

SPRING MEADOWS CONDOMINIUM II
Manchester Township, York County, Pennsylvania

PUBLIC OFFERING STATEMENT
dated April 25th, 2006

- Exhibit 1 - Declaration (recorded 4/27/2006, LRB 1807, Page 404)
- Exhibit 2 - By-Laws (recorded 4/27/2006, LRB 1807, Page 485)
Plan recorded in 1807/400
- Exhibit 3 - Rules and Regulations
- Exhibit 4 - Sample Agreement of Sale
- Exhibit 5 - Sample Budget

PUBLIC OFFERING STATEMENT

NAME OF CONDOMINIUM: SPRING MEADOWS CONDOMINIUM II

ADDRESS OF CONDOMINIUM: Manchester Township, York County,
Pennsylvania

NAME AND MAILING ADDRESS
OF DECLARANT: Kinsley Equities, L.P., a Delaware limited partnership,
as successor to Kinsley Equities, a Pennsylvania
general partnership, 6250 Reynolds Mill Road,
Seven Valleys, Pennsylvania 17360

EFFECTIVE DATE OF PUBLIC
OFFERING STATEMENT: April 25th, 2006

IMPORTANT NOTICE:

A. UNDER PENNSYLVANIA LAW, A PURCHASER OF A CONDOMINIUM UNIT HAS FIFTEEN (15) DAYS AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT, OR AN AMENDMENT TO THE PUBLIC OFFERING STATEMENT THAT MATERIALLY AND ADVERSELY AFFECTS THE RIGHTS OR OBLIGATIONS OF THE PURCHASER, DURING WHICH THE PURCHASER MAY CANCEL, BEFORE CONVEYANCE, ANY CONTRACT FOR PURCHASE OF A UNIT AND OBTAIN FULL REFUND OR ANY SUMS DEPOSITED IN CONNECTION WITH THE CONTRACT. THE PURCHASER SHOULD REVIEW THIS PUBLIC OFFERING STATEMENT AND ALL AMENDMENTS CAREFULLY. IF THE PURCHASER ELECTS TO CANCEL, THE PURCHASER MUST DELIVER NOTICE OF CANCELLATION TO THE DECLARANT BY HAND (IN WHICH CASE EVIDENCE OF RECEIPT SHOULD BE OBTAINED) OR BY UNITED STATES MAIL, RETURN RECEIPT REQUESTED. THIS CANCELLATION OF THE CONTRACT FOR PURCHASE IS WITHOUT PENALTY, AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE THE CANCELLATION WILL BE REFUNDED PROMPTLY BY THE DECLARANT.

B. IF THE DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT (AND ANY AMENDMENTS THERETO) TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM THE DECLARANT, IN ADDITION TO ANY OTHER RELIEF, AN AMOUNT EQUAL TO 5% OF THE SALE PRICE OF THE UNIT UP TO A MAXIMUM OF \$2,000, OR PURCHASER'S ACTUAL DAMAGES, WHICHEVER IS GREATER. A MINOR OMISSION OR ERROR IN THE PUBLIC OFFERING STATEMENT, OR ANY AMENDMENT THERETO, THAT IS NOT WILLFUL SHALL ENTITLE THE PURCHASER TO RECOVER ONLY ACTUAL DAMAGES, IF ANY.

C. IF A PURCHASER RECEIVES THE PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN (15) DAYS BEFORE SIGNING A CONTRACT FOR THE PURCHASE, THE PURCHASER CANNOT CANCEL THE CONTRACT, EXCEPT THAT A PURCHASER SHALL HAVE THE RIGHT TO CANCEL THE CONTRACT BEFORE CONVEYANCE WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF ANY AMENDMENT THAT WOULD HAVE A MATERIAL AND ADVERSE EFFECT ON THE PURCHASER.

The name and principal address of the Declarant of Spring Meadows Condominium II is Kinsley Equities, L.P., a Delaware limited partnership, as successor to Kinsley Equities, a Pennsylvania general partnership, with offices located at 6250 Reynolds Mill Road, Seven Valleys, Pennsylvania 17360.

Spring Meadows Condominium II is a residential condominium to be fully completed as to its buildings, condominium units and amenities, as more particularly described in the Declaration Plan, Declaration, By-Laws, Rules and Regulations and Agreement of Sale attached hereto and incorporated herein by reference.

The total number of units in Spring Meadows Condominium II is thirty-seven (37). The Declarant has no present intention to market blocks or groups of units to investors. The units shall be substantially completed as defined in the Condominium Act prior to conveyance to unit owners.

Declarant, notwithstanding any of the foregoing, however, retains the unqualified right, at any time prior to the first closing of a unit to rescind all offers made pursuant to this Public Offering Statement and withdraw the Declaration and all related condominium documents.

The Declaration of Spring Meadows Condominium II, (copy attached as Exhibit 1), is the basic document which commits or subjects the property to the condominium form of ownership. It contains the fundamental provisions which cannot be changed easily and is analogous to the Articles of Incorporation of a corporation in its purpose. It is also similar to a Declaration of Reciprocal Covenants, Easements or Restrictions

running with the land often used in residential developments. The Declaration contains descriptions of the land, the units and common elements. It is executed, acknowledged and recorded like a deed. The Declaration provides that the ownership of an undivided share of the common elements cannot be separated from ownership of a Unit. It establishes an association of Unit Owners (The Association), the method of sharing common expenses, voting powers and procedures respecting management of the condominium. It sets forth the powers and purposes of the association of Unit Owners and restrictions upon partition and alienability and mortgaging.

The By-Laws, (copy attached as Exhibit 2), serves a dual purpose. It is similar to corporate By-Laws and provides for the mechanics and procedures of day-to-day internal administration and operation of Spring Meadows Condominium II. It is a recorded document containing some of the Covenants and Restrictions and, with the Declaration, serves to form the scheme of planning. Each Unit Owner is required to comply with the By-Laws and the Rules and Regulations adopted pursuant to the By-Laws.

The Rules and Regulations of Spring Meadows Condominium II, (copy attached as Exhibit 3), have been adopted by the Association and deal primarily with the use by Unit Owners of the condominium property, complaints and the posting of signs. It should be noted that the Rules and Regulations can be more easily amended by the Association than the other condominium documents by the Unit

Owners.

There are no contracts or leases to be signed by Purchasers of the condominium units at the closing except certain affidavits more particularly set forth in the Agreement of Sale. (form copy attached as Exhibit 4). The Agreement of Sale describes the terms and conditions for the sale of a unit, including purchase price, initial common assessment, warranties, and time of possession and settlement, which when signed, form a binding agreement between Declarant and Purchaser.

The condominium and its association is not presently subject to any management or employment contracts or leases relating to any of the condominium facilities nor are there any contracts or leases to which the Declarant is a party. Notwithstanding the foregoing, it is the Declarant's intent, in the future, to retain the services of a professional management company. The terms of any contract to be entered into will require that the term of the contract be for a reasonable length (not more than one (1) year in length and the Declarant/Association shall have the right to terminate the contract, without cause, subsequent to ninety (90) days written notice.

Declarant believes that all governmental approvals and permits have been obtained for the use and occupancy of the condominium, pursuant to plans prepared by LSC Design, Inc., dated the 18th day of April, 2006. Declarant believes there are not outstanding or uncured notices of violations of government requirements.

Declarant has no knowledge of any hazardous conditions including contamination affecting the condominium site by hazardous substances, hazardous wastes or the

like or the existence of underground storage tanks for petroleum products or other hazardous substances, none having been disclosed in the **Phase I Environmental Report prepared by B.L. Companies, of York, Pennsylvania, dated June 24th, 1999**. Information concerning environmental conditions affecting the condominium site may be obtained from the **Pennsylvania Department of Environmental Protection, Southcentral Regional Office, One Ararat Boulevard, Harrisburg, PA 17110, (717) 657-4585**, and the **United States Environmental Protection Agency, 841 Chestnut Street, Philadelphia, PA 19107, (215) 597-9800**.

There is no current balance sheet or budget for the Association. Attached hereto as Exhibit 5 and incorporated herein is a proforma projected budget for the Association for one year after the date of the first conveyance to a Purchaser that has been prepared by Declarant. The budget assumes 100% occupancy and no inflation factors. There are no services that are not reflected in the budget that the Declarant provides, or expense that it pays, and that it expects may become at any subsequent time a common expense of the Association and the projected common expenses. There are no initial or special fees due from the Purchaser at the closing, except that a Purchaser shall deposit with the Association Two Hundred Forty and 00/100 Dollars, (\$240.00) for the purpose of reserving for expenses (including initial operating expenses.) This non-refundable \$240.00 initial assessment shall apply to all sales of new units, as well as all subsequent resales.

The general purpose of the aforementioned contribution is to provide for

certain prepaid items (e.g. insurance premiums, organizational equipment and supply costs). This payment is not to be credited as an advance payment of common expenses. The budget will cover all anticipated common expenses for the upcoming fiscal year. The budget will also include whatever amount the Executive Committee considers necessary as an adequate reserve to provide for unforeseen contingencies, working capital and repair or replacement of common elements. The budget prepared by Declarant contains figures which are, of course, estimates and the Declarant cannot be certain that sufficient funds have been budgeted to cover all common expenses that may be incurred. However, the Declarant believes that the figures represent the best estimates obtainable.

A Unit Owner must pay directly all of the costs of maintenance and repair for his own unit and all costs for maintenance and repair of any Limited Common Elements assigned to his Unit as provided for in the Declaration. The charges for utilities for common elements or common expenses which will be apportioned among all Unit Owners. Real property taxes are levied separately against individual condominium units and each unit owner will be responsible for the payment of the taxes on his unit. Likewise, each Unit Owner shall be responsible for payment of sewer charges, as well as water service to his own particular unit. In addition, each Unit Owner shall be responsible for electricity, costs and expenses regarding any pole light or other street light situate in front of his or her particular Unit.

In addition to the foregoing, all Units shall be subject to the protective

covenants of the Spring Meadows Single Family Homeowners Association and shall be responsible for payment of appropriate annual assessments as set forth in Article V of the Declaration.

Attached to the Declaration as an Exhibit is a list of all liens, defects or encumbrances affecting title to the Spring Meadows Condominium II.

The mortgages as they affect each Unit will be paid, satisfied or released prior to the first conveyance of any unit.

The Declarant offers no financing to prospective Purchasers of condominium units.

Declarant warrants against structural defects in each of the Units for two (2) years from the date each is conveyed to a bona fide purchaser or subsequent purchaser within the two (2) year period. Declarant warrants against structural defects to bona fide purchaser or subsequent purchaser within the two (2) year period, in common elements for two (2) years following completion of each common element. Declarant shall complete construction of all common elements and common areas as shown on the Plans in a good and workmanlike manner. No other warranties, other than those set forth hereinabove or those expressly provided in Section 3411, either express or implied, are hereby created or provided for.

There are no judgments entered against the Association, and the Association is not a party to any pending suits or litigation.

All deposits made in connection with the purchase of a Unit will be held in an

escrow account by a licensed real estate Broker, financial institution or attorney, in an account designated solely for that purpose until:

1. Delivered to the Declarant at closing; or
2. Delivered to the Declarant because of Purchaser's default under a contract to purchase the unit; or
3. Refunded to the Purchaser.

The escrow account will be maintained in accordance with the provisions of Section 3408 of the Uniform Condominium Act and deposits will be returned to the purchaser if the purchaser cancels the contract pursuant to Section 3406 of said Act.

There are no unusual restraints on alienation of any portion of the condominium except to the extent that the same are required to comply with the laws of the Commonwealth of Pennsylvania. There are no restraints as to race, creed, national origin, age or sex. Lease of units, however, is subject to the following restrictions:

1. No unit may be leased initially for less than a one (1) year term.
2. No portion of a unit (less than the entire unit) may be leased for any period; and
3. All leases must be written and must provide that failure to comply with the Condominium Instruments and Rules and Regulations constitutes a default under the lease. The Association may assess owners of leased units an extra charge for administration expenses.

The description of the insurance coverage provided for the benefit of the Condominium and the Unit Owners is as follows in their capacity as members of the Association and as owners of the common elements is as follows:

1. Power of Attorney - The Association is hereby irrevocably appointed as the attorney-in-fact for each Unit Owner and each holder of a mortgage or other lien upon a Unit and for each Owner of any other interest in the Property for the purpose of purchasing and maintaining insurance as set forth in Section 11.3 below including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of the releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purposes.

2. Executive Board - The Executive Board shall have the option, in its sole discretion, of naming as an insured, on behalf of the Association, an Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement. The duty of the Insurance Trustee shall be to receive, hold or otherwise properly dispose of, in accordance with Section 3312 of the Act, proceeds of insurance designated in the Insurance Trust Agreement in trust for Unit Owners and their eligible mortgages as their interests may appear.

3. Types and Amount of Insurance - Commencing not later than the time of the conveyance of the first Unit to a person other than the Declarant, the Association shall, to the extent reasonably available, shall obtain and maintain the types and amounts of insurance set forth below. Except as otherwise provided, the

premiums for all such insurance policies shall be a Common Expense.

A. Hazard Insurance. Hazard insurance, or such other fire and casualty insurance, to the extent reasonably available, providing coverage for the Common Elements and common personal property and supplies belonging to the Association, excluding the Units, as they are defined in accordance with Section 2.3. Such hazard insurance shall insure against all risks of direct physical loss commonly insured against. If such hazard insurance becomes no longer available in the future, the Association shall obtain such comparable insurance as is then available.

1. Such hazard insurance shall afford protection against at least the following:

- a. Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, including earthquake coverage;
- b. All other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available;

2. Such hazard insurance policy may, at the option of the Association, contain a "deductible provision" in an amount to be determined by the Executive Board but not to exceed \$10,000.00.

B. Comprehensive Liability Insurance. Comprehensive liability insurance policies, complying with the requirements of Section 11.4 hereof, insuring the Unit Owners, in their capacity as Unit Owners and the Association members and any

managing agent retained by the Association, against any liability to the public or to other Unit Owners, their tenants or invitees, relating in any way to the ownership, operation, maintenance and/or use of the Common Elements and any part thereof, the public ways of the project, and any other areas under the Association supervision, and commercial spaces owned by the Association whether or not leased to some third party.

1. Such insurance policy shall contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of a Unit Owner because of the negligent act of the Association or another Unit Owner.

2. Limits of liability shall be at least \$1,000,000.00 covering all claims for personal injury and/or property damage arising out of a single occurrence.

C. Indemnification Insurance. Insurance to satisfy the indemnification obligations of the Association and all Unit Owners as set forth in Section 10.2 of this Declaration of the Association, if and to the extent available at the election of the Executive Board.

D. Other Insurance. The Association may carry other insurance as it deems appropriate to protect the Association or Unit Owners.

The Unit Owners Association and Unit Owners will be insured against liability arising from ownership or use of the Common Elements. This coverage will not insure Unit Owners against liability arising from the Act or negligence of the Unit

Owner. THE DECLARANT STRONGLY RECOMMENDS THAT EACH UNIT OWNER OBTAIN INSURANCE COVERAGE ON HIS PERSONAL PROPERTY AND LIABILITY EXPOSURE NOT COVERED BY THE UNIT OWNERS' ASSOCIATION POLICY.

The Unit Owners Association will not provide property and hazard insurance for Units (as defined in the Declaration). UNIT OWNERS ARE SOLELY RESPONSIBLE FOR OBTAINING THEIR OWN PROPERTY AND CASUALTY INSURANCE FOR THEIR RESPECTIVE UNITS.

There are no current or expected fees or charges to be paid by Unit Owners for the use of the common elements and other facilities relating to the condominium except those anticipated and described as common expenses as more particularly defined in the Declaration.

A \$5,328.00 annual reserve has been established in the Proforma Budget. This figure has been arbitrarily selected.

All structural components and utility installations in the condominium have been and/or will be constructed in accordance with good construction practices. The present condition of all structural components and mechanical and electrical installations is good.

The following is the estimated useful life and current replacement cost of major components (per building):

<u>Item</u>	<u>Useful Life (in years)</u>	<u>Current Replacement Costs</u>
Roofs	20	\$5,750.00

Plumbing	40	\$9,800.00
Electrical	40	\$6,500.00
Walls	30	\$8,450.00
Floors	40	\$7,500.00
Sidewalks	10	\$3,700.00
Parking Areas	10	\$1,100.00

The estimated useful life of the heating and air conditioning units, which are part of a unit, is 15 years and that current replacement cost of the heating and air conditioning units is approximately \$3,000.00 each.

There is no present need for pest control.