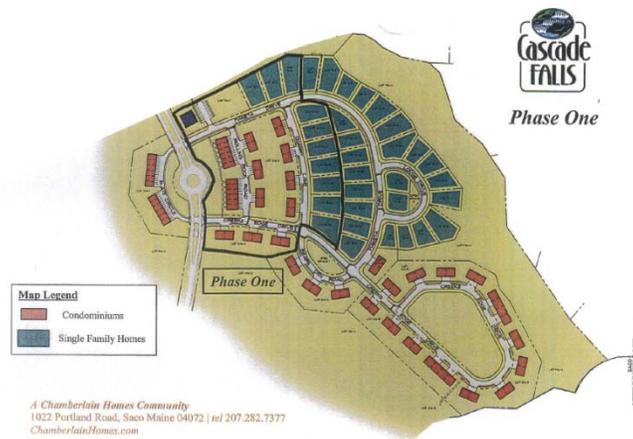




CASCADE FALLS LOT OWNERS ASSOCIATION

LOT OWNERS' HANDBOOK

LOTS IN LAND PHASE I



Name of Project:

CASCADE FALLS LOT OWNERS
ASSOCIATION

Address:

Off Waterfall Drive, Saco, Maine 04072

Name of Declarant:

PARK NORTH DEVELOPMENT, LLC

Principal Address:

1022 Portland Road, Saco, ME 04072

Effective date of this Lot Owners' Handbook: Updated October __, 2015.



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CASCADE FALLS LOT OWNERS ASSOCIATION
LOT OWNERS' HANDBOOK

Saco, Maine

I. DESCRIPTION OF THE PROPERTY

A. Overview.

1. Lot Owners' Handbook. This Lot Owners' Handbook is provided by Park North Development, LLC (the "Developer") to purchasers of the 10 Subdivision Lots in Land Phase I of the Cascade Falls Subdivision (the "Subdivision") located off Waterfall Drive in Saco, Maine in order to assist them in understanding the structure of the larger Cascade Falls community which the Subdivision is a part of and is integrated into.

Cascade Falls incorporates the following features:

- It establishes a pedestrian and bicycle friendly local neighborhood, discourages through traffic, provides a variety of layouts and widths, and offers attractive streetscapes.
- The enhanced density lowers the amount of pavement and facilitates the construction of sidewalks, street lighting and public sewer.
- Owners become a part of a community neighborhood with local parks and sidewalks; families are not isolated from their neighbors.
- Wetland impact, storm water run-off, maintenance expenses and vehicle mileage are minimized through more compact development.
- A variety of homes types and ownership formats are available to accommodate each family's needs, desired maintenance responsibilities and finances. These housing types are interspersed within the community.
- The community is located close to the City of Portland, rated as one of the best places to visit, live and work, with jobs, shopping, beaches and the Atlantic Ocean nearby.

This handbook provides a general overview and summary of the terms of the Subdivision and Cascade Falls as a whole, but does not set forth the full scope of the rights and obligations of purchasers and owners. The various exhibits included with this Lot Owners' Handbook or available on the www.chamberlainhomes.com/cascade_falls.html website contain the full detail of the controlling legal documents. **THE LEGAL DOCUMENTS AS FINALLY ADOPTED AND RECORDED WILL CONTROL IN THE EVENT OF ANY CONFLICT.** This handbook is only a summary and does not contain all relevant provisions of the draft documents included as exhibits or available on the developer's website.

Potential purchasers are strongly encouraged to review all exhibits and available documents in order to obtain a full understanding of the detailed structure of the Subdivision and of the Cascade Falls Master Association (the "Master Association"). Since this is only a summary, the full text of the legal documents will control in the event of any omission or conflicts.

2. Overall Subdivision Structure. The initial lots are located in Land Phase 1 which is now under construction and will contain 10 single family house lots shown as lots #R-1 through #R-3 inclusive and R-29 through R-35 inclusive (the "Lots") on the Subdivision Plat (survey) plus up to 12 town-house condominium units and up to 20 duplex style condominium units which are the subject of a separate Condominium Public Offering Statement which condominium purchasers should review.

The Lots are a part of the larger Cascade Falls project under which 3 separate associations and accompanying declarations are being created:

- (i) **Cascade Falls Master Association** is responsible under the Master Declaration of Covenants, Conditions and Restrictions (the "Master Covenants") for improvements pertaining to the Cascade Falls project as a whole, e.g. entrances, recreational facilities, future community building if and when constructed, drainage system, (unless City assumes responsibility), maintenance of other infrastructure such as roads and sewer until taken over by public entities, holding ownership of common parks, "open space," drainage facilities, and a potential future community building if desired, and responsible for post Developer design review administration; its Board is initially appointed by the Developer and eventually to be elected by the Neighborhood Associations voting separately for a specified members of Master Association board of directors;
- (ii) **Cascade Falls Lot Owners Association** is the "Neighborhood Association" responsible for any required administration of the "single family" Lots to the extent such administration not handled by the Master Association; and
- (iii) **Cascade Falls Condominium Association** is the other "Neighborhood Association" responsible for maintenance and administration of the condominium, including townhouse, duplex and multiplex units which may be created under the Declaration of Cascade Falls Condominium.

This structure was established in order to allow each type of housing to control matters peculiar to it, while having the Master Association responsible for community wide concerns; the Neighborhood Associations have the option to turn to the Master Association for maintenance and administration where the Master Association could provide economies of scale and other benefits. Each of the Condominium and Lot Owner Associations will elect its own board of directors. In turn the respective boards of the Condominium and Lot Owner Associations elect the members of the Master Association's board of directors allocated to each association once the applicable Developer control period expires.

At the option of the Lot owner, the Master Association may arrange and provide certain local services to Lot owners such as plowing, lawn and landscaping maintenance, and bill the Lot owner for the applicable Service Charge.

The Developer is responsible for constructing the infrastructure in Land Phase 1 including roads, sidewalks, utility, and drainage improvements in accordance with the plans approved by the City of Saco. Easements for utilities, storm water facilities and drainage cross the Lots as depicted on the Plans. The infrastructure is under construction as of the date of this Handbook and the roads have not yet been transferred to the City. The Developer's obligations are further set forth in the limited warranty provided for in the attached sample purchase and sale agreement.

The Lots will be served by public water and sewer. The streets providing access to US Route One via Waterfall Drive, including Maneta Drive, Quarry Lane and Creeks Edge Drive, are to be built to City standards and will be maintained by the City once they are completed and accepted. The Developer has provided a bank letter of credit to the City to assure proper construction of this infrastructure. Roaring Rock Road will remain a private road within the separate condominium property.

The initial Lots are located within the first of the initial six "Land Phases" of the larger Cascade Falls project (the "Community"), which has received city and state approvals for a larger residential community containing a mixture of single family, duplex and attached condominium homes with common open space, park lands and other amenities. The Developer has acquired title to the property.

The Master Covenants will govern the entire Community, establish an operating and management structure and govern the initial and future design of buildings and landscaping. If Cascade Falls is fully constructed, the entire Community could contain up to a total of 82 Condominium Units and 35 single family lots in the first 6 Land Phases, to be built over time based on market conditions. Other land now owned by the Developer known as Lots #21 and 23 containing a total additional 90± acres of land on both sides of Waterfall Drive may be added at a later time in whole or part to create a total of up to 300 housing units as a part of the Cascade Falls community although no particulars of the design and development of this 90± acres of land have yet been determined.

The first part of a separate 90 apartment development is now under construction on Lot #17 (Land Phases 7, 8 and 9) is being built in stages owned and operated by a different entity on separate parcels of real estate, although it shares certain cross access and utility easements with the Master Association. **The apartments are not a part of the Lot Owners' Association, the Condominium or the Master Association.** Apartment residents may be granted permission to use of the community center/recreation facilities to be located on Lot #MA-1 upon payment of a license fee.

While the lot owners will participate in a separate Lot Owners Association, since the Lot Owners Association owns no common areas it is anticipated that most administration pertaining to the Lots will be handled by the Master Association.

Neighboring land uses presently include single family residences, multifamily dwellings, and commercial development along Route One. If the entire project is completed, Waterfall Drive, which will connect the first phase of the Subdivision to Dawn Marie Drive and U.S. Route One, may later connect future Land Phases through Cascade Road.

The Land Phase 1 is located approximately one third of a mile from Route One, a major public arterial, and near Route 195, which in turn leads to the interstate highway system. Local shopping areas and supermarkets are located along Route One. The Maine Mall retail area is located approximately eight miles away. Pine Point Road and Cascade Road are nearby, both of which lead to area beaches.

3. Phasing. Initially up to 10 Lots, up to 12 town-house style Condominium Units and up to 20 duplex style Condominium Units can be created in the first phase known as Land Phase 1 of

Cascade Falls. The Lots share easements for access, drainage and utility services extending to Route One. The fee title to Waterfall Drive, Creeks Edge Drive, Maneta Drive, Quarry Lane, Bears Den Road, Lodge Drive and Slate Circle is reserved by the Declarant. The Developer plans to offer these streets for transfer to the City. Roaring Rock Road will remain private as a part of the condominium property.

Separate parcels of land within the Cascade Falls Community may be added to the Master Covenants by the Developer in Land Phases. The Community as presently approved may consist of a total of up to 117 housing units, which based on present approvals could consist of up to a total of 82 Condominium Units and 35 single family lots in the first 6 Land Phases of the Cascade Falls community, to be built over time based on market conditions, but the Developer has the right to change the mix and configuration of the proposed housing units, subject to obtaining governmental approvals, and the project could possibly contain up to a total of 300 housing units. Changes to the development may be made in order to adapt to the market conditions and buyers' requests over time. Once added to the Subdivision, future land parcels and Lots will be fully integrated into the Subdivision.

The Developer has received governmental permits and approvals to construct the Community in accordance with the approved Subdivision Plans, copies of which are included as Exhibits to this Handbook. It is anticipated that the Subdivision will be developed generally based on the street configuration depicted in the Subdivision Plan, however due to the size of the Community and the need to adapt construction to buyers' preferences over time, the layout and composition of future Land Phases may change in whole or part. The Subdivision Plat indicates the parcels of land that may be added to the Community. Changes to the present layout will require city and state approvals.

All Lots and Condominium Units subjected to the Master Covenants will be restricted exclusively to residential and recreational use. Existing and future Lots may be used for marketing purposes, including use as model homes for inspection by potential buyers. Generally Lots may be used only for one single family dwelling unit.

The proposed community building located on Lot MA-1 is not subject to the residential and recreational use only restrictions, and may include offices, day care, educational and administrative functions as well as the operation of the sales, marketing and construction offices.

Other portions of the Community will consist of duplex and multiplex residential condominium units. These condominium units will have a separate condominium association and will not be a part of the Lot Owners Association; however they will be a part of the Master Association. Once the particulars of future individual condominium row house and multiplex buildings are determined, site specific approvals will be obtained from the City.

The configuration of Land Phase I is now established. Land Phase 1 will consist of 10 Lots and up to 32 Condominium Units with the configuration depicted on the Plans. The Subdivision Plans depict the Developer's expectations as to the layout of future development, which may change based on the sales and market conditions. The Developer may postpone the final decision as to the addition of land, the configuration of future Land Phases and the ultimate number of Lots to be built for a period of up to 20 years in order to permit the development of the project to adapt to buyers' tastes.

There may be a total of six initial Land Phases in the Community, known as Land Phases 1, 2, 3, 4, 5 and 6, plus the additional land in Lots 21 and 23 whose configuration is not yet determined. Land Phase 1 is now under construction in accordance with the approved subdivision plans and it will be subject to the Master Covenants. The Developer may elect not to subject a future Land Phase to the Master Covenants. In addition the Developer may also elect not to add future Land Phases to the Lot Subdivision, in which event it will not be a part of the Subdivision or subject to the proposed use restrictions.

4. Cascade Falls Subdivision. The initial Subdivision Lots are located within the Cascade Falls Subdivision's Land Phase 1, which part of the initial six phases of the larger Cascade Falls Subdivision, which has received city and state approvals for a mix of single family, duplex and attached homes. Phase 1 infrastructure is under construction.

As presently approved, the Cascade Falls Subdivision may include as a part of the Subdivision up to 35 single family lots, which will belong to the Lot Owners association. With respect to the condominium units, 32 are anticipated to be town-house style units, and 50 are anticipated to be duplex units.

Project	Single Family Lots	Town-house Condo Units	Duplex Condo Units	Phase Total	Running Total
Land Phase 1	10	12	20	42	42
Land Phase 2*	18*	0*	2*	20*	62*
Land Phase 3*	0*	0*	6*	6*	68*
Land Phase 4*	7*	0*	0*	7*	75*
Land Phase 5*	0*	8*	22*	30*	105*
Land Phase 6*	0*	12*	0*	12*	117*
Total*	35	32	50	117	

*Unit numbers and types in Land Phases 2-6 are subject to change with City approval.

* Land Phases 2, 3, 4, 5 and 6 of the proposed development configurations and unit types ARE SUBJECT TO CHANGE AND NEED NOT BE BUILT.

Future development on Lots #21 and 23 are not included in these figures.

Within the Master Association once the Developer Control Period expires, the boards of directors for the Condominium Association and the Lot Owners Association will elect the Board of Directors for the Master Association, with the number of directors allocated based on the number of housing units that may be created within each of the Associations based on the present approved configurations. Within the Lot Owners' Association, the Developer appoints the Lot Owners Association's designated members of the Master Association's Board until the Developer Control Period expires.

Each housing unit subject to the Master Covenants will pay an equal share of expenses of the Master Association. A Lot will be paying its share of Master and Lot Owner Association

expenses commencing when it is first sold to a non-successor Developer, all specifically excluding however Lots owned, occupied or used by Developer for solely for construction purposes or a Lot on which the construction of a residence has not been substantially completed.

The Lot Owner Association's Board of Directors may elect to delegate its administrative and maintenance responsibilities to the Master Association. All of the Land Phase 1 will be subject to the Master Covenants.

5. Governmental Restrictions and Easements. The site is located in “Zoning Parcel 4” of the Park North Contract Zone established with the City of Saco, which contains the following restrictions applicable to these Land Phases 1-6 and Lots #21 and 23:

Minimum Lot Size:	7,500 Square Feet
Minimum Street Frontage:	50 feet
Minimum Front Yard:	10 feet (0 feet between units in a multi-unit building)
Minimum Side Yard:	10 feet for Lots abutting a residential or conservation district, 10 feet for Lots not abutting a residential or conservation district (0 feet between units in a multi-unit building)
Minimum Rear Yard:	10 feet for Lots abutting a residential or conservation district, 10 feet for Lots not abutting a residential or conservation district (0 feet between units in a multi-unit building)
Maximum Building Height:	35 feet
Maximum Lot Coverage:	40%
Density:	Not more than 300 units
Minimum Lot Area/Dwelling Unit Proposed:	12,500 s. ft. (total lot acreage divided by the total number of units proposed)
Minimum Net Residential Density	1 lot or unit per 7,500 s f

The Park North Contract Zone permits the following potential uses in Zoning Parcel 4, although the more restrictive provisions of the Master Covenants and Declaration would restrict the permitted uses of land which is part of the Condominium:

Any use permitted of right in the R-2 District [Single family dwellings, Two family dwellings, Places of Worship, Essential services, Public parks and playgrounds, Public and private schools, excluding commercial schools, Agriculture excluding livestock, Accessory uses, and one accessory apartment in a single family dwelling, community living uses]; Manufactured housing units; Multi-family dwellings in structures containing no more than 8 units each; Elderly congregate housing; Home Occupations; Any use permitted in the Resource Protection District; Boarding homes; Home baby-sitting service; Adult day care center, Type 1; Community Center for the use of the residents of land in Parcels 3 & 4; and Any use permitted as a conditional use in the R-2 District and not otherwise listed is a use permitted as a matter of right.

Other uses are permitted as special exceptions with Planning Board approval.

Lot owners are required to comply with and conform to all applicable laws and regulations of the State of Maine, and all ordinances, rules and regulations of the City of Saco. The violator shall hold the Association and other Lot Owners harmless from all fines, penalties, costs and prosecutions for any violation thereof or noncompliance therewith.

The location of the 10 Lots in Phase 1 are shown in the Subdivision Plans (survey), a reduced copy of which is an exhibit included in this package. The Subdivision Plan indicates the location of future lots and improvements, but the Developer has reserved the right to change the layout and configuration of future development in Land Phases 2 through 6. The nature of future development on Lots 21 and 23 has not been determined

The Cascade Falls Community also received Maine Department of Environmental Projection approval most recently amended in February, 2014 subject to conditions including restrictions on buffer, wetlands and stream disturbance and a requirement that the Master Association maintain the storm water detention system. A copy of the approval is enclosed. The stream and wetland buffer areas as shown on the Subdivision Plan may not be disturbed.

Land Phase 1 is subject to cross easements in favor of the Land Phases 2 through 6 for access, utilities and drainage, as set forth in the legal descriptions in the deed into the Developer, even if the land is not subjected to the Master Covenants. Future Land Phases, if added the Community, will be subject to similar easements.

B. Lot Owners Declaration of Covenants.

1. Declaration. The Lot Owners Declaration is a legal document which will govern the Subdivision Lots. The Declaration and Plans establish the boundaries of the Lots, the easements and rights of each Lot, and the restrictions on the Lots.

The Lot Owners Association is subject to the Maine Nonprofit Corporation Act, 13-B M.R.S.A. Since the Lot Owners Association has no Neighborhood Common Areas to administer and since many other functions are carried on by the Master Association, it is anticipated that Lot Owners Association will have minimal functions.

Generally amendments to the Lot Owners' Declaration may be made by a vote of 67% in interest of the Lot owners. Certain amendments require the approval of the Developer or lenders holding or insuring mortgages on the Lots. The Developer holds the right unilaterally to make amendments to the Declaration in connection with the addition of future Lots and Common Areas, and holds various easements permitting the construction and marketing of Lots. The Developer has the right to revise the Subdivision documents until they are recorded.

2. Use Restrictions. The Lots in the Subdivision are restricted to residential use. Only one dwelling unit may be built on a Lot. An occupant of a Lot may conduct business activities within the confines of a Lot so long as no signs are displayed and the Lot is not used for meeting with customers or third parties.

The Developer has the right to construct future buildings and may use unsold Lots as

models or sales offices. Other temporary, reasonable non-residential uses may be permitted by the Board of Directors.

3. Maintenance. Each Lot owner must maintain his Lot and the building and improvements in good condition and repair.

It is anticipated that the Master Association will offer a choice of maintenance services for the exterior portions of each Lot upon payment of an additional fee

A Lot owner must separately insure the building and improvements on the Lot, and any insurance obtained by an owner must comply with the Declaration. The Developer recommends that each owner provide his insurance agent with a copy of the relevant portions of the Declaration and obtain a homeowner's insurance policy, generally referred to as an "HO-3".

The Master Association will be responsible for the maintenance of the streets pending the City of Saco's acceptance of the streets.

The parks, Master Association land, open space areas (including storm water facilities located outside of public rights of way), Lot MA-1 and future community building and improvements, if any, as shown on the Plans are to be owned and maintained by the Master Association. The Master Association and the City of Saco hold drainage, utility and access easements. The streets, other than Roaring Rock Road and other private ways, are to be conveyed to the City of Saco, with accompanying drainage easements, subject to acceptance by the City. The street lights are to be owned and maintained by Master Association, with electricity provided by the City. Sewers and pump station are to be conveyed to the City of Saco's Water Resource Recovery Division (sewer department) and the water mains to Biddeford and Saco Water Company which is now a part of Maine Water.

The Developer anticipates that it will proceed to construct the proposed community building, but it may offer owners of Lots and Units in the Community the option to elect to have alternative improvements constructed.

C. Design Approval.

Unless Design Review Approval is first obtained in accordance with Article IV of the Master Covenants and the Design Review Guidelines a Lot owner may not construct improvements or change the outside portions of the Lot. This includes both the initial construction and any subsequent changes. Initially the Developer acts as the Design Review Board and makes all Design Review decisions, and has the right to continue to do so until all potential housing units have been sold to buyers who are not successor Developers or upon a recorded notice signed by the Developer transferring such design review authority subject to the Developer's right to veto decisions so long as it owns or has the option to purchase any portion of the property that may be subjected to the Master Covenants.

Once all potential housing units are sold and an independent Design Review Board is established, the members of the Board shall then be appointed by and shall serve at the pleasure of the Master Association's Board of Directors, and may be removed and/or replaced by the Board with or without cause at any time. Aggrieved parties may then appeal decisions of the DRB to the

Master Association's Board of Directors on such terms and conditions as the Board of Directors may establish and the decision of the Board of Directors shall be final but subject to the Developer's veto rights. The Master Association Board of Directors shall act as the DRB at any time(s) the DRB is not operational.

Plans for all new construction and for all subsequent alterations or additions must be first reviewed and approved *IN WRITING* prior to the start of construction, excepting construction, alternations and additions provided by the Developer. If, for any reason, construction is started prior to the receipt of written approval, the property owner shall be subject to penalties and corrective measures. Excerpts of the present Design Review Standards provide the following:

A. Quality requirements: Residences must be built from plans and specifications with enough features to give the building a distinctive design. The residences are preferable unique both in design and workmanship. There are many special features and construction usually will exceed most building codes.

B. Size: Minimum of 1,000 square feet of enclosed living area, except that there is no minimum living area for condominium units.

The total enclosed living area of a residence means the inhabitable living areas enclosed by a roof, windows and walls, excluding any garages, unimproved attics, open porches, greenhouses, storage sheds, decks, gazebos, below grade floor areas, and the like.

Further, construction within Cascade Falls requires compliance with all applicable codes and regulations of the City of Saco. It is essential that the buildings and site improvements, as approved, be constructed as indicated on the approved plans. Deviations from plans that could occur during construction will be subject to penalties unless such deviations are approved in writing by the Developer prior to construction.

D. Developer Rights.

1. Future Lots. The maximum number of Lots which may be sold is 300 in the event that all proposed condominium units become Lots, although based on present approvals a total of 35 Lots and 82 condominium units may be created on Land Phases 1 through 6. The Developer may adjust the price for lot and build packages based on market conditions.

For condominium units in Phase 1 and in future Subdivision Land Phases, the unit styles may be town house, duplexes, or multiplex. The Developer is not required to add more Lots and may stop at any point short of the maximum number of Lots, or need not add future Subdivision Land Phases. The Subdivision is legally self-sufficient, however, even if only the initial Lots remain. Upon the addition of future Lots to the Subdivision, all new and old Lots will then share in the common areas, voting rights and liability for the Subdivision expenses as a group. Only residential Lots may be added to the Subdivision.

Only the Developer may authorize improvements until all Lots have been sold or until the Developer waives such rights, after which time the approval of the Design Review Board is required.

2. Voting. All Lots obligated to pay Lot Owners Association assessments will each have 1 vote in the Lot Owners Association once the Developer Control Period expires. Generally Lot

Owners do not directly vote in the Master Association. Instead, the Lot Owners Association's Board of Directors will designate some of the Directors of the Master Association. The approval of two thirds of all Lot and condominium owners is required to amend the Master Covenants

3. Expense Liability. Lot Owner Association Common Expense obligations are allocated among all Lots equally, regardless of size. Accordingly the percentage interests of each Lot will be diluted with the addition of new Lots. As Lots are added, the common expense budget for the Lot Owners Association as a whole is anticipated to increase; however, the percentage liability of each Lot will shrink.

In the event a Lot owner fails to pay the Lot Owner Association or Master Association common expense charges including the regular monthly assessment or any special assessments or service charges, the Association automatically has a lien on the Lot to secure the payment of such charges and all costs of collection, may record a notice of the lien and may foreclose the lien in the same manner as a mortgage. The lien is subject to first mortgages.

Each Lot and Condominium Unit, regardless of size, will bear an equal share of the Master Association Assessments.

4. Developer Rights. The Developer holds the rights to add additional lands, to create additional Lots and buildings and improvements, to create and relocate public utility easements on the property servicing the Subdivision, to connect into those public utility lines, to use the Subdivision for the repair and construction of Lots, and to operate a construction, sales, leasing, and management office until all Subdivision Lots including future Lots have been sold.

The Developer may construct up to 85 additional Lots if future Land Phases 2-6 are added and if all condominium units are converted to Lots. The Developer may stop at any point short of the total number of Lots or may elect not to take further action with respect to the additional Lots and lands.

The Developer may appoint and remove the directors and officers of the Lot Owners Association and control the affairs of the Association until 90% of all potential future Lots have been sold. It is anticipated that the Developer will control the Lot Owners Association for a period of time. The Developer may voluntarily give up these rights before it is required to do so by a written statement recorded in the Registry of Deeds.

The locations of future Land Phases, buildings, Lots and improvements are not depicted on the Subdivision Plans and their final location and configuration will be determined by the Developer subject to City approval. Said buildings, Lots and improvements *NEED NOT BE BUILT*. The Developer anticipates that it will proceed to construct the proposed community building, but it intends to offer owners of Lots and Units in the Community the option to elect to have alternative improvements constructed.

All restrictions in the Declaration affecting the use, occupancy, and alienation of Lots will apply to any future Lots.

E. Lot Boundaries

Generally, the Lots have the boundaries as shown on the Plans as they may be amended, and are subject to the easements and restrictions shown on the Plans and set forth in the Lot Owner's Declaration and the Master Covenants.

F. Bylaws.

The Lot Owners Association Bylaws contain rules for self-government of the Subdivision by the Lot Owners Association, a nonprofit corporation. The Bylaws provide for a Board of Directors which directs the affairs of the Subdivision, administers policies outlined in the Bylaws, sets the budget and generally oversees the upkeep and the administration of the Subdivision, except for where the Master Association controls. The Bylaws cover such other matters as the composition of the Board of Directors, officers of the Association and the method of their election, the requirements for meetings, voting, the manner in which the Subdivision budget must be prepared, the determination and handling of assessments, the filing of assessment liens, and the nature of insurance coverage.

If a dispute arises between the Developer and a Lot owner or the Association arising out of or relating to the Declaration, the Bylaws, or a deed to the Unit, the Declaration provides that such dispute must be submitted to arbitration.

G. Rules and Regulations.

The Bylaws provide that the both Master and the Lot Owner's Board of Director have has the power to establish rules and regulations governing the use of the property. The initial Rules and Regulations established by the Master Association as of the date of this Lot Owners' Handbook are attached as an exhibit to this Offering Statement. No specific Lot Owners Association Rules have been adopted. EACH BUYER SHOULD CAREFULLY REVIEW THE RULES, which are included as an Exhibit to this Handbook. Certain portions of the Rules are set forth below:

1. Pets. Only up to two dogs, two cats and a reasonable number of other ordinary household pets in a Unit, such as fish or birds are permitted to be kept on the Property. Dogs are only permitted outside of a Lot if under the personal, direct supervision of a responsible person and on leash. Lot owners must clean up dropping from their pets. No pet may disturb other occupants as determined by the Board of Directors.

All pets must be registered and inoculated as required by law. Pet owners are fully responsible for personal injuries and/or property damage caused by their pets.

The Master Declaration and the Rules and Regulations set forth further provisions regarding pets, which should be consulted by any purchaser who anticipates owning a pet. Additional pet restrictions may be added with the approval of the Board of Directors or by the Master Association.

2. Vehicles and Parking. Only passenger vehicles and trucks less than 8,000 pounds in gross vehicle weight are allowed to be kept on the Subdivision. Only one motor vehicle per approved parking and garage spaces on the Lot may be kept overnight on the property, except that guests may temporarily park overnight on streets other than Roaring Rock Road prior to acceptance

of the streets by the City. The Developer has the right to assign additional parking spaces.

Generally parking of motor vehicles is permitted only within the approved parking and garage space allocated to a given Lot and other areas permitted by the Board of Directors. Vehicles may only be parked on the paved portion of the streets at any time, and the Board of Directors may adopt further restrictions on parking in the streets. The Board may regulate parking on other areas forming a portion of the Subdivision.

No inoperable vehicles, boats, recreational vehicles, snowmobiles, terrain vehicles or other vehicles or recreational equipment or similar items may be kept or parked on the Property. No motorized vehicles shall be used on the Property, except within the parking areas and drive as shown on the Subdivision Plans.

3. Trash and Nuisances. Trash and garbage may be kept only in sanitary containers and properly stored in a fully screened area or inside a house. Trash containers must be put out and taken in on the day of collection. No Lot may be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Lot or the Common Areas.

II. MASTER ASSOCIATION DOCUMENTS

The Lots are a part of the Cascade Falls Master Association and are subject to the Master Covenants.

The Master Covenants contain extensive provisions including without limitation (i) establishing cross easements for access, utilities, drainage, maintenance and repair, (ii) providing for design covenants and a design review process, (iii) providing for the collection of assessments to operate the Master Association and Common Areas, (iv) creating a governance structure.

Initially the Developer controls the Master Association until the conveyance of ninety percent (90%) of all 300 potential Lots and condominium units that Developer has the right to create. Once the Developer's control expires, each Neighborhood Association separately votes as a class to elect the number of directors allocated based on the relative ratios of the number of Lots and condominium units. Purchasers should consult the Master Association documents for the details of the Developer's rights.

Generally the Master Association has two (2) classes of Members, Class A and Class B as follows:

(a) Class A Members. The Class A Members are composed of each Neighborhood Association, initially consisting of the Cascade Falls Lot Owners Association and the Condominium Association. Each Neighborhood Association acts through its Board of Directors, who exercise the votes allocated to that Neighborhood Association. Initially there are no Class A votes. Once the Developer Control Period specified in the Master Covenants expires, a total of nine (9) Class A votes will be allocated to the Class A Members, which shall be allocated to each Neighborhood Association based on the ratio of the number of approved residential dwelling Units.

(b) Class B Member(s). The Class B Member(s) shall be the Declarant who has ten (10) Class B votes. The rights of the Class B Members shall include the right to approve actions taken

under the Declaration and the Bylaws of the Association, and to appoint and remove the Members of the Board of Directors during the Developer Control Period. After termination of the Developer Control Period, the Class B Member shall have a right to disapprove actions of the Board of Directors, the Design Review Board and any committee, all until the Class B Membership terminates. The Class B Member may voluntarily relinquish any or all of the foregoing rights from time to time by an instrument signed by all Class B Members and recorded in the Cumberland County Registry of Deeds. The Class B Membership terminates upon the earlier of: (i) sixty (60) days after the expiration of the Developer Control Period under the Master Covenants; or (ii) as of the specified effective date of when the Declarant(s) surrenders its Class B Membership in whole or part as evidenced by an instrument signed by all Declarants recorded in the Cumberland County Registry of Deeds.

Except for the Condominium Association, the Developer Control Period continues until the conveyance of ninety percent (90%) of all 300 Condominium Units and Lots that Declarant has the right to create. Upon the expiration of the Developer Control Period, the Voting Representatives of each Class A Voting Member from each Neighborhood Association shall then separately vote as a class to elect the number of directors allocated to that Neighborhood Association. Provided however that upon the expiration of the Declarant Control Period (as defined in the Maine Condominium Act) for the Condominium Association, the Condominium's Board will then elect the Directors of the Master Association which it would otherwise be entitled to under Subsection 3.2(a) above and Declarant shall elect the remaining Directors for all other Associations which are not a condominium Association or which are a condominium Neighborhood Association with respect to which the Declarant Control Period has not expired.

III. OPERATION OF THE PROPERTY

A. The Lot Owners Association.

1. The Subdivision. The subdivision Lots are governed by the Cascade Falls Lot Owners Association, a Maine nonprofit corporation. All of the Lot owners collectively constitute the members of the Association as an incident of ownership of a Lot. Each Lot owner is automatically a member of the Association and remains a member until his ownership of a Lot ceases.

Since the Lot Owners Association has no common areas to administer and since many other functions are carried on by the Master Association, it is anticipated that there will be minimal functions carried out by the Lot Owners Association.

2. Delegation of the Powers and Responsibilities of the Lot Owners Association. The Bylaws provide that the powers and responsibilities of the Association are delegated to the Lot Owners Board of Directors, some of which in turn may be delegated to a managing agent or to the Master Association. Basically, the Board of Directors has the power and responsibility in administering the subdivision Lots.

3. Allocation of Voting Power. Each Lot obligated to pay Lot Owners Association assessments is allocated one (1) vote in the Association. A Lot owner is entitled to cast the vote allocated to his Lot.

4. Transfer of Developer Control. The Declaration authorizes the Developer to appoint and remove members of the Board of Directors and all officers of the Association until 90% of all Lots have been conveyed, including Lots which may be created in the future. At that time the Lot owners shall elect a Board of Directors. The Developer at its option can relinquish this authority at any earlier time by recording a notice in the Registry of Deeds.

B. Management of the Property/Assessments.

Each Lot owner is responsible for maintaining the Lot in good condition and repair. If the Lot Owner fails to do so, the Master Association or Lot Owners Association may do so and charge the Lot Owner.

Although initially there are no Neighborhood Common Areas, if any such Common Areas are later created they would be maintained by the Lot Owners Association. The Lot Owners Association Board of Directors may employ professional managing agent at a level of compensation fixed by the Board of Directors or to delegate the management to the Master Association. At the expiration of the period of Developer Control, the decision as to the identity and services of the managing agent may be made by the Association.

The Master Association maintains the general Common Areas, which includes the parks, open space lands, entrances, trails, and other community wide facilities. The Master Association will assess each Lot for the Master Association's Common Charges, Special Assessments and Service Charges. "Service Charges" consist of charges for services benefiting an individual Lot or a Neighborhood Association, which are assessed exclusively against the Lot or Neighborhood Association benefited.

A Lot owner is personally liable for all Lot Owners and Master Association common charges and assessments levied against his the owner's Lot. In addition the common expenses and service charges assessed against the Lot owner automatically constitute a lien on a Lot, which lien, if unsatisfied, may be enforced by foreclosure or other legal remedies.

At closing each Lot purchaser must pay an initial working capital/reserve contribution in an amount equal to two (2) months Lot Owner Association assessments and four (4) months Master Association assessments (in addition any regular monthly fees). These sums will be allocated to the Subdivision's and Master Association's working capital, are nonrefundable, and may be used to fund operating deficits or held as a reserve for future maintenance and repairs.

Assessments commence when a Lot is first sold to a non-successor Developer, specifically excluding however Lots owned, occupied or used by Developer solely for construction purposes.

C. Management Contract.

The Developer may cause the Master Association and the Lot Owners Association to enter into a management agreement with a third party management company. For rendering these services, a fee will be paid as set forth in the Proposed Budget attached hereto. The management agreement runs from year to year subject to earlier termination on account of specified defaults.

D. Restraints on Leasing.

A Lot may not be leased or rented except on terms consistent with the provisions of the Master Covenants, the Lot Owners Declaration and Bylaws of the Subdivision and for a period of no less than 6 months. A Lot must be leased as a Lot in its entirety and no lease of a portion of a Lot such as a single bedroom is permitted. The Board of Directors has the power to terminate leases or to evict a tenant in the event of a breach of the terms of the lease or the Subdivision instruments in the event they are not complied with. All leases must be in writing and on a form requiring the tenant to comply with the Subdivision documents, providing that the failure to so comply will constitute a default under the lease, and setting forth the Board of Director's termination rights described in this paragraph. Each Lot owner must notify the Board of Directors of all tenants and provide it with a copy of the lease.

IV. BUDGET

Projected annual budgets for the initial portion of the Lot Owners and Master Association's operation are attached to this Lot Owners' Handbook. The budget was prepared by the Developer based on the best estimates available to it in 2015 and assumes (1) an inflation factor increase of 0% and (2) the existence of 1 condominium unit and 1 residential lot. *Because the Subdivision and Master Association are new there is no history of operating expenses for Land Phase 1, and therefore it is impossible to estimate with assurance the amount of future costs.* The Lot Owners Association and Master Association presently have no significant assets or liabilities. A replacement reserve is included in the Budget as described therein in the projected monthly assessment for each Lot.

The Developer anticipates that until the City has accepted the streets, it may elect to provide certain services such as snow plowing without charge or otherwise subsidize the Association's operations until the Associations are self sustaining so that the Associations will not run out of money. Any Developer obligation to pay Assessments and Service Charges may be satisfied with a cash subsidy or by "in kind" contributions of services or materials, or a combination thereof, provided that upon request Developer is required to provide the Associations a statement describing such services or materials in reasonable detail and setting forth Developer's good faith estimate of the fair market value thereof. The Master Association may enter into subsidy contracts and contracts for "in kind" contribution of services or materials or a combination of services and materials with Developer or other entities for the payment of some portion of the Common Expenses. The Developer is not required to make a deficiency contribution in an amount greater than it would otherwise be liable for if it were paying Assessments on unsold fully completed Units.

Real estate taxes will be billed directly to Lot owners by the City of Saco once a Lot has been in existence on April 1st of a given year, per Maine statute. Until then the Developer may bill owners for their proportionate share of taxes assessed against the Subdivision as a whole and may collect that amount at the sale of each Lot. Real estate taxes are *not* included in the Association budget.

V. LOT AND BUILD PACKAGES

The obligations of the parties in connection with the purchase of a lot and build package are

stated in detail in the attached sample purchase and sale agreement. Buyers must sign a Limited Warranty Certificate as set forth in the attached purchase and sale agreement. Prices for lot and build packages are established by the Developer and may be subject to change at any time at the Developer's sole discretion prior to the execution of a purchase and sale agreement. Different purchasers may pay different prices for similar lot and build packages in the sole discretion of the Developer.

At the closing on the purchase of the Lot, the buyers will be required to pay, in addition to the purchase price of the Lot, those settlement costs identified in the purchase and sale agreement, the prorated share of the current month's charges, and a sum equal to 2 months projected Lot Owner assessments and 4 months Master Association assessments as a capital contribution to the Association in order to provide working capital to the Association, and an estimated share of the future fall and spring real estate tax bill. Buyers will be required to pay their proportionate share of taxes due to the City of Saco not collected at closing until Lots have been separately assessed.

A prospective Lot purchaser must arrange for his own financing and **NO FINANCING HAS BEEN OFFERED OR ARRANGED BY THE DEVELOPER**. No representation is hereby made regarding the availability of such financing for any purchaser, and each purchaser must qualify independently for the same. Purchaser's deposits will be placed in a non-interest bearing escrow account as designated in the Purchase and Sale Agreement.

A. Title Matters.

The list of liens, defects and encumbrances and matters of title which may affect the right, title or interest of the Developer and the Subdivision Lots as of the date of the Lot Owners' Handbook are set forth in the Declaration and Master Covenants. Lot owners may purchase a title insurance policy at their expense to protect and insure title to their Lots.

In addition, the Subdivision Lots may be subject to certain easements created by the Declaration and the Master Covenants. These easements are:

- (i) Easements for Access. Each Lot owner and the Developer has a right to cross the Common Elements for access to his Lot subject to rules, regulations and restrictions adopted by the Lot Owners Association.
- (ii) Drainage and Utilities. Each Lot is subject to easement for utilities, drainage and access as shown on the Plans or as set forth in the Master Covenants.
- (iii) Utilities. The Master Covenants permit the Lot Association and the Master Association to grant easements for public utilities servicing the Subdivision through the Common Areas. Further, the Developer may connect with existing utilities for construction purposes on the Property, provided that it pays for the cost of services used.

VI. INSURANCE

The Board of Directors will obtain liability insurance to protect the Association.

The Developer strongly recommends that each Lot owner obtain homeowners insurance coverage on his real and personal property and for liability claims.

VII. FINANCIAL ARRANGEMENTS FOR IMPROVEMENTS

The Developer has obtained a construction loan from Androscoggin Bank to finance construction of the Subdivision road, utility and site improvements and the Lots.

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