

PUBLIC OFFERING STATEMENT

OF

BAYHILL TOWNHOMES

A PURCHASER MAY NOT RELY ON ANY REPRESENTATION OR EXPRESS WARRANTY UNLESS IT IS CONTAINED IN THE PUBLIC OFFERING STATEMENT OR MADE IN WRITING SIGNED BY THE DECLARANT OR BY ANY PERSON IDENTIFIED IN PUBLIC OFFERING STATEMENT AS DECLARANT'S AGENT.

THIS PUBLIC OFFERING STATEMENT IS ONLY A SUMMARY OF SOME OF THE SIGNIFICANT ASPECTS OF PURCHASING A UNIT IN THIS CONDOMINIUM AND THE CONDOMINIUM DOCUMENTS ARE COMPLEX, CONTAIN OTHER IMPORTANT INFORMATION, AND CREATE BINDING LEGAL OBLIGATIONS. YOU SHOULD CONSIDER SEEKING THE ASSISTANCE OF LEGAL COUNSEL.

AS PROVIDED FOR UNDER RCW 64.34.420, A PURCHASER, UNLESS GIVEN THE ENCLOSED PUBLIC OFFERING STATEMENT MORE THAN SEVEN DAYS BEFORE THE EXECUTION OF A CONTRACT FOR THE PURCHASE OF A UNIT, SHALL HAVE THE RIGHT TO CANCEL THE CONTRACT WITHIN SEVEN DAYS AFTER RECEIVING THE PUBLIC OFFERING STATEMENT AND IF NECESSARY TO HAVE SEVEN DAYS TO REVIEW THE PUBLIC OFFERING STATEMENT AND CANCEL THE CONTRACT, TO EXTEND THE CLOSING DATE FOR CONVEYANCE TO A DATE NOT MORE THAN SEVEN DAYS AFTER FIRST RECEIVING THE PUBLIC OFFERING STATEMENT. IF PURCHASER ELECTS TO CANCEL THE CONTRACT, THE PURCHASER MAY DO SO BY HAND DELIVERING NOTICE THEREOF TO THE OFFEROR OR BY MAILING NOTICE THEREOF BY PREPAID UNITED STATES MAIL TO THE OFFEROR OR TO HIS OR HER AGENT FOR SERVICE OF PROCESS. CANCELLATION IS WITHOUT PENALTY AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE CANCELLATION SHALL BE REFUNDED PROMPTLY.

IF A PURCHASER DOES NOT RECEIVE A PUBLIC OFFERING STATEMENT PRIOR TO CONVEYANCE OF THE UNIT, THE PURCHASER IS ENTITLED TO RECEIVE THE GREATER OF (A) ACTUAL DAMAGES, OR (B) TEN PERCENT (10%) OF THE SALES PRICE OF THE UNIT. HOWEVER, THE PURCHASER WILL ONLY BE ENTITLED TO RECEIVE THESE MONIES FOR A WILLFUL FAILURE BY DECLARANT. IF IT IS NOT WILLFUL, THEN THE PURCHASER MAY RECEIVE (A) ACTUAL DAMAGES, OR (B) THREE PERCENT (3%) OF THE SALES PRICE FOR ANY OTHER FAILURE. NO LIABILITY EXISTS FOR FAILURE TO DELIVER ANY AMENDMENT, UNLESS THE FAILURE WOULD HAVE ENTITLED YOU TO CANCEL THE PURCHASE AND SALE AGREEMENT BASED ON UNDISCLOSED INFORMATION.

THE PURCHASER HAS NO RIGHT TO CANCEL THE CONTRACT ON RECEIPT OF AN AMENDMENT, UNLESS THE PURCHASER WOULD HAVE HAD THAT RIGHT UNDER GENERAL APPLICABLE LEGAL PRINCIPALS.

This Public Offering Statement is being given as required under the provisions of RCW 64.34.400 -.410.

1. Name and Address of the Condominium

Bayhill Townhomes, near the intersection located on 5th Avenue N.W. and Oso Berry Street N.W., in Thurston County, Washington.

2. Name and Address of the Declarant

The Declarant is Bay Hill, LLC, a Washington limited liability company, LLC, a Washington limited liability company. For purposes of this Public Offering Statement, the address of the Declarant is 11012 Canyon Road East, PMB 394, Suite B, Puyallup, WA 98373.

3. Name and Address of the Management Company

The Declarant will act as the Management Company whose address is set forth in Paragraph 2 above.

4. Nature of Interest Being Offered For Sale

The Declarant is offering an ownership interest in an airspace condominium unit in the Bayhill Townhomes. Each unit owner shall also have an undivided equal ownership interest in the common elements.

5. Permitted Use and Use Restrictions

The units will be used solely for residential purposes. There are also parking and other restrictions relative to signs and pets and a description of all permitted uses and use restrictions are explained in greater detail in the Condominium Declaration and in any rules and regulations.

6. Description of Units

There shall be 53 units created within this condominium which will be done in various phases. The initial phase shall consist of 12 units. There may be three or more phases added to include all of the units within the condominium. Each unit shall consist of a defined space which will have perimeter boundaries and vertical boundaries as set forth on the Survey Map and Plans which will extend below the surface of the ground and above the surface of the ground. Within each "air space" unit, there shall be located a unit structure together with other permanent improvements, all constructed and installed in accordance with the provisions of the Condominium Declaration.

13. Annual Assessment of Unit Owner

A. The Declarant estimates that the initial assessment for each unit shall be the sum of \$_____ per month; however, this is an estimate only and there is a likely chance that at the time all or substantially all of the units have been sold and conveyed by the Declarant, there will be an adjustment of the assessment which will probably increase per month than the initial assessment. The Declarant reserves the right to increase the assessment during the period that the Declarant is in control of the appointment of a majority of the directors of the Association in accordance with the provisions of the Declaration.

B. At closing, each Purchaser shall pay an amount equal to two months of assessments to be used for a working capital account.

C. Until the Association makes a common expense assessment based on a fixed amount as set forth above, the Association may collect and expend assessments based on the actual cost and expenses incurred by the Association. (See the Condominium Declaration).

14. Other Fees

At this time, no other fees are anticipating to be assessed against unit owners for use of any of the condominium's common elements.

15. Other Assessments

The Declarant has not agreed to, nor has any knowledge of any other assessments which might constitute a lien against any units or common elements in favor of any governmental agency.

16. Unit Common Expense

The estimated current common expense liability of each units is set forth the Association's current proposed budget, a copy of which shall accompany this Public Offering Statement.

17. Time Sharing/Leasing

Time sharing is prohibited under the terms of the Declaration; and no more than twenty (20%) percent of the units may be leased at any one time pursuant to the terms and provisions of the Declaration.

18. Special Declarant Rights

The Declarant has reserved the following Declarant rights which are as follows:

A. Declarant may maintain sales offices, management offices, and sign advertising the Condominium.

B. Appointing or removing and officer of the Association or any member of the Board of Directors during the period of Declarant control. Declarant control shall terminate until the earlier of the following events at which time the Declarant's right to appoint directors shall terminate: (1) Sixty (60) days conveyance of 75% of the units which may be created in all phases to unit owners other than the Declarant; (2) Two (2) years after the last conveyance or transfer of record of a unit; (3) Two (2) years after any development right to add new units was last exercised; (4) Four (4) years after the first unit in the condominium is sold; or (5) The date on which the Declarant records an Amendment to the Declaration

pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board of Directors.

C. Declarant reserves the right to add additional phases containing up to a total of 65 units pursuant to the terms of the Declaration.

19. Compliance with Housing Act

This Declaration complies with the Housing for Older Persons Act of 1995, P.L.104-76 as enacted on December 28th, 1995.

20. Documents Purchaser Entitled to Receive

The Purchaser is entitled to receive copies of the following documents which may be in draft form: Declaration; First Amendment to Declaration; Survey Map and Plan; Association Articles of Incorporation; Association Bylaws; Association Rules and Regulations (if any); Association's current proposed budget; Association's balance sheet (if assessments have been collected for 90 days or more).

21. CONSTRUCTION WARRANTIES: The Declarant is making no express or implied warranties regarding the Unit, the Limited Common Elements, or the Common Elements, except as set forth in this Public Offering Statement or its attachments. No one has the authority to make any warranties, oral or written, other than the Declarant.

- (a) Express Warranties: Descriptions of the Units in the Declaration and in marketing materials are merely approximations and are not guarantees or promises. The only warranties that are being made by the Declarant are those

set forth in the written warranties provided by the Declarant to each Unit Owner.

- (b) **Implied Warranties:** There are no warranties, express or implied, except as set forth in the Washington Condominium Act or any builder's written warranty provided to each Unit Owner which by reference herein is incorporated as though fully set forth.
- (c) **Cause of Action:** Unless otherwise set forth in the Declaration or the written warranty set forth above, any judicial proceeding for a breach of an implied or express warranty must be initiated within four (4) years after the cause of action accrues (arises). As to a Unit, a cause of action accrues (arises) when the Purchaser takes possession of or purchases the Unit. A cause of action accrues (arises) as to Common Elements of the Condominium when the first Unit is sold, when a Common Element is completed, or when the Common Element is added to the condominium, whichever occurs last. Causes of action as set forth above, may be limited by an express agreement in writing signed by the Declarant and any Unit Owner.
- (d) **RIGHT OF CURE.** RCW CH. 64.34 CONTAINS IMPORTANT REQUIREMENTS THAT A UNIT OWNER MUST FOLLOW BEFORE A UNIT OWNER MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE DECLARANT OR THE BUILDER OF YOUR UNIT. 45 DAYS BEFORE A UNIT OWNER MAY FILE A

LAWSUIT, THE UNIT OWNER MUST DELIVER TO THE DECLARANT OR THE BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS THE UNIT OWNER ALLEGES ARE DEFECTIVE AND PROVIDE TO THE DECLARANT OR THE BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. THE UNIT OWNER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE DECLARANT OR THE BUILDER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE STATE LAW REFERRED TO ABOVE AND THE FAILURE TO FOLLOW THEM BY THE UNIT OWNER MAY AFFECT THE UNIT OWNERS ABILITY TO FILE A LAWSUIT.

23. INSURANCE: Each unit owner is responsible to provide liability and casualty insurance with respect to the unit structure insuring the unit structure for its full replacement value. See the Condominium Declaration for further information concerning insurance.

This Public Offering Statement is being submitted by the undersigned who is the Declarant.

DATED this ____ day of _____, 2007.

DECLARANT: Bay Hill, LLC, a Washington limited liability company

By: _____
Paul Pohlreich, Manager

Act requires the Declarant to transfer the control and management of the association to all the owners collectively. The date or condition when this is to occur is determined by the governing instruments. For this reason, you SHOULD STUDY THE GOVERNING DOCUMENTS

DOCUMENTS CAREFULLY BEFORE MAKING A PURCHASE. YOU ARE TO BE GIVEN COPIES OF THEM WITH THE PUBLIC OFFERING STATEMENT.

Governing Documents. Your ownership or interest in this project and your rights and remedies as a member of its association will be controlled by governing instruments which generally will include (1) the Declaration of Condominium, (2) Articles of Incorporation, (3) Bylaws, and (4) membership Rules and Regulations, if any. The provisions of these documents are intended to be, and in most instances are, enforceable in a court of law. The association's governing documents have been created according to the provisions of the State's Condominium Act (RCW 64.34). Both the Declarant and association members are expected to comply with the requirements of the statute and any other applicable laws.

Assessments and Association Budgets. In order to provide funds for operation and maintenance of the common properties, the association has the authority to levy assessments against your percentage of interest in the property. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings, or your interest in the Unit may be liened and sold through the exercise of a power of sale. The anticipated income and expenses of the association, including the amount that you may expect to pay annually through assessments, should be outlined in budgets. (See a copy of the budget attached to the Public Offering Statement.) Budgets should be examined carefully. The Declarant has attempted to realistically and accurately project the future costs of managing and maintaining association properties. The Declarant has also attempted to provide for adequate reserves for major maintenance expenses or replacement of facilities in the future. Failure to include and collect for such reserves in the current assessment(s) would most likely mean much higher or special assessments in the future.

Assessments: Non-Resident Owners, If you are purchasing an interest in a Unit with the possibility of being an absentee owner for any period of time, you should realize that you must still pay the usual and prescribed owner assessments, whether or not you actively use association properties and facilities. If the association properly elects to increase assessments for any authorized purposes, you will have the same legal obligation to pay as will any resident owner.

Cooperative Living: Restrictions on Activity and Land Use, When contemplating the purchase of a Unit in a common-interest project, you should consider factors beyond the attractiveness of the properties themselves. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living

where the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common-interest association is very much like governing a small community--the management can serve you well, but you will have to work for it-, success There are actions that can be taken by the governing body without a vote of the members of the association which can have a significant impact on the style of life and assessments for association members. You should contemplate active participation in the affairs of the association as an officer or on committees created by the Board of Directors. In short, the association will be you and your neighbors.

It is vitally important to the owners of common-interest properties that the transition from Declarant to Unit owner control be accomplished in an orderly manner and in a spirit of cooperation.

You Are Obligated as a Member of an Association to Do the Following:

1. pay assessments properly authorized and share expenses of the association and management and maintenance of commonly owned properties;
2. comply with the provisions of the governing documents, including proper and reasonable restrictions on land use or personal activity;
3. attend board meetings, vote, and participate actively in the affairs of the association; and,
4. take proper care of commonly owned property.

You Have the Following Rights as a Member of an Association:

1. to proper use and sharing of association properties and facilities;
2. to share in association assets were there a dissolution;
3. to receive annual reports on the financial and business affairs of the association;
4. to attend board meetings, to vote, run for office, and serve on committees;
5. to have reasonable access to association books and records, including minutes of meetings; and,
4. to have written notice of all board meetings and voting matters.

THE INFORMATION IN THIS SECTION HAS BEEN GENERAL IN NATURE AND PROVIDED BY THE DECLARANT FOR GENERAL EDUCATIONAL PURPOSES ONLY.

**PUBLIC OFFERING STATEMENT ACKNOWLEDGMENT
BAYHILL TOWNHOMES**

In connection with the purchase of Unit _____
in the above referenced Condominium, the undersigned Purchaser hereby acknowledges receipt, and the undersigned selling\listing agent hereby certifies delivery of the following (all of which are collectively referred to herein as the "POS").

<u>Date of Receipt</u>	<u>Purchaser's Initials</u>	<u>Description of Document</u>	<u>Date of Document</u>
_____	_____	Public Offering Statement	_____
_____	_____	Declaration of Condominium	_____
_____	_____	Survey Map and Plan	_____
_____	_____	Association Articles of Incorporation	_____
_____	_____	Association Bylaws	_____
_____	_____	Association Budget	_____

Purchaser and selling\listing agent further acknowledge that neither the selling or listing agent has the authority to make nor has made, any representation or promise on behalf of the Seller. Selling agent agrees to defend, indemnify and hold Seller and any listing agent harmless with respect to all claims, damages, liabilities and causes of action arising from any actual or alleged: representation or promise made by selling agent to purchaser NOT contained in the POS or other written documents signed by Seller; or failure to deliver the POS

Instructions to Selling Agent

Delivery of the POS to Purchaser, the above acknowledgment must be fully completed; signed by the Purchaser and selling agent; and returned to the listing agent.