Condominium is the GOODWIN STREET CONDOMINIUM.

The Goodwin Street Condominium will include a maximum of two (2) residential Units located in one building situated on a parcel of land on Goodwin Street in Newport, Rhode Island. Detailed architectural plans for each of the units are now available for inspection in the office of the Declarant, and will be recorded with the Declaration which creates each such unit of the Condominium.

A. The Units.

Each unit consists of the space bounded by the wall, floor and ceiling of the unit, more fully described in Exhibit "B" of the Declaration. The unit also includes the drywall or plaster surface of the wall and ceilings, and the paint or wall covering thereon, any floor covering, the glass of any exterior window (but not the sash or window frame), doors into the units (but not the door frame), and that portion of the plumbing, electric, telephone, cable, heating and air conditioning systems which serve a particular unit.

The size and configuration of the Units are shown on the Plats and Plans. The unit number, location and a description of each unit are set forth in Exhibit "B" of the Declaration.

Each unit is heated by its own separate gas fired heating system. A gas hot water heater provides hot water to each unit. Unit owners are responsible for the maintenance, repair and replacement of their heating, airconditioning and /hot water systems. Electricity and gas are separately metered for each unit. There is no electric meter for the Common areas and the charges therefore are part of Unit 1's charges.

There are two (2) disconnected oil tanks located in the basement. The Declarant will not remove the tanks.

B. Parking spaces

Parking spaces are allocated as set forth on the plans attached as Exhibit "E" to the Declaration of Condominium. Each Unit owner shall have the right to access and pass over Common Areas to access their respective Limited Common Area parking spaces to the extent that the same does not unreasonably interfere with the use by the other Unit owners. These areas are as designated as "Common Elements" and are shown on Exhibit "E" to the Declaration of Condominium - the Plats and Plans

The Common Elements constitute all of the condominium other than the units. The following items are the major Common Elements of the condominium: all of the land, the supporting structure of the building, the outer portion of the exterior walls, portions of plumbing, electrical, heating, mechanical and other systems, if any, serving more than one unit.

As indicated above, each unit has a percentage interest in the Common Elements. There are also Common Element assessments which are apportioned among the units based on each unit's allocated and undivided interest as set forth in the Declaration. The percentage interest assigned to each unit is based upon the ownership of unit. The percentage interest appertaining to each unit is listed in Exhibit "C" to the Declaration which is attached to this Public Offering Statement.

As discussed earlier, the electrical system for the buildings has individual electric meters for each Condominium unit so that each unit can, therefore, control its own electric use, and each unit will be separately billed by the electric company for the electricity it uses. Water is not separately metered and each Unit's water usage will be part of its monthly common area charge. The electricity for the basement common area is billed as part of Unit 1.

#### V. RESERVED RIGHTS OF THE DECLARANT

The Declarant has reserved the right to construct or renovate the Units, to build the Common Elements, to work in, on, over, and under the Common Elements in constructing the Common Elements and Units, to maintain without charge or assessment a sales office in a unit, to use without charge or assessment Units as models or as a management office, to mortgage or lease any Unit which it continues to own, and to do all things necessary to the construction, renovation,

marketing, and sale of Units.

The Declarant reserves the right to rent or market to investors the Units at the Condominium. The Declarant further reserves the right to lease any unsold Units in accordance with the Declaration and By-Laws. The Declarant has reserved the right to change the price of any unsold Unit not otherwise under contract at any time and for any or no reason whatsoever.

The Declarant retains the right to use one or more units as sales offices and model units or for other purposes in connection with the marketing of the Units, without charge or assessment. The Declarant intends to sell any units which may be used as models.

These rights, which are granted the Declarant in the Declaration, are known as the "Development Rights". The Development Rights may be exercised by the Declarant for a period of five years commencing on the date of the recording of the Declaration of Condominium without the need for consent of existing Unit Owners.

When a residential dwelling is changed from apartments which are rented to condominiums which are offered for sale, the laws of the State of Rhode Island provide certain protections for those who are living in the apartment at the time the conveyance is announced. The person undertaking the conversion, namely the Declarant, must provide each resident/ tenant in the building with notice of the conversion at least 120 days before that person can be required to vacate his or her apartment. Each resident must be given an exclusive right to purchase his or her unit for 60 days after the notice was delivered. There are no current tenants within Goodwin Street Condominium. Moreover, there were no tenants within Goodwin Street Condominium when the Declarant purchased the property at 4 Goodwin Street, Newport, Rhode Island. There are no previous tenants who have any rights to notice or purchase at 4 Goodwin Street, Newport, Rhode Island.

## VI. ZONING

The Goodwin Street Condominium complies with the Zoning Laws in effect at the time of the filing of this public offering statement.

## VII. ENCUMBRANCES UPON TITLE

The Condominium is subject to:

- (a) The Declaration (including conditions disclosed by the Plats and Plans attached as Exhibit “E” to the Declaration of Condominium), the Bylaws and the Rules and Regulations attached as Exhibit “G” To Public Offering Statement, as each of them may be amended from time to time.
- (b) Easements and Restrictions described in the Declaration including:
  - (i) Easements in favor of the appropriate utility companies to serve the Property;
  - (ii) Easements in favor of Unit Owners and the Association through the Common Elements, pursuant to such requirements as the Executive Board may prescribe, to permit a Unit Owner or the Association to gain access to his or her Unit;
  - (iii) An Easement in favor of the Association to inspect, maintain, repair and replace the Common Elements;
  - (iv) Easements in favor of each Unit through the Common Elements as may be necessary for:
    - (A) installation, repair, maintenance, use, removal and/or replacement of utility lines, and heating and air conditioning systems which serve a single Unit and which pass across or through a portion of the Common Elements;
    - (B) installation, repair, maintenance, use, removal and/or replacement of utility lines, and heating and air conditioning systems which serve one or more Units and which pass across or through a portion of another Unit but which, as such, constitute Common Elements;
    - (C) installation, repair, maintenance use removal and/or replacement of overhead lighting fixtures, electrical receptacles, and similar fixtures if they are located in a portion of the ceiling, wall or floor adjacent to a Unit which is part of the Common Elements;
    - (D) driving and removing nails, screws, bolts or similar objects in the Unit-side surfaces of walls, ceilings and floors which are part of the Common Elements; and
    - (E) maintenance of fixtures which encroach into the Common Elements;
  - (v) Each Unit has, to the extent necessary, an easement for structural support over



every other Unit in a Building, the Common Elements and the Limited Common Elements, and each Unit and each Common Element is subject to an easement for structural support in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements;

- (vi) Each Unit and the Association has, to the extent necessary, an easement for encroachment, by which Unit Owners and the Association are protected in the event that a Unit or Common Element encroaches upon another Unit or Common Element. Each Unit and each Common Element is subject to an easement for encroachment in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements;
- (vii) The Units and the Limited Common Elements are also subject to the following easements:
  - (A) in favor of the Association for inspection of the Units and Limited Common Elements to correct emergency situations, to correct conditions threatening other Units or the Common Elements, to verify the performance by Unit owners of their maintenance and repair responsibilities, and to correct conditions which constitute violations of the Declaration, By Laws or Rules and Regulations attached as Exhibit "G" To Public Offering Statement. Notice must be given to the Unit Owner prior to entry except in emergencies when a Unit may be entered without notice. In the event of a violation of the Declaration By laws, or Rules and Regulations attached as Exhibit "G" To Public Offering Statement, the violations may be corrected without the consent of the unit Owner and the Association may charge the Unit owner with the resulting expense; and
  - (B) in favor of the Unit Owners benefited thereby and the Association for the installation or repair of utility lines, pipes, ducts and conduits which pass across or through a portion of one or more Units;
- (viii) An easement to the Owner of each Unit to affix and remove hardwood flooring, carpeting, tile and other floor coverings and otherwise decorate, clean and maintain the Unit-side surfaces of floors, walls, ceilings, doors and window sills;
- (ix) Easement for Declarant to use units for sale purposes. The Declarant has an easement to use any unsold units in the condominium as models and sales offices and may place advertising signs on the Condominium Property;
- (x) Easement for construction. The Declarant has an easement to cross common areas for purposes of remodeling the Units.

- (c) Easements of record as set forth in the specimen Title Insurance Policy below.

#### THE CONDOMINIUM DOCUMENTS

#### VIII.

A number of documents create and govern the operation of the Condominium. These documents (collectively referred to as the "Condominium Documents") include the Declaration, the Bylaws, and the Rules and Regulations attached as Exhibit "G" To Public Offering Statement.

#### UNIT OWNERS ASSOCIATION EXECUTIVE BOARD

#### IX.

The affairs of the Condominium are governed by the Goodwin Street Condominium Association (the "Association"), a Rhode Island unincorporated association, of which every Unit Owner is a member. Each unit owner has a vote in the association equal to his or her Percentage Interest ownership in the Common Areas, as set forth in Exhibit B to the Declaration.

The operations of the Association are managed by an Executive Board. There shall be minimum of two and a maximum of 3 members of the Executive Board. Each unit owner shall be a member of the Executive Board, or shall appoint a proxy member to the Executive Board, to serve in the unit owners place.

The powers of the Association and its responsibilities are set forth in the Declaration and in the By Laws of the Association, which are a part of this Public Offering Statement. The procedures under which the Association operates are set forth in the Bylaws of the Association. The Association has the power to contract for the management of the Condominium by an outside contractor or managing agent, and to pay a reasonable fee for the management service.

#### X. ANNUAL BUDGETS FEES AND ASSESSMENTS

Each year, the Executive Board of the Condominium Association prepares and adopts a budget as provided in the By-Laws to provide for the expense of operating and maintaining the

Common Elements for the upcoming fiscal year. The Declarant has prepared a projected estimated budget governing the first year of the Association's existence beginning on the first day of the first month after the closing on the sale of the first unit in the Condominium and ending one year thereafter. (Projected Operating and Capital Budgets Attached as Exhibit "C") The budget is based on providing services to and collecting fees from all the Units which are part of the Condominium.

The assessment on each Unit Owner for the payment Common Expenses is made on an annual basis. Unit Owners pay the assessment monthly on the first day of every month, each Unit Owner will pay an installment equal to 1/12th of the amount of the annual assessment.

There is a reserve included in the budget for the periodic (that is, not occurring annually) maintenance and replacement of Common Elements.

The Declarant cannot be certain that sufficient funds have been budgeted to cover all common expenses that may be incurred. If insufficient funds are budgeted for any given fiscal year, the Executive Board may levy an additional assessment on Unit Owners to make up the budget deficit.

The Association has established a separate working capital reserve fund to ensure that the Association will have cash available to meet its monthly requirements and unforeseen expenditures. To capitalize the fund, each purchaser of a Unit shall make a non-refundable contribution to the fund at the closing of the purchase of their Unit in an amount equal to two (2) month's fees for said Unit. Such contributions are not advance payments of the monthly fee. The amount of such contributions may not be recovered from a subsequent purchaser of the Unit.

The working capital reserve is not included as revenue in the annual budget. An expense item may be included in the annual budget for funds to replenish the working capital reserve.

There are no services which are not reflected in the budget that the Declarant currently provides, and no expenses that it now pays which it expects may become a Common Expense.

Unit Owners will be assessed on a monthly basis in order to provide the Association with the funds necessary to meet the annual budget of the Association. The amount of Common Expenses assessed against each Unit will be based upon its applicable Percentage Interest. No Unit Owner may exempt himself or herself from liability with respect to Common Expenses by refraining from using his or her Unit or any of the Common Elements. The monthly fee assessed against unoccupied units may be adjusted by the Executive Board to reflect the level of services provided.

Each Unit Owner is personally liable for the payment of all sums assessed by the Association against his or her Unit, and such assessments constitute a lien against his or her Unit until fully paid. If the assessments are not paid when due, the Association has the right to obtain payment of past due assessments by foreclosure of the lien (resulting in a forced sale of the Unit) or by suing the Unit Owner. In addition, the Association may assess late charges and interest, and provide notice of the delinquency to a lender holding a mortgage on the Unit. The delinquent Unit Owner is obligated to pay all expenses of the Association, including attorneys' fees, incurred in the collection of the delinquent assessment.

Any unpaid assessments which cannot be promptly collected from a Unit Owner may be re-assessed by the Association as a Common Expense to be collected from all of the Unit Owners. If someone voluntarily purchases a Unit subject to unpaid assessments, the new Unit Owner shall be jointly and severally liable with the former Unit Owner for the payment of the delinquent assessments.

The Executive Board has the right to impose a Special Assessment on all units in the Condominium for a capital project or to make up for any budget deficiency that may occur. In addition, the declaration provides for the Executive Board to impose a Special Assessment on a specific Unit for various reasons such as negligent destruction of common property or failure to do necessary maintenance.

A unit owner must pay directly all the costs of maintenance and repair for his own unit which are not the responsibility of the Association.

## XI. CONDOMINIUM INSURANCE

The Association will obtain insurance to protect the Unit Owners Association and, to a certain limited extent, the Unit Owners as individuals and described generally as follows:

The completed building, including Units and the Common Elements, will be covered by fire and property damage insurance. The coverage is "all risk" and in an amount equal to the full estimated replacement cost of the building. The full estimated replacement cost of the building shall be set by the insurance company. This coverage will insure the Association and individual Unit Owner's interests in the Units but will not insure personal property, appliances, or floor coverings belonging to a Unit Owner. This insurance will not insure any improvements and betterments installed by a Unit

Owner. Declarant shall not be responsible if the actual full replacement cost of the building is greater than the estimated full replacement cost set by the insurance policy.

The Association and Unit Owners will be insured against liability arising from death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements. This coverage will insure Unit Owners against liability arising from an accident or injury arising out of the ownership, maintenance, and repair of that portion of the Property which is not solely owned by the Unit Owner. A summary of insurance is attached as Exhibit "F".

We strongly recommend that each Unit Owner obtain insurance coverage on his personal property and liability exposure not covered by the Association policy. The Unit Owner may also wish to insure any improvements to his Unit to the extent that the improvements increase the value of his Unit beyond the limit of coverage provided by the policy maintained by the Association. The Unit Owners should be aware, however, that there are certain restrictions on this type of additional insurance in the Bylaws.

## XII. SUMMARY OF PRINCIPAL CONTRACTS

As of the effective date of this Public Offering Statement, there are no principal contracts affecting the operation of the Condominium. It is anticipated that a contract for building maintenance and landscaping will be executed. The estimated expense of that anticipated contract is included in the Projected Estimated Annual Budget.

## XIII. LITIGATION INVOLVING THE CONDOMINIUM ASSOCIATION OR THE CONDOMINIUM.

As of the effective date of this Public Offering Statement there have been no suits against the Association; There are no unsatisfied judgments or pending suits against the Association; and there are no pending suits material to the Condominium of which the Declarant has actual knowledge.

## TERMS UNDER WHICH UNITS ARE SOLD

## XIV.

Initial sale prices of units in the Condominium are established by the Declarant and, except Units under contract, may be changed from time to time. Prices upon the resale of a unit are set by the owner of the unit in his or her sole discretion.

An owner's policy of title insurance, as well as a mortgagee's policy (which is usually required by a mortgagee) is available to a purchaser of a Unit at Goodwin Street Condominium at closing upon payment by Purchaser of the premium.

#### XV. PURCHASER'S RIGHT TO CANCEL

Under the law, a purchaser of a condominium unit is afforded a ten (10) day period after receiving the public offering statement, or after signing a contract to purchase a unit (whichever is later) during which he or she may decide not to purchase the Unit and obtain a full refund of any sums deposited. However, if a purchaser receives the public offering statement more than ten (10) days before signing a contract of sale, he or she cannot cancel the contract.

If the purchaser elects to cancel the contract for the purchase of a Unit in accordance with the above, he or she may do so by hand-delivering a notice of cancellation to the Declarant (in which case a receipt should be obtained) or by mailing the notice, postage prepaid, by United States mail, return receipt requested. Cancellation of the purchase contract is without penalty and all payments made by the Purchaser before cancellation will be refunded promptly by the Declarant. If the Declarant fails to provide a public offering statement (and all amendments thereto) to a purchaser before conveying a Unit, that purchaser may recover from the Declarant, in addition to any rights to damages or other relief, damages as provided in section 34-36.1-4.08(c) of the Condominium act, consisting of an amount equal to ten percent (10%) of the sale price of the Unit.

#### XVI. SELLER'S USE OF DEPOSITS BY PURCHASERS

Any deposit made in connection with the purchase of a Unit will be held in an escrow account in a financial institution. This deposit will be returned to the purchaser if the purchaser effects a valid

and legal cancellation of the contract pursuant to the provisions of the Purchase and Sales Agreement or pursuant to Section 34-36.1-4.08 of the Rhode Island General Laws, or otherwise will be paid to the Declarant at the Closing.

#### FINANCING OFFERED OR ARRANGED BY THE DECLARANT

#### XVII.

The Declarant does not offer or arrange any financing for the purchase of Units for prospective purchasers at this time. The purchaser of a unit may apply for financing from any lender or may pay all cash at settlement. Declarant has not applied for FNMA approval for the project.

#### XVIII. PAYMENT OF TWO MONTHS FEES FOR WORKING CAPITAL

A common element fee due from a Purchaser at the time of a closing will be equal to two (2) months of the monthly assessment due for that Unit. Such funds shall be paid to the Association for working capital and shall not be rebated to the Unit Owner upon sale of his Unit. In addition, the common area fees for the month in which the closing takes place will be prorated between the Seller and the new Owner. Taxes and any other municipal charges will be pro-rated in accordance with the calendar year and any monthly assessment will be prorated on a daily basis.

#### XIX. REAL ESTATE TAXES

Real estate taxes will be levied separately against each individual Unit at Goodwin Street Condominium as of the date of the closing of the sale of such Unit or December 31 subsequent to the Unit being submitted to the Condominium, whichever is earlier. The assessment will include the Unit's share of the tax for the Common Elements of the Condominium. Each Unit owner is responsible for paying the taxes on his or her Unit from and after the date on which he or she purchases the Unit. Any closings taking place prior to a Unit's individual assessment and tax bill shall require the Unit Owner to reimburse the Seller for the proportionate share of the current tax bill based upon a percentage equivalent to the Unit's percentage interest in the common area prorated for the number of days from the closing to the following June 30th.

## XX. WARRANTIES PROVIDED BY THE DECLARANT

The building at 4 Goodwin Street existed prior to the Declarant's ownership. Consequently, the Units are being sold "AS IS" and "WITH ALL FAULTS" only to the extent required by the Rhode Island Condominium Act. The Declarant warrants that the Unit and Common Elements are free from defective materials, are constructed in a good and workmanlike manner, and are suitable for the ordinary use of residential real estate of its type. Declarant will repair or replace at no cost to purchaser any portion of the Unit or of the Common Elements appurtenant to such Unit installed by Declarant which is substantially defective in material or workmanship, and to the extent specifically provided in Declarant's limited warranty, except for fixtures and appliances covered by a separate warranty of the manufacturer or dealer, and provided that Purchaser notifies Seller of such defect or defects in writing within one (1) year following the closing date. Declarant does not warrant and is not responsible for any items not installed by Declarant or for routine Condominium maintenance or for items of work that arise because of normal settlement or the passage of time. The warranty does not apply if the defective portion of the Unit or Common Elements has been subjected to misuse or damage by accident or has not been properly maintained or afforded reasonable care.

The warranty expires one (1) year after the date of the conveyance of the Unit as to all items not covered by a separate warranty of the manufacturer (such as appliances). The warranty expires upon any occurrence of resale or conveyance of the covered Unit. By purchasing a Unit in the condominium, the Purchaser agrees to sign at the closing an agreement limiting claims pursuant to this warranty to two (2) years as provided in the Rhode Island General Laws §34-36.1-4.16(a).

The liability of the Declarant is limited to replacing or repairing any defective parts or materials covered by the warranty, up to the replacement cost of the Unit. Declarant is not liable for consequential damages arising from any breach of this warranty.

Declarant makes no other warranties, either express or implied. Declarant expressly disclaims the implied warranties of merchantability and of fitness for a particular purpose (other



than for the ordinary use of residential real estate of its type, which is an express warranty made by Declarant). Declarant expressly disclaims any warranties that could be construed to cover the presence of radon or other environmental pollutants.

## XXI. RESTRICTIONS ON SELLING OR USE OF UNITS

Sale of Units. There are no restrictions on the sale of a Unit at Goodwin Street Condominium.

Leasing of Units. Leasing of Units is subject to the following restrictions:

- (a) Leases must conform to all rules, regulations and ordinances promulgated by the City of Newport.
- (b) Leases must in writing, on the standard form if one is prescribed by the association, and must be expressly subject to the provisions of the Declaration, Bylaws and Rules and Regulations attached as Exhibit "G" To Public Offering Statement of the Association.
- (c) The terms of the lease provide that it may be terminated by the Executive Board, after notice, if the lease violates the terms of the Declaration.
- (d) A Lessee may not be provided with hotel type services.
- (e) No more than two (2) persons per bedroom may occupy any Unit which is leased.
- (f) No individual bedroom may be leased, let out for hire, or licensed on any basis or for any term.
- (g) ~~A lessee may not have more than 4 unrelated persons residing in the unit.~~

Use of Units. Uses of each Unit and of the Common Elements are subject to the following Restrictions:

- (a) The Units in the Condominium (with the exception of any Units during the time period when they are being used by the Declarant as a model or sales office) are restricted to residential uses permitted under the applicable zoning and municipal regulations of the City of Newport and may not be used for any other purposes by the Unit Owner or any future Unit Owner. No Unit Owner shall permit his Unit to be used

or occupied for any prohibited purpose.

(b) No business activities of any nature shall be conducted in any Unit without the prior written approval of the Executive Board, ~~including allowable home based businesses in a residential unit by the City of Newport.~~ excepting allowable home based businesses and the letting of rooms in compliance with the Zoning Ordinance of the City of Newport.

(c) Unit Owners may not obstruct the Common Elements or store anything in the Common Elements without the prior written consent of the Executive Board.

(d) The Common Elements may be used only for the benefit or enjoyment of the Unit Owners and the occupants of all Units. No Unit Owner may carry on any practice, or permit any practice to be carried on, which unreasonably interferes with the quiet enjoyment of the occupants of any other Unit. Tenants use of Common Elements of the property after 10 PM is by approval of both unit owners.

(e) Unit Owners are prohibited from placing any garbage anywhere in the Property other than in their own Units or such parts of the Common Elements as are designated for that purpose by the Executive Board.

(f) No Unit may be used in a manner which increases the fire insurance premiums for the Property without the prior written permission of the Executive Board, nor may any Unit be used in a manner which violates any law or which may reasonable be expected to lead to the cancellation of any hazard insurance policy on the Property.

(g) No Unit Owner other than the Declarant may erect any sign on or in his or her Unit, or on or in any Limited Common Element which is visible from outside his or her Unit or from the Common Elements, without prior written permission of the Executive Board, with the exception of a sign pertaining to the sale of said property.

(h) Unit Owners may not install, remove, reconstruct or repair electrical fixtures, wiring and outlets, signal transmission lines, heating or air-conditioning equipment, or any ventilation or exhaust ducts or related equipment, any part of which is located within any interior partition of a Unit, within the ceiling above a Unit, or protrudes through any window serving the Unit without the prior written approval of the Executive Board.

(i) No household pets except one dog weighing less than thirty (30) pounds or ~~one~~ two cats may be kept by a Unit Owner without the prior written consent of the Executive Board and only so long as the behavior of the pet does not unreasonably disturb the quiet enjoyment of the occupants of any other Unit. All permitted pets must be confined or leashed by the owner of said pets, and each pet owner shall be responsible for cleaning up after his or her pet(s).

(j) Unit Owners are responsible for maintaining their individual Units in good order and repair at their own expense. The responsibilities of the Unit Owner for cleaning, maintenance and repair include the cleanliness of any Limited Common Element serving the Unit.

(k) No noxious or offensive activity shall be carried on in any unit or in the Common Elements; nor shall anything be done therein either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

## XXII. AMENDMENTS

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

Any information or data regarding the Condominium not included in this public offering statement and its exhibits may not be relied upon. No person has been authorized by the Declarant to make any representation or warranty not expressly contained herein and nothing in this public offering statement may be changed or modified orally.

## XXIII A SUMMARY OF THE PRINCIPAL PROVISIONS OF THE DOCUMENTS OF THE CONDOMINIUM

### 1. The Declaration

The Condominium is created by the Declarant's recording of the Declaration, a copy of which Declaration has been attached as Exhibit "A" to this Public Offering Statement. The Declaration has been recorded in the Land Evidence Records of the City of Newport, Rhode Island.

ARTICLE I. of the Declaration submits the Condominium to the provisions of the Condominium Act and defines and describes the Units and the boundaries of Units. The significance of Unit boundaries is that all portions of the Unit contained within these boundaries are owned by the Unit Owner. Generally speaking, each Unit will consist of the space bounded by the walls, floors and ceiling of the Unit. The Unit will also include any floor covering (hardwood, carpet, tile, etc.), the plaster or wallboard part of the walls (but not the structure of the walls), wall coverings, the mechanical room with any parts of the heating, plumbing, electrical and mechanical systems located in the Unit or serving only that Unit. Each Unit Owner has sole responsibility for the care, maintenance and replacement of the elements of his or her Unit, including the glass in the windows of the Unit but excluding exterior doors and the sash and frames of windows, and including gardens,

landscaping or other exterior improvements approved by the Executive Board which are constructed by a Unit Owner.

ARTICLE II. imposes various restrictions on the use of the Units and various other portions of the Condominium.

ARTICLE III. describes the Limited Common Elements and the Common Elements in the Condominium.

**THE COMMON ELEMENTS CONSTITUTE ALL OF THE CONDOMINIUM OTHER THAN THE UNITS. COMMON ELEMENTS INCLUDE THE LIMITED COMMON ELEMENTS WHICH ARE RESERVED FOR THE EXCLUSIVE USE OF ONE OR MORE UNITS. THE FOLLOWING ITEMS ARE THE MAJOR COMMON ELEMENTS:**

- the foundation and structure of the building and the Units the structural floors (but not the finish flooring -hardwoods, carpet, tile, etc.);
- exterior walls, and walls separating Units;
- the roof *and rooftop deck*;
- those portions of the plumbing, electrical, heating, mechanical and air conditioning systems located outside the boundaries of a Unit or which serve more than one Unit;
- general driveways and parking areas other than the parking spaces, which are Limited Common Elements; and
- landscaped areas not in the Limited Common Elements.

**THE LIMITED COMMON ELEMENTS ARE THOSE PARTS OF THE COMMON ELEMENTS THAT ARE RESERVED FOR THE EXCLUSIVE USE OF THE OWNER OF A PARTICULAR UNIT. THEY INCLUDE:**

- those portions of the plumbing, electrical, heating, mechanical and electrical system and any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture that lies outside the designated boundaries of a Unit and that serves only one Unit;
- exterior doors, windows, shutters and other fixtures designed to serve a single Unit, but located outside the Unit's boundaries; and
- terraces, patios, lawns, yards and parking spaces designated on the plat as a Limited Common Element.

ARTICLE IV. describes the Percentage Interests, votes and common expense liabilities allocated to each Unit.

The Percentage Interest formula applicable to each Unit is equal. Accordingly, each Unit is responsible for a fifty percent (50%) share of Common Area expense. Each Unit has one vote, regardless of the number of persons owing a particular Unit.

ARTICLE V. lists various easements to which the Condominium or certain portions of the Condominium are subject.

ARTICLE VI. of the Declaration reserves certain special rights to the Declarant so that the Declarant may complete the development of the Condominium and the sale of the Units, including the rights to maintain models, signs and management and sales offices on the Property.

It sets forth procedures for transferring control of the Executive Boards from Declarant to the Unit Owners. The Executive Board shall initially consist of the two (2) members appointed by the Declarant. Not later than sixty (60) days after conveyance of one of the Units which may be created to Unit Owners other than the Declarant, Unit Owners other than the Declarant shall elect one (1) additional member to the Executive Board for a total of three (3) members. Upon the sale of the second of the Units which may be created to Unit Owners other than the Declarant, Unit Owners other than the Declarant shall elect all three (3) of the three (3) members of the Executive Board.

ARTICLE VII. provides for the establishment of a Condominium Association necessary for the operation of the condominium, and sets forth the right of the Association to establish a budget, the obligation of Unit Owners to pay their share of the Common Expenses, and the rights of the Association to enforce payment of the Common Expenses.

In the event that a Unit Owner fails to pay on time his or her Common Expense assessment, the Association may add interest to what is owed, accelerate future installments, assess a reasonable late charge, file a lien against the Unit Owner's Unit, proceed to sell the Unit at foreclosure and bring a law suit to collect amounts owed. Legal costs incurred by the Association may be charged to the Unit Owner.

ARTICLE VIII. of the Declaration outlines the types and amount of insurance which the

Association is required to obtain and the various provisions governing such insurance. This Article also sets forth certain requirements for insurance obtained by Unit Owners. Attached to this this Public Offering Statement as Exhibit “F” is a copy of the Declaration of Insurance currently in place for a conventional two unit structure. Prior to the recording of the Declaration of Condominium, which will occur just prior to the first sale of the first condominium unit in the Condominium, Declarant will convert said conventional fire and casualty insurance policy into a condominium policy. The declaration sheet of the condominium policy will be provided to all prospective purchasers on or before the condominium unit closing date.

ARTICLE IX. of the Declaration provides for the procedure to be followed in the event of condemnation of all or part of the Common Elements.

ARTICLE X. of the Declaration relates to the rights of mortgagees who provide mortgage financing to purchasers of Units in the Condominium to receive certain information and approve certain amendments to the Declaration.

ARTICLE XI. of the Declaration provides for certain miscellaneous items such as interpretation of the Declaration.

ARTICLE XII. sets forth the procedure to be followed in order to amend the Declaration.

ARTICLE XIII. defines various terms used in the Condominium Documents. Such as what will be included in the Common Expenses, how the budget for the Association will be prepared and approved, that all present and future Unit Owners, lessees, occupants and mortgagees of Units are subject to all of the Condominium Documents.

#### The Bylaws

2.

The Bylaws are the rules of governance of the Condominium Association and its Executive Board and serve the same purpose as the bylaws of a Corporation.

ARTICLE II. of the Bylaws sets forth the membership rights of all Unit Owners in the Condominium Association and sets forth the time, location, purpose and business to be conducted at meeting of the Association. Article II also sets forth the required notice, quorum and voting rights of the Unit Owners as members of the Association and the procedures to be followed in conducting meetings of the Association. The Bylaws require the Association to hold a meeting at least annually. At such meetings the members present will conduct such business as may be required by law or the Condominium Documents.

ARTICLE III. sets forth procedures to be followed in the event of the resignation or removal of Executive Board members and in filling vacancies in the Executive Board.

ARTICLE IV. of the Bylaws contains provisions governing the election of officers of the Association by the Executive Board and the duties of such officers. The Executive Board annually elects a President, Secretary, Treasurer and such other officers as the Executive Board may determine.

ARTICLE V. of the Bylaws enumerates the powers of the Executive Board and the limitations on these powers and discusses the annual budget of the Association and the factors to be taken into account in constructing the budget.

ARTICLE VI. of the Bylaws provides that all occupants of a Unit shall be governed by, and comply with, the Condominium Documents and the Condominium Act. It further provides that each Unit Owner shall be liable for expenses occasioned by his or her tenants, guests, invitees or licensees to the extent not covered by insurance carried by the Executive Board.

ARTICLE VII. of the Bylaws sets forth the procedure for amending the Bylaws. Consent of two-thirds (66 2/3%) of the voting interests held by the Unit Owners is needed to amend said Bylaws.

3. The Rules and Regulations attached as Exhibit “G” To Public Offering Statement

Under the Declaration, the Executive Board may promulgate Rules and Regulations attached as Exhibit “G” to the Public Offering Statement governing the use of the Condominium. The Rules and Regulations attached as Exhibit “G” to the Public Offering Statement prohibit various activities within the Condominium which are considered to be objectionable, such as creating noise, failing to dispose of garbage and trash in proper manner, affixing objects to, or leaving them in, the Common Elements, parking other than in the spaces provided, having any vehicle other than a usable car or motorcycle, and outside displays.

4. Public Offering Statement Exhibits

- Exhibit “A” Declaration of Condominium
- Exhibit “B” Bylaws
- Exhibit “C” Estimated Projected Annual Budget
- Exhibit “D” Sample Condominium Unit Owners Deed
- Exhibit “E” Limited Warranty Statement
- Exhibit “F” Summary of Condominium Insurance
- Exhibit “G” Rules and Regulations
- Exhibit “H” Specimen Unit Title Policy
- Exhibit "I" Engineer's Letter re: Statement of Completion

5. Exhibit To Declaration of Condominium

- Exhibit “A” Legal Description of Real Estate of Condominium
- Exhibit “B” Unit designation and Description
- Exhibit “C” Percent Interests and Allocation of Expenses
- Exhibit “D” Easements
- Exhibit “E” Plats and Plans

This Public Offering Statement has been declared by the Declarant, Christopher Harkins, who is solely responsible for its content.



Executed this \_\_\_\_\_ day of November, 2006.

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Christopher Harkins