

ROCKY RIDGE CONDOMINIUM

Condominium Development Statement and Information Brochure

We are pleased to provide to you, a purchaser or prospective purchaser of a Unit in Rocky Ridge Condominium, the information contained in this statement, both to meet certain requirements under the State of Ohio's enabling condominium law, Chapter 5311 of the Revised Code of Ohio, and also so that you may be fully informed.

Background

In order to enable you to better understand the information we are providing to you, you should know that definitions of various terms used in this statement are contained in the Condominium Act and in the Declaration of Rocky Ridge Condominium ("the Declaration"). We will also try in this statement, from time to time, at appropriate points, to define or clarify various unfamiliar terms, and, for convenience, to use simplified references for otherwise complex terms, i.e. "the Condominium Act" for "Chapter 5311 of the Revised Code of Ohio".

A. Identifications.

1. Condominium Development. The name of the Condominium development (referred to in this statement as "the Condominium") will be Rocky Ridge Condominium. The Condominium is or will be an expandable residential condominium situated on approximately 17.337 acres of land, situated on the east side of Harlem Road, north of State Route 161, just north of the eastern terminus of Warner Road in the City of Columbus, Franklin County, Ohio. Because, under the Condominium Act, a condominium may not be formed until the improvements have been substantially completed, the Condominium will be created in stages, as we will describe later. We should note that we currently own only approximately 12.38 acres of the proposed 17.337 acres. Although we do not own the remaining acreage, in the event that we purchase all or a portion of that acreage, we reserve the right, in our sole discretion, to construct additional dwelling units and add the dwelling units and the property to the Condominium.

2. Developer. Our name, address and telephone number are:

M. H. Murphy Development Company,
an Ohio corporation
4393 Arbor Lake Drive
Groveport, Ohio 43125
(614) 836-4403

We are referred to in the Condominium Act as "the developer", and in various of the "Condominium Organizational Documents" (the Articles of Incorporation incorporating the association of Unit Owners as a non-profit corporation, and the Declaration, Bylaws and Drawings creating this Condominium) as "the Declarant". When we say "we" in this statement we include anyone to whom we may assign our rights.

3. Development Manager. We are the managers of the actual construction and development of the Condominium, and we, or an organization affiliated with us, will also initially manage the Condominium, on a month-to-month basis, until Unit Owners other than us control the Condominium's "Association", and decide whether to self manage the Condominium or hire professional management.

4. Association. "The Association" will be Rocky Ridge Condominium Association, an Ohio corporation not-for-profit that we will form at the time the Condominium being formed, whose members will consist of all Unit Owners, and which will administer the Condominium.

B. General Narrative Description.

1. The Initial Stage. The Condominium is presently planned to initially consist of six four-dwelling unit buildings and one two-dwelling Unit building, a total of twenty-six (26) dwelling units, situated on a portion of the approximately 17.337 acres. The residential buildings will be one story ranch style with cathedral ceilings, although some dwelling units may have a partial second floor, built on poured concrete foundations, concrete slab on grade, wood frame, with asphalt shingle roofs and brick and vinyl siding exteriors. Each dwelling unit will have either an attached one or two car garage. Dwelling units in the Condominium will not have basements. Each dwelling unit will have an exterior concrete patio, and, in some instances, a screened porch or a brick paver patio. There will also be private drives and driveways, exterior parking spaces, condominium identification signs and entry features, green and landscaped areas and a single-story community building containing approximately 1,078 square feet, built of comparable materials and of similar architectural style as the residential buildings.

We should note that we intend to use a portion of the community building for sales and marketing purposes. Furthermore, we will likely place furniture in one or more rooms of the community building and remove that furniture when we stop using the community building for sales purposes. We do not believe that our use of the community building will unreasonably interfere with use of the facility.

2. Subsequent Stages. Because we cannot make improvements that are not completed a part of the Condominium, and because, as is normal in the residential construction industry, we intend to build the development in stages, as sales warrant, we cannot reasonably represent when, or if, we will build additional dwelling units and add them to the Condominium. However, we have reserved the right to build and add as many as forty-seven (47) additional dwelling units to the Condominium on the remainder of the approximately 17.337 acres. Of course if all of the dwelling units we propose are built and added to the Condominium it will contain a total of seventy-three (73) dwelling units and approximately 17.337 acres. Dwelling units added must be substantially the same types as the dwelling units that are initially a part of the Condominium, or as otherwise provided herein, provided, that we have reserved the right to change the sizes, layouts and composition of those dwelling units and the number and types of dwelling units in each building, including the construction and addition of buildings containing only a single dwelling Unit, provided that architectural style and quality must be compatible to that in the initial stage or as otherwise provided herein. In addition, we presently anticipate that subsequent stages will add private roadways, driveways, exterior parking areas, green and landscaped areas, and stormwater facilities. We should also mention that we are not obligated to expand the Condominium, nor, except to the extent limited by zoning and building laws and regulations, to limit the development of this Additional Property to any particular type or use. Unless our right to expand the Condominium is extended by a vote of the Unit Owners, it will expire seven years after we initially create the Condominium.

3. Total Number of Units. As presently proposed, the Condominium will initially contain twenty-six (26) dwelling units but, as mentioned, we have reserved the right to expand the Condominium to include a total of seventy-three (73) dwelling units. We refer to each dwelling unit as a "Unit", and the composition of each will be fully set forth in the Declaration and shown on the Drawings filed with the Declaration and amendments thereto.

4. Type and Composition of Units. Each Unit, whether in the initial or a later stage, will be one of the types and have the composition set forth on Attachment 2 to this statement. As used thereon "gross interior square feet" means the area of space that constitutes a "Unit", and is measured from interior surfaces of exterior walls inward, and includes space occupied by interior partitions, space in the attached garage and space in the screened porch, if any.

5. Designation of Units. Each Unit will be legally designated by a number corresponding with the building number assigned by us for the building in which the Unit is located, a dash (-), and a number which corresponds with the numerical portion of the street address of that Unit (the Unit's "Unit designation"). The Unit designation of each Unit presently planned to be in the initial stage is shown on Attachment 3 to this statement, as is the type of each of those Units.

6. Prices. The present representative price of each Unit in the initial stage is shown on Attachment 4. Prices may vary from those listed because of location, changes, premiums and "extras". In addition, we reserve the right to change prices without notice.

7. Expansions; Mergers. We have previously explained our right to expand the Condominium, which we will have for a seven-year period from the time the Condominium is created, unless Unit Owners vote to extend that time. There is no provision for the merger of the Condominium with any other condominium.

8. Interests and the Nature Thereof.

a. Unit. The portion of the Condominium that is to be exclusively owned by a Unit purchaser is called a "Unit", and each Unit purchaser will own the entire "fee simple" interest in the Unit that purchaser buys. A fee simple interest in a Unit is the full legal title to that Unit. Units under the Condominium Act consist primarily of space, and in this Condominium each Unit consists of all of the space within a single-family dwelling, but also includes space in the attached garage and the screened porch, if any. The precise composition of each Unit will be fully described in the Declaration or amendments thereto, and the location of each Unit will be shown on the Drawings, or amendments thereto.

b. Common Elements. The portions of the Condominium that are not parts of Units are called "common areas and facilities" under the Condominium Act. We refer to them as "Common Elements". The composition of the Common Elements will be described in the Declaration and shown on the Drawings, or amendments thereto.

c. Limited Common Elements. Portions of the Common Elements are reserved for the exclusive use of the Owners and Occupants of a particular Unit or Units. These areas we call "Limited Common Elements", and will be described in the Declaration and shown on the Drawings, or amendments thereto. The Limited Common Elements appurtenant to each Unit consist of a concrete patio or deck, a driveway area in front of that Unit's garage, if any, a mailbox, and in some instances, a brick paver patio or yard area.

d. Undivided Interests. Each Unit purchaser will own an undivided interest, in common with all other Unit Owners, in those Common Elements and Limited Common Elements. Those "undivided interests" will be assigned to Units on the basis of par values that we have assigned to each type of Unit, as shown on Attachment 2. These par values, in turn, have been assigned by us on the basis of a number of factors, including fair value, the objective of minimizing differences in par values, and thus shares of "common expenses", and simplicity. Additionally, we have rounded individual interests to the nearest thousandths of a percent, and made adjustments, in our discretion, necessary so that undivided interests equal precisely 100.000%. Although no Unit purchaser may, by "partition" action or otherwise, separate that purchaser's undivided interest from the Condominium, these undivided interests are important because if all or part of the Condominium were taken by public authority through legal proceedings, or if there were an instance in which fire insurance proceeds were not used for reconstruction and were instead distributed among Unit Owners, the proceeds would be distributed among the Unit Owners in the proportions of these undivided interests. On the other hand, but appropriately, the "common expenses" or assessments (which

we will discuss later), must, by law, be apportioned among the Units in accordance with these undivided interests. As we presently plan, the undivided interest of each Unit in the Common Elements as it will initially be constituted is set forth on Attachment 3 to this statement. If at a later time the Condominium is expanded, the undivided interests of Units in the Common Elements shall be reallocated among all Units, including the newly added Units, on the basis of each Unit, including the newly added Units, having the same par value of all Units of the same type.

C. General Explanation of the Status of:

1. Initial Construction. Initial construction of the buildings commenced in December 2003.
2. Zoning. The Condominium is in a zoning category under the zoning ordinances of the City of Columbus permitting buildings, other improvements and uses of the type and kind described for the Condominium in this statement and in the Condominium Organizational Documents, but is subject to development plan standards established as part of the zoning for this property.
3. Site Plan. A site plan of the Condominium is included in the drawings filed with the Declaration.
4. Compliance with Law; Approvals. All governmental inspections and approvals required to be made to date have been made. To the best of our knowledge there is compliance with, and we have not received notice of failure to comply with, any Federal, State or local statutes or regulations affecting the Condominium.
5. Actual or Scheduled Completion. The buildings, site improvements, and all Common Elements of the Condominium, as it initially will be constituted, are scheduled to be substantially completed in April 2004. Each Unit is scheduled to be substantially completed prior to the time the sale of that Unit is closed, although some interior finishing of a Unit will not be commenced until the Unit is under contract for sale and this work and some exterior work may not be fully completed at the time the sale of a Unit is closed.

D. Financing. Each purchaser may obtain financing from whatever source the purchaser desires and for which the purchaser and Unit qualify. Although we do not offer financing to prospective purchasers, from time to time, we or our agents may advise prospective purchasers of the rates and terms currently charged by various lenders.

E. Description of Warranties. Following is a description of the limited warranties (and the limitations thereon) that will be extended to you if you purchase a Unit:

1. Units. Except as provided in subparagraph 3 of this item E, we will warrant to provide and pay for the full cost of labor and materials for any repair or replacement of structural, mechanical, and other elements pertaining to your Unit, occasioned or necessitated by a defect in material or workmanship, that arise within a period of one year from the date the deed to you for your Unit is filed for record.
2. Common Elements. We will warrant to provide and pay for the full cost of labor and materials for any repair or replacement of the roof and structural components, and mechanical, electrical, plumbing, and other common service elements serving the Condominium as a whole, occasioned or necessitated by defects in material or workmanship, that arise within a period of two years from the date the deed is filed for record following the sale of the first Unit in the Condominium to a purchaser in good faith for value.
3. Appliances, etc. In the case of ranges, refrigerators, washing machines, clothes dryers, hot water heaters and other similar appliances, if any, installed and furnished by us as part of your Unit,

we will assign to you all express and implied warranties of the manufacturer, and our warranty with respect to such items will be limited to our warranty that the same have been properly installed.

4. Extended Warranties. We will assign to you any warranties made to us that exceed the time periods for warranties that we give to you by the limited warranty.

5. Limitations.

a. No responsibility will be assumed for damage from any cause, whatsoever, other than to repair or replace, at our cost, property damaged by reason of the breach by us of any warranty given to you.

b. No responsibility will be assumed for consequential or incidental damage except to the extent, if any, not permitted to be excluded or limited by law.

c. Implied warranties, if any, will be limited to one year from the date on which your Unit is deeded to you, except to the extent, if any, that limitation is not lawful.

d. No warranty, either express or implied, is made regarding the presence or absence of radon gas or other hazardous environmental condition in or about the Unit or Common Elements occurring as a result of natural cause or conditions not caused by Seller. Seller has not implemented any specific construction methods to eliminate the presence, or reduce the level, of radon gas.

e. Brass and faux brass fixture finishes are not warranted by Seller.

f. No warranty, either express or implied is made regarding the survival of any trees existing upon the proposed Condominium Property. In fact, we specifically reserve the right, in our sole discretion, to remove any and all trees that we deem necessary in order to develop the property. We will not, however, be responsible for the removal of trees or growth that are located on property that has been added to the Condominium.

g. Concrete and asphalt are subject to cracking, pitting and scaling due to natural causes, such as weather conditions and the use of ice-melting agents, and, to some extent, due to the nature of the products themselves. Consequently, we make no warranty that the concrete walls and floors, siding, asphalt drives, driveways, sidewalks, porches, patios and any other improvements constructed of these materials will not crack, pit or scale.

h. Mold, mildew and mycotoxins they produce are a naturally occurring result of moisture, humidity, lack of ventilation, and the materials they host and their environment. These products and conditions resulting could cause bodily injury and/or property damage. We represent that we are not aware of any such products or conditions in the Condominium, but we make no representation or warranty that such products or conditions will not be produced or arise, and we assume no responsibility for bodily injury and/or property damage resulting therefrom, if they do.

i. Any claim for breach of warranty not made, in writing, and received by us within forty-eight (48) hours after expiration of the warranty period, shall be deemed waived.

j. Any action brought with respect to any warranty extended pursuant hereto or by law shall be commenced within one year of the expiration of the applicable warranty period or be forever barred.

k. Any request for service must be sent in writing to us at our address previously described or at such address as we may designate, from time to time, in writing to you. We, or our designated representative, will commence performance of our obligations under the warranty within sixty (60) days after receipt of your request for service, and complete the same as soon as reasonably possible. All repairs and adjustments will be made Monday through Friday, 8:00 a.m. to 5:00 p.m.

6. Other Rights. The limited warranty we provide will give you specific legal rights and you may also have other legal rights under law. We will also extend to you and to other Unit purchasers warranties with respect to improvements a part of the Common Elements, if any, that exceed the warranties that we give to you.

7. Common Element Expansions. With respect to the repair or replacement of roof and structural components, and mechanical, electrical, plumbing, and common service elements in areas added to the Condominium, the two year warranty shall commence on the date the deed or other evidence of ownership is filed for record following the closing of the sale of the first Unit in that area added to a purchaser in good faith for value.

F. Expense Projections.

1. General. Following are (a) projections of expenditures that will be incurred by the Association and charged through assessments to Unit Owners, (b) projections of expenditures that will be incurred, individually, by Unit Owners and Occupants, for real estate taxes and utilities, with respect to their Units, and (c) the assumptions for and bases of these projections. These projections are estimates only, are based upon our general knowledge and experience, and may not reflect actual costs, both because it is impossible to accurately predict future costs and because these estimates are not based on firm bids. We cannot and do not guarantee or warrant in any way that the actual budget adopted by the Association or expenses incurred by the Association or individually will be the same as these projections. The purpose of these projections is only to provide to each prospective purchaser good faith estimates by us of what we believe prospective purchasers can reasonably anticipate to pay for the items described.

2. Association Expenses. The Association will not commence the charging of assessments until such time as we determine, in our sole discretion, that the levying of assessments is warranted, provided that in any event, assessments shall not commence until the first day of the calendar month that falls within thirty days of the date of the first closing of the sale of a Unit in the initial stage. Except as provided in individual purchase contracts, we will pay all out-of-pocket Association expenses incurred prior to the time that assessments are charged. Assuming assessments commence July 2004, on Attachment 5 to this statement is our two-year projection of expenditures that will be incurred by the Association, and charged through assessments to Unit Owners. For part of the first year, of course, there will only be twenty-six (26) Units in the Condominium but we project that before the end of the first year, there will be thirty-six (36) Units. Naturally, we cannot accurately predict the actual number because that will depend on sales and construction. Likewise, we have no idea of the number or types of Units that will be in the Condominium the second year because that will depend on these same factors. However, we believe that fifty-nine (59) Units is a reasonable estimate. Accordingly, the first year projections are based on thirty-six (36) Units being part of the Condominium and the second year projections are based on fifty-nine (59) Units being part of the Condominium. Additionally, we believe that the budget will increase or decrease proportionately as the actual number of Units increases or decreases. Following are additional assumptions upon which the Association cost projections for the first year have been based:

a. Administrative.

(i) Management. We anticipate that we or an organization affiliated with us will keep the records of the Association, collect assessments, arrange lawn care and repairs, and be generally responsible for administration of the Association and, through it, the Condominium Property. Accordingly, we have

budgeted amounts for professional management which we believe are no greater than is competitive for such services. At such time as Unit Owners other than us control the Association the Unit Owners may wish to hire other professional management or decide to self-manage the Condominium.

(ii) Legal and Accounting. We believe that during the first two years only routine legal and accounting assistance will be necessary. Our estimates are based on our general knowledge.

(iii) Miscellaneous. The projections for miscellaneous expenses are based upon our general experience as to normal costs for bank charges, paper, postage, supplies, income taxes on unrelated business income, costs for Association meetings, and other miscellaneous expenditures. Additionally, these estimates, to a minor extent, have been rounded in order to permit anticipated expenses to equal anticipated receipts.

b. Operating Expenses

(i) Repair and Maintenance. Our estimates are based on the fact that some continual repairs will probably be needed, including repair of the blacktop, during the first two years, although because our warranties will cover defects in workmanship and materials, we believe this work will be minimal during that time. The projections are based on our general experience.

(ii) Grounds Upkeep. It is anticipated that the Association will hire others to mow the green areas at regular intervals, apply lawn treatment as needed, apply mulch annually. Anticipated costs are based on our general experience.

(iii) Snow Removal. It is anticipated that the Association will hire others to plow the driveways and parking areas as needed, and apply deicer to drives once or twice. It is not anticipated that the Association will have any hand work performed. Estimates are based on our general knowledge of such costs. Naturally, costs will depend on severity of weather.

(iv) Window Cleaning. It is presently anticipated that the Association will hire others to clean the exteriors of all windows (except for screened porch windows) twice per year at Association expense. Estimates are based upon a quote provided by a window cleaning service. Each Unit Owner is hereby advised that the repair and maintenance of all doors and windows in a Unit are the responsibility of the Owner of that Unit.

c. Fixed Expenses

(i) Water and Sewer. It is anticipated that the Association will pay bills for water and sewer services provided to individual Units, the community building, and the Common Elements. Estimates are based on estimated present costs for these services, assuming normal usage.

(ii) Common Electricity and Gas. Electricity for lighting the Condominium Property entryways, private streets and the community building, when constructed, will be metered to and paid by the Association. Estimates are based on our general experience. Exterior garage lights throughout the Condominium will be on individual Unit circuits and the electric use paid for by individual Unit Owners as part of their electric bills. It is also anticipated that natural gas service provided to the community building will be paid by the

Association as a common expense. Estimates are based on our general knowledge.

(iii) Trash Removal. It is presently anticipated that trash and garbage will be removed by a private hauler at Association expense. Estimates are based on a quote provided from a local hauler and our general knowledge and includes recycling.

(iv) Insurance. The estimates of the cost of insurance for the Condominium are based on general knowledge of insurance rates provided by a reputable insurance company authorized to issue such insurance, and based upon the following coverages being provided:

(1) Liability insurance concerning occurrences on the Common Elements in the limits of \$1,000,000.

(2) 100% replacement cost, blanket all risk fire and extended coverage insurance, subject to \$1,000 deductible per occurrence. (Each Unit Owner should obtain insurance for the improvements located within such Owner's Unit and for contents owned by the Occupant of each Unit, whether such contents are located within the Unit or in Common Elements.)

(3) The cost of fidelity coverage with respect to those handling Association funds.

The cost of director and officer liability insurance is not included in these estimates since that coverage is generally not available at reasonable rates so long as we control the Association.

d. Reserves.

(i) Operating Reserve. It is believed desirable to build up reserves to provide some funds for operations prior to the incurring of expenditures. We have provided in purchase contracts that each purchaser, at closing, will contribute to the Association an amount equal to two months' anticipated first year assessments for an operating reserve. We believe this will provide an adequate operating reserve, but, if cash requirements in the early months of operation exceed available funds, we may advance sufficient funds to the Association, as non-interest bearing loans, to make up any shortage.

(ii) Repair and Replacement Reserve. It is believed desirable to build up funds for future repair and replacement of capital assets. These estimates are based on customary practices and are predicated primarily on reviewing the costs of replacing capital improvements, dividing the costs by the estimated remaining lives of the various components, and arriving at an amount which will attempt to assure that when and as those components are replaced, there will be sufficient reserves to defray the costs, without special assessment. Each year we anticipate the annual amount to be set aside for this reserve may be increased to reflect increased costs.

Estimates for the second year, in some cases, are based upon anticipated increases in costs. Additionally, budget figures and per Unit cost estimates have been rounded, in most cases, for convenience and simplicity. Based upon these cost estimates, the estimated total monthly costs per Unit of annual expenses necessary to operate and maintain the Common Elements will be as set forth on Attachment 5. It is anticipated that these will be the monthly amounts of assessments that will be levied

by the Association against the Units. Each Unit's monthly share of common expenses is calculated by multiplying the estimated total annual common expenses by each Unit's respective interest in the Common Elements, dividing by twelve, and rounding to the nearest dollar.

3. Individual Expenses. The Owners and Occupants of each Unit will incur expenses to own and operate their Units that are not the obligation of the Association and that are not included in assessments made by the Association. On Attachment 6 to this statement are our projections of such expenditures. Following are the assumptions and bases for these projections:

a. Real Estate Taxes. We have paid or will have paid when due and payable all real estate taxes applicable to the Condominium for the tax year 2003. Real estate taxes for the year 2004 although a lien, are undetermined and not yet due and payable. These taxes will be prorated and paid as provided in each purchaser's contract of sale. It is anticipated that as a result of the filing of the Declaration the County Auditor will revalue the property in the Condominium for the tax year 2005, and perhaps 2004, to account for the improvements placed thereon and will apportion the tax value of the real estate among the various Units of the Condominium. We have no way of knowing what valuation will be placed on each Unit by the County Auditor when separate tax parcels are created for each Unit, nor do we know what the tax rates will be for 2004 and later tax years. However, we do not believe the taxes for the year 2003 will provide a reasonable basis for estimating taxes for later years. If the Units are valued for tax purposes for 2005 at 35% of the present prices, and if the tax rate remains at the rate established for 2003, and assuming that the 10% roll back and 2 1/2% owner-occupied homestead exemption currently in effect remain in effect, and are applicable, then the real estate taxes applicable to each Unit, rounded, would be approximately as shown on Attachment 6.

We should note that all of the Condominium Property will be in the Columbus City School District; however, as a result of the recent annexation of a portion of the property into the City of Columbus, Units in the Condominium may have different tax parcel numbers and thus different real estate taxes.

These projections do not include any of the following tax liabilities:

- (i) Assessments. (There are currently no unpaid assessments against the property and we have not received any notice of pending assessments or improvements to be made by public authority which could ripen into assessments).
- (ii) Personal property taxes levied against any property being conveyed with the Units or purchased by and placed in the Units by Occupants.
- (iii) Income or other taxes levied upon the Unit Owner and not otherwise described herein.

Real estate taxes will be levied individually against each Unit, and will be the responsibility of each Unit Owner, and the Association assessments will not include amounts to pay these taxes. The Association, of course, will not have any obligation for real estate taxes.

b. Insurance. We have no way of projecting the monthly cost of the following insurance which would be carried by and paid for by the individual Unit Owner or Occupant:

- (i) Liability insurance carried by the Unit Owner or Occupant concerning occurrences within an individual Unit or that Unit's Limited Common

Elements. The cost of such insurance will be affected by the extent and amount of coverage desired.

(ii) Fire and extended coverage insurance and contents insurance carried by the Unit Owner or Occupant covering improvements located within the Unit and contents owned by the Occupants of the Unit, whether such contents are located within the Unit or in the Common Elements. The cost of such insurance will be affected by the value of such improvements and contents and the extent of coverage desired.

(iii) Any other insurance carried by the Unit Owner or Occupant and not otherwise described in this statement.

c. Monthly Cost of Utilities. The cost of gas and electricity provided to and charged against any particular Unit will vary depending upon the habits of the Occupants of that Unit. Assuming normal usage, and based upon our knowledge of rates and our general experience, we estimate the average monthly utility charges payable with respect to a Unit for these items will be as set forth on Attachment 6.

G. Conversions. This is not a conversion of an existing improved development into a condominium.

H. Management.

1. Unit Owners' Association. The Association will be created as a nonprofit corporation in the State of Ohio by the filing of Articles of Incorporation with the Ohio Secretary of State immediately prior to the time of the closing of the sale of the first Unit. We do not know of any other requirements that have to be met prior to or as a prerequisite to the creation of the Association. Each Unit Owner will be a member of the Association.

2. Voting Rights Apportionment. The Owner of each Unit shall have one vote in the Association for each Unit in the Condominium owned in fee simple, and a proportionate part of a vote for ownership of an undivided fee simple interest in a Unit. If the initial stage consists of twenty-six (26) Units, upon the filing of the Declaration there will, of course, be twenty-six (26) Units in the Condominium, and the Owners of each Unit, consequently, will be entitled to exercise 1/26th of the voting power of the Association. During the seven year period following the date the Declaration has been filed for record we have reserved the right to expand the Condominium to include as many as forty-seven (47) additional Units. Each time the Condominium is expanded the voting power of the Owner of each Unit will be proportionately reduced.

Regardless of the voting rights of members, until members of the Association other than us elect a majority of the Directors, we, in effect, will have the power to exercise the powers and responsibilities otherwise assigned by law or the Declaration to the Directors, the officers, and the Association.

The Board of Directors initially shall be those three persons named as the Directors pursuant to the provisions of the Articles, or such other person or persons as may from time to time be substituted by us. No later than the time that we have sold and conveyed Units that have a total of 25% or more of the undivided interests in the Common Elements, the Unit Owners shall meet, and at that meeting the Unit Owners other than us shall elect one third (one) of the Directors and we shall designate the other two-thirds (two) of the Directors, which three Directors shall serve until the meeting described in the next paragraph.

Within the earlier of (a) five years from the date of the establishment of the Association, and (b) thirty days after the sale and conveyance to purchasers in good faith and for value, of Units that have a total of 75% or more of the undivided interests in the Common Elements, the Association shall meet and all Unit Owners, including us, shall elect three Directors to replace all of those Directors earlier elected or designated by the Owners or us, respectively. The terms of the three Directors shall be staggered, as

provided in the Declaration, so that the term of one-third (one) of the Directors will expire and a successor will be elected at each annual meeting of the Association thereafter. At such annual meetings, a successor to the Director whose term then expires shall be elected to serve a three year term.

For purposes of computing the percentages of interests referred to in the previous two paragraphs, we may make the percentage calculation as if there were a total of seventy-three (73) Units in the Condominium (the maximum number of Units into which the Condominium may be expanded).

Regardless of our right to appoint Directors and to vote for the election of Directors, we reserve the right and option, at our sole discretion, at any time, to waive our right to select or to vote for the election of one or more Directors. In addition, notwithstanding any requirement as to the maximum time period during which Directors appointed by us may serve, we reserve the right, at any time prior thereto to have the Unit Owners elect Directors and for us to turn over the functions of operation of the Association to those elected Directors.

3. Contractual Rights and Responsibilities. We have not entered into any contract with respect to or on behalf of the Association by which it has rights or responsibilities. The Association is free to enter into contracts, obtain rights and incur responsibilities to the full extent available to and permitted by condominium associations and non-profit corporations under law.

4. Condominium Instruments Binding; Amendments. The Condominium Instruments are binding legal documents. The applicable Ohio law defines "Condominium Instruments" as including the Declaration, the Bylaws, the Drawings, and "all other documents, contracts, or instruments establishing ownership of or exerting control over the condominium property, or a unit".

Amendment of the Condominium Organizational Documents requires the consent of Unit Owners exercising not less than 75% of the voting power of the Unit Owners, and the consent by "Eligible Mortgagees" whose mortgages represent a majority of the Units subject to mortgages held by Eligible Mortgagees. ("Eligible Mortgagee" means the holder of a valid recorded first mortgage on a Unit who has given written notice to the Association stating the holder's name, address, and Unit or Units subject to its mortgage.) Notwithstanding the foregoing:

a. the consent of all Unit Owners shall be required for any amendment affecting a change in:

(i) the boundaries of any Unit;

(ii) a Unit's undivided interest in the Common Elements or a Unit's share of the liability for common expenses;

(iii) a Unit Owner's voting power; or

(iv) the fundamental purposes to which any Unit or the Common Elements are restricted;

b. the consent of Unit Owners exercising not less than 80% of the voting power of Unit Owners and the consent by Eligible Mortgagees whose mortgages represent 75% or more of the Units subject to mortgages held by Eligible Mortgagees shall be required to terminate the Condominium; and,

c. we have reserved the right and power, for so long as we own any Unit, to amend the Condominium Organizational Documents, to (i) conform to the requirements then governing the making of a mortgage loan or the purchase, guaranty, or insurance of mortgages by an institutional lender or an institutional guarantor or insurer of a mortgage on a Unit, provided that the consent of the appropriate percentage of Eligible Mortgagees is obtained (if required), or (ii) correct typographical errors or

factual errors or omissions the correction of which would not impair the interest of any Unit Owner, mortgagee, insurer, or guarantor, provided, further, that if there is a Unit Owner other than us, the Declaration shall not be amended to increase the scope or the period of control by us.

I. Management Contracts. The Association has not entered into any management contract or other agreement affecting the operation, use, or maintenance of or access to all or any part of the Condominium. As mentioned, it is our present intention to manage or have an affiliated organization manage the Condominium on a month-to-month basis until the Unit Owners control the Association and determine who will manage the Association's affairs, and on what basis.

J. Statement of Purchaser's Rights. Attached hereto, marked "Attachment I", and made a part hereof, is a statement, in 20 point boldface type, as required by Section 5311.26(J) of the Condominium Act, of purchasers' rights to review the Condominium Instruments, to void the contract, any conditions for the return of deposits, and a statement of the rights of purchasers under Section 5311.27 of the Condominium Act.

K. Repair or Replacement Reserves. The Declaration requires the establishment of a reserve for repairs and replacement of the components of the Common Elements to which annual contributions must be made. The estimated amounts to be placed in such reserve during the first two years of operation and the criteria for determining the amounts to be put in this reserve have been previously described. These reserves are not required to be maintained in a separate "fund" apart from the general funds of the Association, although we believe it desirable to do so.

L. Encumbrances, Easements, Liens and Matters of Title. Title to the Condominium Property is or may be subject to one or more mortgages. Any such mortgage will be released or subjected or subordinated to the Declaration, Bylaws and Drawings of the Condominium prior to the closing of the sale of any Unit. Additionally, each Unit and its appurtenant interest in the Common Elements will be released from the lien of all mortgages (other than a mortgage or mortgages obtained by a purchaser), at the time of the closing of the sale of that Unit.

The Condominium is or will be subject to easements for utility lines as shown on the Drawings, and easements for various purposes will be created by the filing of the Declaration. We do not believe that any of these easements will unreasonably interfere with the proposed use of the Condominium for residential purposes. We have also reserved easements for access to and from the additional property and public streets, and to extend main line utility lines to the additional property, all of which are fully set forth in the Declaration.

The Condominium is or will also be subject to an easement and right of entry agreement between Insight Communications and the developer of the Condominium. In exchange for valuable consideration received by the developer of the Condominium, Insight Communications was, or will be, granted the right to install, own, operate and maintain a community antenna television system and to provide cable service to individual Units. Unit Owners and/or Occupants who desire connection to the cable system, shall be charged and billed individually for connection to the system and for the monthly cost of the service. Provisions of the easement and right of entry agreement provide that Insight Communications shall be the only cable service provider at the Condominium. We express no opinion as to the legality of such provisions.

We should also note that the Condominium Property will be subject to blanket easements granted to, or now held by, the Ohio Fuel Gas Company, of record in Deed Record 1498, Page 59, assigned in Deed Record 2548, Page 90, of record in Deed Record 2217, Page 354, and of record in Deed Book 2869, Page 632, all of the records of the Franklin County Recorder. We do not believe that any of these easements will unreasonably interfere with the use of the property as a residential condominium.

The Condominium will be subject to a series of restrictions that are set forth in the Declaration. Some of these restrictions impose limitations on the rights of Unit Owners with regard to uses of Units and

Common Elements, renting and leasing, and remedies for violations. We believe that these limitations are necessary in order to maintain a high-quality residential community involving close living accommodations. You should note that subject to the limitations set forth in the Declaration as to terms of leases and administrative procedures as to leases, there is no limit on our right or the rights of others to rent Units.

The Declaration establishes a plan for the assessment and collection of assessments, by the Association, to pay common expenses incurred in fulfilling the Association's functions. These assessments are the personal obligation of Unit Owners and may be perfected as liens against Units.

As previously mentioned, real estate taxes not due and payable at the time of closing will be a lien on a Unit at the time of the closing of the sale of the Unit. Each purchase contract with respect to a Unit sets forth the specific agreement between us and the purchaser regarding all taxes and liens.

Except in our capacity as a Unit Owner of unsold Units, and the reservation of the easement rights with respect to the additional property previously mentioned, neither we nor any agent of ours will retain a property interest in the Common Elements.

EACH PURCHASER IS URGED TO READ AND STUDY THE CONDOMINIUM ORGANIZATIONAL DOCUMENTS, BECAUSE OWNERSHIP AND USE OF EACH UNIT WILL BE SUBJECT TO THE ENCUMBRANCES, EASEMENTS, LIENS AND AGREEMENTS SET FORTH THEREIN.

M. Escrow of Deposits. Any deposit or down payment made in connection with a sale will be held in trust or escrow until delivered at closing, returned to or otherwise credited to the purchaser, or forfeited to us. If a deposit or down payment of \$2,000 or more is held for more than ninety (90) days, interest at the rate of 4% per annum for any period exceeding ninety (90) days shall be credited to the purchaser at closing or upon return or other credit made to the purchaser, or added to any forfeiture to us. Deposits and down payment held in trust or escrow shall not be subject to attachment by creditors of us or a purchaser. Payments for options and extras are not, in our judgment, deposits or down payments, and are not subject to the foregoing.

N. Restraints on Alienability. There are no restraints on the free alienability of all or any part of the Condominium.

O. Litigation. There is no litigation currently in progress concerning the Condominium.

P. Declarant Responsibilities. We will assume the rights and obligations of a Unit Owner in our capacity as Owner of Units not yet sold, from the time of the closing of the sale of the first Unit.

Very truly yours,

M. H. MURPHY DEVELOPMENT COMPANY

ATTACHMENT 1

Provided Pursuant to §5311.26 (J) of the Ohio Revised Code.

1. Right to Review Condominium Instruments.

The Purchaser has the right to review the condominium instruments and should review them prior to entering into a contract for the purchase of a unit.

2. Purchaser's Right to Void the Contract. In the event that a contract for the purchase of a unit is executed in violation of Sections 5311.25 or 5311.26 of the Ohio Revised Code, (setting forth certain requirements to be complied with and disclosures to be made by the Declarant), the contract shall be voidable by the Purchaser for a period of 15 days after the later to occur of the following dates:

A. The date of the execution by both the Purchaser and the Declarant of the purchase contract; and

B. The date upon which the Purchaser executes a document evidencing receipt of the information required by Section 5311.26 of the Ohio Revised Code.

Upon exercise of a Purchaser's right to void the contract, the Declarant or his agent shall refund fully and promptly to the Purchaser any deposit or other

prepaid fee or item and any amount paid on the purchase price and shall pay all closing costs paid by the Purchaser or for which the Purchaser is liable in connection with the void sale.

3. Conditions for the Return of Deposits. A Purchaser who wishes to void his purchase contract because of a violation of Section 5311.25 or 5311.26 of the Ohio Revised Code and obtain a return of his deposit, must notify the Declarant in writing prior to the expiration of the previously mentioned 15-day period. There are no other conditions under the purchase contract for the return of the Purchaser's deposit except where a contract contingency, if any, is not met, and the contract requires the return of the deposit.

4. Rights of Purchasers under Section 5311.27.

A. In addition to any other remedy available, a purchaser has the rights described in paragraph numbered 2 of this attachment with regard to voiding the purchase contract.

B. Any declarant or agent who sells a condominium unit in violation of Section 5311.25 or 5311.26 of the Ohio Revised Code shall be liable to the purchaser in an amount equal to the difference between the amount paid for the unit and the least of the following amounts:

1. The fair market value of the unit as of the time the suit is brought.

2. The price at which the unit is disposed of in a bona fide market transaction before suit; and

3. The price at which the unit is disposed of after suit in a bona fide market transaction, but before judgment. In no case shall the amount recoverable under this division be less than the sum of \$500 for each violation against each purchaser bringing an action under this division, together with court costs and reasonable attorneys' fees. If the purchaser complaining of the such violation has brought or maintained an action he knew to be groundless or in bad faith and the declarant or agent prevails, the court shall award reasonable attorneys' fees to the declarant or agent.

C. Subsection 5311.27 (C) of the Ohio Revised Code permits the attorney general to pursue certain remedies under certain circumstances which, if successful, could benefit the purchasers or prospective purchasers of units in the condominium.

ATTACHMENT 2

DEVELOPMENT STATEMENT
ROCKY RIDGE CONDOMINIUM

I. Type Descriptions

<u>Type</u>	<u>Description</u>
D-1	Contains two bedrooms, two baths, a kitchen, dining area, laundry/pantry area, great room with cathedral ceiling, an over-sized 1 car garage, and approximately 1,465 gross interior square feet. ^{(a)(b)}
D-2	Same as D-1, except slightly larger with a 2 car garage, containing approximately 1,708 gross interior square feet. ^{(a)(b)}
L-2	Same as D-2, except it has an additional bedroom and bath upstairs, and either 1 and 1/2 or 2 baths downstairs. Contains approximately 2,033 gross interior square feet. ^(a)
T-2	Contains three bedrooms, two baths, kitchen, dining area, laundry/pantry area, great room with cathedral ceiling, screened porch, and a 2 car garage, all at street level, and contains approximately 1,989 gross interior square feet.
F	Contains three bedrooms, two or two and one-half baths, a kitchen, dining area, laundry/pantry area, great room with cathedral ceiling, an over-sized two car garage and approximately 1,950 gross interior square feet on one or two floors. ^(c)

^(a)Units having a screened porch contain an additional approximately 168 gross interior square feet.

^(b)Unit may have alternate interior layout.

^(c)Unit may have a screened porch containing either an additional 168 gross interior square feet or an additional 190 gross interior square feet.

II. Par Values

<u>Type</u>	<u>Par Value</u>
D-1	1.00
D-2	1.00
L-2	1.08
T-2	1.08
F	1.16

ATTACHMENT 3

DEVELOPMENT STATEMENT
ROCKY RIDGE CONDOMINIUM

Unit Information

Projected Initial Stage:

<u>Unit Designation</u>	<u>Unit Address</u>	<u>Unit Type</u>	<u>Par Value</u>	<u>Undivided Interest</u>
2-6782	6782 Winrock Drive	T-2	1.08	4.054
2-6784	6784 Winrock Drive	T-2	1.08	4.054
3-6786	6786 Winrock Drive	L-2*	1.08	4.054
3-6788	6788 Winrock Drive	D-2*	1.00	3.754
3-6792	6792 Winrock Drive	L-2*	1.08	4.054
3-6794	6794 Winrock Drive	D-2*	1.00	3.754
4-6796	6796 Winrock Drive	T-2	1.08	4.054
4-6798	6798 Winrock Drive	T-2	1.08	4.054
4-6812	6812 Winrock Drive	T-2	1.08	4.054
4-6814	6814 Winrock Drive	T-2	1.08	4.054
13-6815	6815 Ridge Rock Drive	D-1 ^{*(b)}	1.00	3.753
13-6817	6817 Ridge Rock Drive	D-2*	1.00	3.754
13-6821	6821 Ridge Rock Drive	D-2 ^{*(b)}	1.00	3.754
13-6823	6823 Ridge Rock Drive	D-1*	1.00	3.753
14-6795	6795 Ridge Rock Drive	D-1*	1.00	3.753
14-6797	6797 Ridge Rock Drive	D-2*	1.00	3.754
14-6811	6811 Ridge Rock Drive	D-2 ^{*(b)}	1.00	3.754
14-6813	6813 Ridge Rock Drive	D-1 ^{*(b)}	1.00	3.753
15-6785	6785 Ridge Rock Drive	D-2 ^{*(b)}	1.00	3.754
15-6787	6787 Ridge Rock Drive	D-2*	1.00	3.754
15-6791	6791 Ridge Rock Drive	D-2 ^{*(b)}	1.00	3.754
15-6793	6793 Ridge Rock Drive	D-2*	1.00	3.754
16-6801	6801 Winrock Drive	D-2 ^{*(b)}	1.00	3.754
16-6802	6802 Ridge Rock Drive	D-2*	1.00	3.754
16-6807	6807 Winrock Drive	D-2*	1.00	3.754
16-6808	6808 Ridge Rock Drive	D-2 ^{*(b)}	1.00	<u>3.754</u>
			TOTAL	<u>100.000%</u>

*Unit with screened porch.

^(b)Unit with alternate interior layout.

ATTACHMENT 4

**DEVELOPMENT STATEMENT
ROCKY RIDGE CONDOMINIUM**

Unit Price Information

<u>Unit Designation</u>	<u>Unit Address</u>	<u>Unit Type</u>	<u>Representative Price^(a)</u>
2-6782	6782 Winrock Drive	T-2	\$164,900
2-6784	6784 Winrock Drive	T-2	\$164,900
3-6786	6786 Winrock Drive	L-2*	\$163,900
3-6788	6788 Winrock Drive	D-2*	\$147,900
3-6792	6792 Winrock Drive	L-2*	\$163,900
3-6794	6794 Winrock Drive	D-2*	\$147,900
4-6796	6796 Winrock Drive	T-2	\$162,900
4-6798	6798 Winrock Drive	T-2	\$162,900
4-6812	6812 Winrock Drive	T-2	\$166,900
4-6814	6814 Winrock Drive	T-2	\$162,900
13-6815	6815 Ridge Rock Drive	D-1 ^{*(b)}	\$130,900
13-6817	6817 Ridge Rock Drive	D-2*	\$153,900
13-6821	6821 Ridge Rock Drive	D-2 ^{*(b)}	\$154,900
13-6823	6823 Ridge Rock Drive	D-1*	\$129,900
14-6795	6795 Ridge Rock Drive	D-1*	\$139,900
14-6797	6797 Ridge Rock Drive	D-2*	\$147,900
14-6811	6811 Ridge Rock Drive	D-2 ^{*(b)}	\$152,900
14-6813	6813 Ridge Rock Drive	D-1 ^{*(b)}	\$140,900
15-6785	6785 Ridge Rock Drive	D-2 ^{*(b)}	\$138,900
15-6787	6787 Ridge Rock Drive	D-2*	\$147,900
15-6791	6791 Ridge Rock Drive	D-2 ^{*(b)}	\$148,900
15-6793	6793 Ridge Rock Drive	D-2*	\$137,900
16-6801	6801 Winrock Drive	D-2 ^{*(b)}	\$148,900
16-6802	6802 Ridge Rock Drive	D-2*	\$147,900
16-6807	6807 Winrock Drive	D-2*	\$153,900
16-6808	6808 Ridge Rock Drive	D-2 ^{*(b)}	\$154,900

^(a) Representative prices are subject to change without notice. Actual purchase price will vary depending upon options, extras and upgrades.

^(b) Unit with alternate interior layout.

*Unit with screened porch.

NOTE: We currently do not anticipate constructing and adding any F type Units in the initial stage and as a result, pricing has not been established.

ATTACHMENT 5

**DEVELOPMENT STATEMENT
ROCKY RIDGE CONDOMINIUM**

Association Expense Projections

	First Year (36 Units)	Second Year (59 Units)
a. <u>Administration</u>		
(i) Management	\$5,184	\$8,496
(ii) Legal and accounting	200	500
(iii) Miscellaneous	84	416
b. <u>Operating Expenses</u>		
(i) Building repair and maintenance	3,600	5,900
(ii) Grounds upkeep	13,500	21,822
(iii) Snow removal	2,600	4,041
(iv) Window cleaning	720	1,180
c. <u>Fixed Expenses</u>		
(i) Water and sewer	9,072	15,576
(ii) Common electricity and gas	1,600	2,425
(iii) Trash removal	3,000	4,956
(iv) Insurance	4,200	7,032
d. <u>Reserves</u>		
(i) Operating reserve	(a)	(a)
(ii) Repair and replacement reserve	<u>7,000</u>	<u>11,800</u>
To fund by assessments	<u>\$50,760</u>	<u>\$84,144</u>

NOTE:

(a) Operating reserve will be funded by each Unit Owner, at closing, contributing the equivalent of two months' first year assessments. We have assumed that 36 Units will be closed during the first year resulting in contributions of \$8,460 (2 x 27 x \$115, 2 x 8 x \$124 and 2 x 1 x \$133) and an additional 23 proposed Units closed the second year, resulting in an additional contribution of \$5,326, (2 x 21 x \$115 and 2 x 2 x \$124) but, of course, that will depend on actual sales.

	<u>Type</u>	<u>First Year</u>	<u>Second Year</u>
Projected Monthly Assessments Per Unit:	D-1	\$115	\$117
	D-2	\$115	\$117
	L-2	\$124	\$126
	T-2	\$124	\$126
	F	\$133	\$136

ATTACHMENT 6

**DEVELOPMENT STATEMENT
ROCKY RIDGE CONDOMINIUM**

Individual Expense Projections

I. City of Columbus – Columbus School District (Tax District 010)

<u>Representative Prices</u>	<u>Annual Tax⁽¹⁾ Liability</u>	<u>Monthly Tax⁽²⁾ Liability</u>
\$129,900	\$1,845	\$154
\$137,900	1,959	163
\$140,900	2,001	167
\$147,900	2,101	175
\$153,900	2,186	182
\$162,900	2,314	193
\$166,900	2,371	198

II. City of Columbus – Plain Township – Columbus School District (Tax District 460)

<u>Representative Prices</u>	<u>Annual Tax⁽³⁾ Liability</u>	<u>Monthly Tax⁽²⁾ Liability</u>
\$129,900	\$2,090	\$174
\$137,900	2,219	185
\$140,900	2,267	189
\$147,900	2,379	198
\$153,900	2,476	206
\$162,900	2,621	218
\$166,900	2,685	224

(1) Based on current rates, annual real estate taxes would be approximately \$14.20 per \$1,000 of real value. Real value is assumed to be current price. Accordingly, estimated annual real estate taxes can be determined by multiplying the price, in thousands, by \$14.20.

(2) Taxes are actually due and payable semi-annually. Figures are rounded to come out even.

(3) Based on current rates, annual real estate taxes would be approximately \$16.09 per \$1,000.00 of real value. Real value is assumed to be current price. Accordingly, estimated annual real estate taxes can be determined by multiplying the price, in thousands, by \$16.09.

Estimated Individual Utility Costs:

	<u>Monthly First Year</u>	<u>Monthly Second Year</u>
Electricity**	\$58	\$58
Gas**	\$54	\$54

**May be slightly higher for three bedroom Units and slightly higher for Units with heated and air conditioned porches.