

DISCLOSURE STATEMENT

LIBERTY PARK CONDOMINIUM

College City Homes, Inc., the developer of Liberty Park Condominium, hereby makes the following Disclosure Statement pursuant to the provisions of Minnesota Statutes:

1. Liberty Park Condominium is a condominium within the definition of the Minnesota Common Interest Ownership Act. The Dakota County Recorder has assigned Common Interest Community (CIC) No. 391 to the development.
2. College City Homes, Inc., 7920 Lakeville Boulevard, Lakeville, Minnesota 55044, is the Declarant in the Declaration filed in the Dakota County Recorder's office.
3. There are 10 residential units in the first phase of Liberty Park Condominium.
4. The Declarant reserves the right to add an additional 52 units to the development after the first phase so that the total number of units may be as many as 62 units.
5. The Declarant commenced grading, interior street construction and the construction of the first condominium dwellings in the summer of 2002. The Declarant intends to then continue construction of condominium buildings to meet market demands over a period of time not to exceed five (5) years. The common area improvements are shown on the landscaping plan in the display center. The Declarant does not anticipate any improvements to the common area other than the construction of asphalt trails, landscaping and exterior lighting and the possible construction of entrance monuments and plantings.
6. The condominium buildings will be constructed to be compatible with one another, but not identical. Two building designs will be used. The buildings proposed for the portion of the development legally described as Lots 2 and 6, Block 4, LIBERTY PARK, will be two ten-unit buildings, with five units on each side, back to back. The buildings designed for the portion of the development legally described as Lots 3, 4, and 5, Block 4, LIBERTY PARK, will be four-unit buildings, with the units side by side in a row-style. The buildings intended to be built on a future replat of Outlot B, LIBERTY PARK, are preliminarily designed as ten-unit buildings very similar to the first condominium building constructed on Lot 6, Block 4, LIBERTY PARK. All buildings will be two stories in height, using wood as the primary construction material with vinyl and brick exterior finishes.
7. The Declarant has established an annual budget of \$1,980.00 per unit for the first year common expenses which Declarant believes is sufficient to pay projected common expenses.
8. Declarant has established an Alternate Assessment Program pursuant to Section 515B.3-115(b) of the Minnesota Common Interest Ownership Act. The Program provides that any unit owned by the Declarant for initial sale shall be assessed at the

rate of 25% of the assessment levied on other units after first deducting the portion of the levied assessments allocated to replacement reserves. As soon as the exterior of the building on a unit owned by Declarant is substantially completed, the portion of the levied assessments allocated to replacement reserves shall be added to the assessment against the unit. When a Certificate of Occupancy has been issued with respect to the unit by the City of Northfield, Minnesota, the Declarant shall begin paying the full amount of all assessments levied against a unit owned by the Declarant. There are no assurances that there will be no effect on the level of services for items set out in the Association's budget attached hereto as Exhibit D as a result of the above-described Alternate Assessment Program.

9. The Declarant may establish a working capital fund to meet unforeseen expenditures or to purchase additional equipment or services during the period when Declarant is conducting sales activities. If a working capital fund is established, there shall be collected from each purchaser an amount equal to two (2) months installments of the estimated common expense assessment for the unit being purchased. Such amounts paid into the working capital fund are in addition to the regular monthly installments of assessments. The funds shall be deposited into the Liberty Park Condominium Association's account and the Declarant may not use the funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficit while Declarant is in control of the Association.
10. The title to every unit and to the common elements will be conveyed by the Declarant to the respective purchasers or to the Association free and clear of any liens, defects or encumbrances.
11. The Declarant does not intend to offer or arrange any financing for prospective purchasers.
12. Project approval from the Department of Housing and Urban Development (HUD) and the Department of Veterans Affairs (VA) has been requested by the Declarant.
13. Declarant provides every prospective purchaser of a new dwelling within Liberty Park Condominium the statutory warranties described in detail in Minnesota Statutes §327A.02, a copy of which is attached hereto as Exhibit A. Declarant also provides purchasers of a unit within Liberty Park Condominium with all express or implied warranties, without limitation, specifically set forth in detail in Minnesota Statute §515B.4-112 through §515B.4-115, copies of which statutes are attached hereto as Exhibit B.
14. Each purchaser is advised that (i) within 10 days after the receipt of this Disclosure Statement, a purchaser may cancel any contract for the purchase of a unit from Declarant; provided, that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the Declarant; (ii) if a purchaser receives a disclosure statement more than 10 days before signing a purchase agreement, the purchaser cannot cancel the purchase agreement; and (iii) if a Declarant obligated to deliver a disclosure statement fails to deliver a disclosure

statement which substantially complies with this chapter to a purchaser to whom a unit is conveyed, the Declarant shall be liable to the purchaser as provided in section 515B.4-106(d) of the Minnesota Common Interest Ownership Act.

15. Declarant has no knowledge, after reasonable inquiry, of any unsatisfied judgments or lawsuits against the Liberty Park Condominium Association.
16. Earnest money paid in connection with the purchase of a unit will be deposited in an escrow account until the expiration of the purchaser's rescission rights under M.S. 515B.4-106 of the Minnesota Common Interest Ownership Act. It will be returned to the purchaser if the purchaser cancels the contract pursuant to such statutory provision. After the expiration of such rescission period, the earnest money will be disbursed to the Declarant's general construction account and used to pay costs of construction pursuant to a written agreement between Declarant and the purchaser.
17. A detailed description of insurance coverage provided by the Association is set forth in Section 14 of the Declaration.
18. There are no user fees at Liberty Park Condominium.
19. The Declarant has sufficient reserves and operating income to assure that all improvements that the Declarant is obligated to build will be completed. Declarant has also obtained a commitment for construction financing from Wells Fargo Bank Minnesota, should funds be needed to complete construction of the units.
20. At the time of conveyance to a purchaser of title to a unit or at the time of conveyance of the common element lots to the Association, all real estate taxes and special assessments relative to the respective unit or common element lots will be paid in full by Declarant.
21. Liberty Park Condominium Association is not a member of a master association.
22. Each unit will be substantially completed at the time the unit is conveyed to a purchaser.
23. Copies of the governing documents of Liberty Park Condominium Association are attached hereto as Exhibit C. Liberty Park Condominium Association expects to enter contracts with maintenance contractors to provide snow plowing, mowing, and other grounds maintenance and to enter contracts for Association management services and insurance services. All such contracts will be cancelable when the homeowners assume control of the Association and elect the first homeowner Board of Directors.

24. The current balance sheet for the Liberty Park Condominium Association and the projected annual budget for the first year operations is attached hereto as Exhibit D.

Dated: Feb 18, 2003

COLLEGE CITY HOMES, INC.

By: Donald A. Pavak
Donald A. Pavak
President

EXHIBIT A

MINN. STAT. §327A.02 STATUTORY WARRANTIES

Subdivision 1. In every sale of a completed dwelling, and in every contract for the sale of a dwelling to be completed, the vendor shall warrant to the vendee that:

(a) During the one year period from and after the warranty date the dwelling shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards;

(b) During the two year period from and after the warranty date, the dwelling shall be free from defects caused by faulty installation of plumbing, electrical, heating, and cooling systems; and

(c) During the ten year period from and after the warranty date, the dwelling shall be free from major construction defects.

Subd. 2. The statutory warranties provided in this section shall survive the passing of legal or equitable title in the dwelling to the vendee.

Subd. 3. (a) In a sale or in a contract for the sale of home improvement work involving major structural changes or additions to a residential building, the home improvement contractor shall warrant to the owner that:

(1) During the one year period from and after the warranty date the home improvement shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards; and

(2) During the ten year period from and after the warranty date the home improvement shall be free from major contraction defects.

(b) In a sale or in a contract for the sale of home improvement work involving the installation of plumbing, electrical, hearing or cooling systems, the home improvement contractor shall warrant to the owner that, during the two year period from and after the warranty date, the home improvement shall be free from defects caused by the faulty installation of the system or systems.

(c) In a sale or in a contract for the sale of any home improvement work not covered by paragraphs (a) or (b) of this subdivision, the home improvement contractor shall warrant to the owner that, during the one year period from and after the warranty date, the home improvement shall be free from defects caused by faulty workmanship or defective materials due to non-compliance with building standards.

EXHIBIT B

MINN. STAT. §515B.4-112 **EXPRESS WARRANTIES**

(a) Express warranties made by a Declarant or an affiliate of the Declarant to a purchaser of a unit, if reasonably relied upon by the purchaser, are created as follows:

(1) Any affirmation of fact or promise which relates to the unit; use of the unit; rights appurtenant to the unit; improvements to the common interest community that would directly benefit the purchaser or the unit; or the right to use or have the benefit of facilities which are not a part of the common interest community, creates an express warranty that the unit and related rights and uses will conform to the affirmation or promise.

(2) Any model or description of the physical characteristics of a unit or the common interest community, including plans and specifications of or for a unit or other improvements located in the common interest community, creates an express warranty that the unit and the common interest community will conform to the model or description. A notice prominently displayed on a model or included in a description shall prevent a purchaser from reasonably relying upon the model or description to the extent of the disclaimer set forth in the notice.

(3) Any description of the quantity or extent of the real estate comprising the common interest community, including plats and surveys, creates an express warranty that the common interest community will conform to the description, subject to customary tolerances.

(b) Neither the form of the word "warranty" or "guaranty", nor a specific intention to make a warranty, are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.

(c) Any conveyance of a unit transfers to the purchaser all express warranties.

MINN. STAT. §515B.4-113 **IMPLIED WARRANTIES**

(a) A Declarant warrants to a purchaser that a unit will be in at least good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.

(b) A Declarant warrants to a purchaser that:

(1) a unit and the common elements in the common interest community are suitable for the ordinary uses of real estate of its type; and

(2) any improvements subject to use rights by the purchaser, made or contracted for by

the Declarant, or made by any person in contemplation of the creation of the common interest community, will be (i) free from defective materials and (ii) constructed in accordance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner.

(c) In addition, a Declarant warrants to a purchaser of a unit which under the declaration is available for residential use that the residential use will not violate applicable law at the earlier of the time of conveyance or delivery of possession.

(d) Warranties imposed by this section may be excluded or modified only as specified in section 515B.4-114.

(e) For purposes of this section, improvements made or contracted for by an affiliate of a declarant are made or contracted for by the Declarant.

(f) Any conveyance of a unit transfers to the purchaser all implied warranties.

(g) This section does not in any manner abrogate the provisions of chapter 327A relating to statutory warranties for housing, or affect any other cause of action under a statute or the common law.

MINN. STAT. §515B.4-114
EXCLUSION OR MODIFICATION OF IMPLIED WARRANTIES

(a) With respect to a unit available for residential use, no general disclaimer of implied warranties is effective, but a Declarant may disclaim liability in an instrument separate from the purchase agreement signed by the purchaser for a specified defect or specified failure to comply with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.

(b) With respect to a unit restricted to nonresidential use, implied warranties:

(1) may be excluded or modified by agreement of the parties; and

(2) are excluded by expression of disclaimer, such as "as is," "with all faults," or other language that in common understanding calls the purchaser's attention to the exclusion of warranties.

MINN. STAT. §515B.4-115
STATUTE OF LIMITATIONS FOR WARRANTIES

(a) A judicial proceeding for breach of an obligation arising under section 515B.4-106(d), shall be commenced within six months after the conveyance of the unit.

(b) A judicial proceeding for breach of an obligation arising under section 515B.4-112 or 515B.4-113 shall be commenced within six years after the cause of action accrues, but the parties

may agree to reduce the period of limitation to not less than two years. With respect to a unit that may be occupied for residential use, an agreement to reduce the period of limitation must be evidenced by an instrument separate from the purchase agreement signed by the purchaser.

(c) Subject to subsection (d), a cause of action under section 515B.4-112 or 515B.4-113, regardless of the purchaser's lack of knowledge of the breach, accrues:

(1) as to a unit, at the earlier of the time of conveyance of the unit by the Declarant to a bona fide purchaser of the unit other than an affiliate of a declarant, or the time the purchaser enters into possession of the unit; and

(2) as to each common element, the latest of (i) the time the common element is completed, (ii) the time the first unit in the condominium is conveyed to a bona fide purchaser, or if the common element is located on property that is additional real estate at the time the first unit therein is conveyed to a bona fide purchaser, or (iii) the termination of the period of Declarant control.

(d) If a warranty explicitly extends to future performance or duration of any improvement or component of the common interest community, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.

EXHIBIT C

Please refer to the Liberty Park Condominium Homeowners Manual for copies of the governing documents of Liberty Park Condominium Association.

EXHIBIT D

LIBERTY PARK CONDOMINIUM

2003 Annual Budget

	Per Unit Per Month	Per Unit Per Year	Total Per Year 52 Units
Insurance	\$ 32.00	\$ 384.00	\$19,968.00
Management Fees	\$ 18.00	\$ 216.00	11,232.00
Snow Removal & Lawn Care	28.00	336.00	17,472.00
Sewer/Water/Garbage	47.00	564.00	29,328.00
Irrigation	6.00	72.00	3,744.00
Administrative/Legal/ Bank Fees/Coupon	2.00	24.00	1,248.00
Reserve Fund	<u>32.00</u>	<u>384.00</u>	<u>19,968.00</u>
TOTAL	\$165.00	\$1,980.00	\$102,960.00