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Vol. m 98 Page 4708



Real Estate Agency

CONDOMINIUM DISCLOSURE STATEMENT

FOR

FALCON HEIGHTS CONDOMINIUM
(AN OREGON CONDOMINIUM)

DECLARANT

SOCO DEVELOPMENT INC
135 S 9TH ST
KLAMATH FALLS, OR 97601

THIS CONDOMINIUM HAS BEEN FILED WITH THE REAL ESTATE COMMISSIONER OF THE STATE OF OREGON IN ACCORDANCE WITH THE OREGON CONDOMINIUM ACT (ORS 100.005 TO 100.910 AND 100.990). ISSUANCE OF THE ATTACHED DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION OR ENDORSEMENT OF THE CONDOMINIUM BY THE COMMISSIONER.

THE SIZE OF THE INDIVIDUAL UNIT, THE DRAINAGE, SANITATION, DOMESTIC WATER SUPPLIES, IMPROVEMENTS AND THE PHYSICAL DEVELOPMENT AND THE OPERATION OF THE UNIT OWNERS ASSOCIATION OF THE CONDOMINIUM PROJECT ARE NOT REGULATED BY THE REAL ESTATE COMMISSIONER. THIS DISCLOSURE STATEMENT DOES NOT RELIEVE ANY PERSON FROM THE RESPONSIBILITY OF COMPLYING WITH THE REQUIREMENTS OF ANY FEDERAL, STATE, COUNTY OR MUNICIPAL AGENCY WITHIN WHOSE JURISDICTION THE CONDOMINIUM IS LOCATED.

THE REAL ESTATE AGENCY HAS NOT PHYSICALLY INSPECTED THE CONDOMINIUM AND THE INFORMATION INCLUDED IN THIS DISCLOSURE STATEMENT WAS PREPARED BY AND IS A REPRESENTATION OF THE DECLARANT.

THIS DISCLOSURE STATEMENT MUST BE GIVEN TO EACH PURCHASER NOT LATER THAN THE DATE THE UNIT SALES AGREEMENT IS FULLY EXECUTED BY ALL PARTIES AND RECEIPT THEREFORE MUST BE TAKEN.

PROSPECTIVE PURCHASERS SHOULD READ THIS DISCLOSURE STATEMENT
BEFORE BUYING

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**CONDOMINIUM DISCLOSURE STATEMENT
FOR FALCON HEIGHTS CONDOMINIUM**

This Disclosure Statement discloses certain pertinent information about Falcon Heights Condominium ("Condominium"), located in Klamath County, Oregon. This Disclosure Statement has been prepared by SoCO Development, Inc., an Oregon Non Profit Corporation (the "Developer"). Developer's telephone number is (541) 882-1869 and its address is 135 South 9th Street Klamath Falls, Or. 97601.

Developer has recorded in the Deed Records of Klamath County, Oregon, a final Declaration Submitting Stage 1 of Falcon Heights Condominium to Condominium Ownership and a final Bylaws of Falcon Heights Condominium Association, Inc.. The Declaration Submitting Stage 1 of Falcon Heights Condominium to Condominium Ownership is referred to in this Disclosure Statement as the "Declaration," and the final Bylaws of Falcon Heights Condominium Association, Inc., is referred to in this Disclosure Statement as the "Bylaws."

General Description of Condominium

Developer intends to develop the Condominium in stages. This Disclosure Statement pertains only to Stage 1. Stage 1 contains 120 units (60 buildings), each of which contains one story, without basement. The buildings are of wood frame construction with 2-inch vertical and horizontal wood siding and asphalt tile roofs. All units in future phases will be living units, but may vary in size and configuration from units in Stage 1.

Developer is offering a fee simple ownership interest in a unit to the prospective purchaser. The owner of a unit also receives an undivided fractional interest, in common with other unit owners, in the "common elements" as described in the Declaration, based upon the total number of units in existence. In addition, each unit owner also receives the exclusive right to use those "limited common elements" which pertain to his unit. The limited common elements include the back yards which adjoin the units. See the Declaration.

Falcon Heights Condominiums consists of an Air Force housing project which was constructed in the late 1950's and which has been abandoned since the mid-1980's. The Declarant has reconstructed the roofs upon all of the units and repaired remaining aspects of the units. Attached hereto and incorporated herein as Exhibit "A" is a statement of the present condition of all structural components and major mechanical and utility installations in the condominium. Stage 1 repairs and construction was completed on December 29, 1997. The water system for the condominium project is a private water system owned and managed by the Association. The Association may contract with independent contractors, currently

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with Mountain Pacific Corporation, to monitor the water system. Sewer service is also provided by the Association. The sewer system output will be treated by the City of Klamath Falls and paid by the Association. In addition, road maintenance will be provided by the Association. Electricity is furnished by Pacific Power and telephone service is provided by U.S. West Communication. Natural gas is provided by WP Natural Gas and cable television service is available from TCI Cablevision. Prospective purchasers may contact these providers for further information on current rates and charges. Local services such as fire and police protection, schools, medical facilities and shopping facilities are available from Klamath County.

Plan of Development

The Developer has reserved the right to develop the Condominium in up to three stages, containing a total of not more than 290 units. No additional stage may be added to the Condominium, however, more than seven years after the date of recording the Declaration. Such date may be extended for up to two additional years by an amendment adopted pursuant to the Declaration. Developer does not propose to include in future stages any common elements which would substantially increase the proportionate amount of the common expenses payable by the owners of units in Stage 1. Developer does not propose to include in future stages any common elements which would substantially increase the proportionate amount of the common expenses payable by the owners of the units in Stage 1. The allocation of undivided interests in the common elements will change if additional stages are annexed to the Condominium. Such allocation will be determined by the ratio of one divided by the total number of units completed at any given time. See the Declaration for further information on the plan of development.

Sales Agreements

Immediately after execution of a purchase agreement, each purchaser must apply for loan approval by an institutional lender, or if the purchaser plans to pay in cash without obtaining financing, such purchaser must furnish Developer with any credit information requested by the Developer. In the event the purchaser is unable to obtain a loan or satisfy Developer of purchaser's ability to pay by the date specified in the purchase agreement and after diligent efforts to do so, the Unit Sales Agreement will terminate and purchaser's earnest money will be refunded, unless the time for obtaining such credit approval is extended by the parties. See the Unit Sales Agreement.

At closing, the purchaser will be responsible for the recording fee for the deed, any sales or transfer tax, an initial contribution to the working capital of the Association of Unit Owners equal to two months of Association assessments, accrued

3. DISCLOSURE STATEMENT

replacement reserves for the unit, purchaser's portion of the escrow fee, and all fees, costs and expenses in connection with purchaser's loan, if any, including the premium for any mortgagee's title insurance policy. See the Unit Sales Agreement.

If the purchaser should fail to make any deposit or payment required under the Unit Sales Agreement, Developer may declare the purchaser to be in default, and, without prejudice to any other rights of Developer, declare the entire amount paid by the purchaser forfeited to Developer. In the event the purchaser fails to deposit the balance of the purchase price with the escrow agent within the time set forth for closing, Developer may, in lieu of terminating the agreement, require the purchaser to pay to Developer at closing 9 percent per annum of the total purchase price from such date to the date of actual closing. See the Unit Sales Agreement.

These are conversion condominium units and there are no warranties, expressed or implied. Purchaser will be purchasing the property in "AS IS" condition.

Common Expenses, Assessments and Budget

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

The Bylaws specify that all owners are obligated to pay all assessments imposed by the board of directors on behalf of the Association to meet common expenses of the property. Such assessments will be made by the board of directors in accordance with the terms of the Declaration, which provides that the common profits and common expenses of the Condominium will be allocated to the owner of each unit in equal shares. See the Declaration.

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

NOTICE TO PROSPECTIVE PURCHASERS

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

Provisions have been made in the projected budget for a reserve account for replacement of those common elements all or a

4. DISCLOSURE STATEMENT

part of which will normally require replacement in more than three and less than 30 years. The amount of such reserves have been computed by the managing agent on the basis of its experience in other projects. See the Bylaws for specific provisions relating to reserves.

Operation and Management of the Condominium

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

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

The Bylaws describe the meetings of the Association and the method of voting by members. The Bylaws describe the Board of Directors, including the number and qualification of directors, election of directors, the powers and duties of the Board of Directors, meetings of the Board of Directors, and liability and indemnification of directors, officers and the managing agent. The Bylaws describe the officers of the Association.

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

Article 7 and 11 of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements. In addition, Section 11 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on commercial activities in units and restrictions on pets, and establishes the ability of the Board of Directors to adopt additional rules and regulations.

Article 8 of the Bylaws deals with insurance to be carried by the Association, and Article 9 deals with the method of adopting amendments to the Bylaws.

Rights of Developer

Developer has reserved the right the adopt, on behalf of all

5. DISCLOSURE STATEMENT

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

The Developer will have one vote for each unit owned by the Developer, and will have the right to appoint the Board of Directors of the Association until the first organizational and turnover meeting called by the Developer. See Sections 3.2 and 3.4 of the Bylaws. Developer must call the organizational and turnover meeting within seven (7) years after the date of the first conveyance of the first unit to a person other than Developer, or within ninety (90) days after Developer has sold and conveyed 75 percent (75%) or more of the total number of units which Developer may submit to the Condominium, whichever is earlier. See Section 2.2 of the Bylaws. At that meeting, the interim directors will resign and the unit owners will elect three directors. See Section 3.4 of the Bylaws.

The Developer's prior written consent is required for any amendment to the Declaration or Bylaws so long as Developer owns 25 percent or more of the units in the last stage of the Condominium, but no such consent is required after seven years from the date of the conveyance of the first unit to a person other than Developer. See Section 16.2 of the Declaration and Section 9.2 of the Bylaws.

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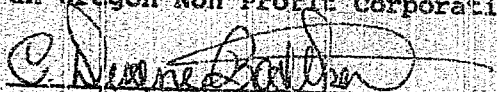
Documents by Which Purchasers Will be Bound

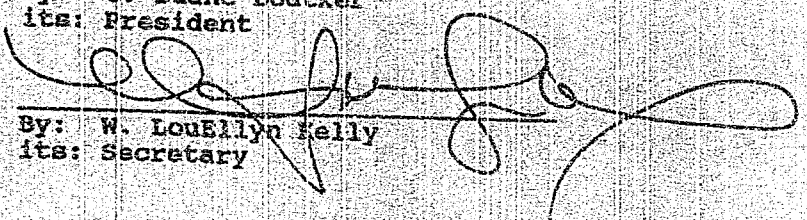
Prospective purchasers should carefully read all of the documents pertaining to the Condominium by which they will be bound. These documents include the following:

1. Declaration Submitting Stage 1 of Falcon Heights Condominium to Condominium Ownership. The Declaration contains, among other things, provisions describing the units, the common elements, the rights of mortgagees, easements, and Developer's rights.
2. Bylaws of Falcon Heights Condominium Association, Inc. This document contains, among other things, provisions relating to the management, use and operation of the Association and the rights and obligations of the unit owners.
3. Escrow Agreement between Developer and AmeriTitle Company should an escrow account be established in the sale of a unit.
4. Unit Sales Agreement. This document sets forth the rights and obligations of the seller and purchaser and includes a notice to the purchaser of a statutory right to cancel the transaction within five business days.
5. Articles of Incorporation of Falcon Heights Condominium Association, Inc. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association of Unit Owners.
6. In addition, purchasers may be bound by financing instruments, escrow instructions and provisions of the Oregon Condominium Act. Prospective purchasers should also inquire regarding rules and regulations, if any, that may have been adopted since the date of this Disclosure Statement.

DATED: 4th day of FEBRUARY, 1998.

SOCO Development, Inc.
an Oregon Non Profit Corporation


By: C. Duane Bodtker
its: President


By: W. LouEllyn Kelly
its: Secretary

7. DISCLOSURE STATEMENT

**FALCON HEIGHTS CONDOMINIUMS
KLAMATH FALLS, OREGON**

YEARLY AND MONTHLY OPERATING BUDGET

1997/1998

Each unit in Stage I of Falcon Heights Condominiums shall be responsible for the following monthly payment to the Association:

	<u>Assoc. Budget</u> <u>Year</u>	<u>Assoc. Budget</u> <u>Month</u>	<u>Unit Resp.</u> <u>Month</u>
Water	\$ 14,400.00	\$ 1,200.00	\$ 10.00
Garbage	11,520.00	960.88	8.00
Sewer	38,736.00	3,228.88	26.90
Roof*	15,004.80	1,250.40	10.42 (20 year) \$2,500.00
Paint*	14,400.00	1,200.00	10.00 (5 year) \$ 600.00
Lawn (maintenance) and snow (street only)	12,960.00	1,080.00	9.00
Security 8 hours/day	<u>8,640.00</u>	<u>720.00</u>	<u>6.00</u>
Total	\$115,660.80	\$9,638.40	\$ 80.32

* These items are projected for long-term asset replacement. Such fund shall be maintained in the reserve account of the association.

The total unit expense per year will be \$963.84.

The total operating budget for Falcon Heights Condominiums for the fiscal year 1998 shall be \$115,660.80.

Reserve Account: any amounts remaining after payment of monthly expenses shall be placed in the reserve account of the association for future use. The board of directors may impose an additional amount per month on each individual unit to fund the reserve account should there be no remaining sums available.

8. DISCLOSURE STATEMENT

This statement is intended to inform potential purchasers to the present condition of all structural components and major mechanical and utility installations in the condominium, including the approximate dates of construction and installation and the estimated useful physical life of each item. This information is being provided per ORS § 100.655(h)(A). The statutory procedure required to create a conversion condominium can be found at ORS § 100.300-100.320 and the entirety of ORS Chapter 100. **THIS ASSESSMENT WAS NOT PREPARED BY A LICENSED ENGINEER, ARCHITECT OR HOME INSPECTOR.**

Structural Component or Utility	Present Condition	Approximate date of Installation or Construction	Estimated Useful Life
1. Roof	New	December 1997	25 yr.
2. Siding	Average	1958	20 yr.
3. Frame	Good	1958	40 yr.
4. Foundation	Good	1958	50 yr.
5. Plumbing	Good	1958	30 yr.
6. Sewer	Good	1958	40 yr.
7. Electrical	Good New Server	1958	40 yr.
8. Natural Gas	New	December 1997	50 yr.
9. Telephone	New	December 1997	50 yr.
10. Cable	Good	1 line 1997 1 line 1958	40 yr.

In addition, the Declarant has installed the following new items:

1. Forced air furnaces	40 yr.
2. Sprinkler System (Front Yard Only)	20 yr.
3. Re-paved streets and Driveways	30 yr.
4. Fence in back yard	20 yr.
5. Insulation in units	40 yr.
6. Vinyl in Kitchen and Bath	10 yr.
7. Sinks in Kitchen and Bath	30 yr.

Exhibit "A" continued

Structural Component or Utility	Present Condition	Approximate date of installation or construction	Estimated Useful Life
8. Dishwasher, Oven, Microwave, Refrigerator			20 yr.
9. New Garage Door Opener			20 yr.

RECEIPT FOR DISCLOSURE STATEMENT

FOR

FALCON HEIGHTS CONDOMINIUMS
(AN OREGON CONDOMINIUM)

Oregon law requires that you as a prospective purchaser of a Condominium unit be given a copy of a disclosure statement adopted and issued by the Real Estate Commissioner not later than the date the unit sales agreement is fully executed by all parties.

DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE DISCLOSURE STATEMENT.

The undersigned hereby acknowledges receipt of a copy of the Disclosure Statement issued February 9, 1998 consisting of 10 pages, not later than the date the unit sales agreement is fully executed by all parties.

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

Dated this _____ day of _____, 19 ____.

Purchaser

Purchaser

THE DECLARANT IS REQUIRED TO RETAIN THIS RECEIPT FOR
THREE YEARS

(PURCHASER'S COPY)

RECEIPT FOR DISCLOSURE STATEMENT
FOR

FALCON HEIGHTS CONDOMINIUMS
(AN OREGON CONDOMINIUM)

Oregon law requires that you as a prospective purchaser of a Condominium unit be given a copy of a disclosure statement adopted and issued by the Real Estate Commissioner not later than the date the unit sales agreement is fully executed by all parties.

DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE DISCLOSURE STATEMENT.

The undersigned hereby acknowledges receipt of a copy of the Disclosure Statement issued February 9, 1998 consisting of 10 pages, not later than the date the unit sales agreement is fully executed by all parties.

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

Dated this _____ day of _____, 19 ____.

Purchaser

Purchaser

THE DECLARANT IS REQUIRED TO RETAIN THIS RECEIPT FOR
TERRN YEARS

(DECLARANT'S COPY)

STATE OF OREGON, COUNTY OF KLAMATH: ss.

Filed for record at request of _____ Amerititle _____ the _____ 13th _____ day
of _____ February _____ A.D., 19 98 at _____ 2:16 o'clock _____ P. M., and duly recorded in Vol. _____ M98
of _____ Deeds _____ on Page _____ 4708

FEE \$70.00

By _____ Bernetha G. Leysch, County Clerk
Kathleen Bassal