

WEST DAVISVILLE SMALL BUSINESS CENTER CONDOMINIUM

PUBLIC OFFERING STATEMENT

PHASE II

INDEX

Introduction

Page

Article 1	The Condominium Concept.....	2
Article 2	The Declaration.....	3
Article 3	Description of the Condominium .....	4
Article 4	The Declaration, By-Laws, Rules and Regulations and Other Features.....	4
Article 5	Projected and Estimated Annual Budget.....	5
Article 6	Closing Adjustments .....	5
Article 7	Financing for the Purchaser .....	6
Article 8	Insurance.....	6
Article 9	Purchaser’s Rights.....	6
Article 10	Litigation .....	7
Article 11	Zoning.....	7
Article 12	Development Rights .....	7
Article 13	Warranties .....	7

WEST DAVISVILLE SMALL BUSINESS CENTER CONDOMINIUM

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PHASE II

INTRODUCTION

WEST DAVISVILLE SMALL BUSINESS CENTER CONDOMINIUM is anticipated to be a three (3) building, thirty-six (36) unit commercial condominium located at 255 Compass Circle, North Kingstown, Rhode Island 02852, to be developed in three phases and may include up to fifty-three (53) units. The declarant of the condominium is Compass Circle, LLC, 128 Carroll Avenue, Newport, RI 02840.

This Public Offering Statement consists of two parts, a narrative portion and an exhibit portion. The exhibits include legal documents, which are required for the creation and operation of the Condominium and a projected budget for the Condominium. The narrative portion of this Public Offering Statement is intended to summarize the significant features of the exhibits and also to present other information of interest to the prospective purchaser. In the event of any inconsistency between exhibits and the narrative, the provisions of the exhibits will govern.

1. THE CONDOMINIUM CONCEPT

The term “condominium” refers to a form of property ownership. Property which is owned as a condominium contains two distinct types of property – units and common elements. Units are portions of a condominium, which are set aside for individual ownership. The units represent separate space, which may be used only by the unit owner. Common elements, on the other hand, are all portions of the condominium, which are not included within the units. The common elements constitute the land and those portions of the structure, which support, enclose or service the units. Each unit owner owns an “undivided interest” in the common elements. An undivided or allocated interest is a fractional or percentage share of the ownership of all of the common elements. In this Condominium, the undivided interest is a percentage, and is hereinafter referred to as a “percentage interest” or an “allocated interest”. The ownership of an undivided interest gives the unit owner the right to participate in the control and management of all the common elements and such ownership obligates each unit owner to pay his share of the expenses of operating and maintaining all of the common elements. It is ownership of an undivided interest

in the common elements that sets condominium ownership apart from other forms of property ownership.

Certain common elements are designated as “limited common elements”. A limited common element is a portion of the common elements assigned to a particular unit. The owner of the unit to which a limited common element is assigned has an exclusive right to use the limited common element.

#### WEST DAVISVILLE SMALL BUSINESS CENTER

CONDOMINIUM is a commercial condominium containing an anticipated 36 commercial units. The condominium is comprised of three buildings. The condominium is scheduled to be constructed in three (3) phases. The first Building containing 16 units, constituting Phase I of the construction, has been built. The remaining two buildings and units to be completed in Phase II and Phase III, subject to the development and phasing rights more fully set forth in the Declaration, including the right to add and to subdivide units. Phase II, is a separate building as set forth on the Plats and Plans and is scheduled to contain 16 commercial units, but may contain up to twenty five (25) units. Phase III, is a separate 12,000 square foot building, as set forth on the Plats and Plans, and is scheduled to contain 4 three thousand (3000) square foot commercial units, but may contain up to twelve (12) units.

The 16 commercial units in Phase I, containing approximately 1200 square feet of first floor space, approximately 384 square feet of loft area accessible by stairway from the first floor, a bathroom and a 14' foot overhead door. The condominium is situated on approximately 4.3 acres on a portion of the former Davisville Naval Construction Battalion Center, in the Quonset Business Park, West Davisville Area, in the Town of North Kingstown, Rhode Island. The condominium premises are located at 355 Compass Circle, North Kingstown, Rhode Island, being more particularly described as Lot No. 37 on Plat 180 on a plan entitled “Development Plan West Davisville Industrial Park Quonset Davisville Port and Commerce Park North Kingstown, Rhode Island, prepared for Town of North Kingstown, Scale 1” = 200’, Sheet No. 1 of 1 Sheets, Drawing No. 25728”, prepared by Garofalo and Associates, Inc., dated December 7, 2000, latest revision May 14, 2004 and signed by the Town of North Kingstown on May 24, 2004, a copy of which plan has been recorded in the Records of Land Evidence of North Kingstown, Rhode Island, on April 25, 2005, recorded plat #1814, said real estate being described with further particularity in Exhibit A to the Declaration of Condominium. The buildings are of new construction consisting of steel frames with a concrete foundation, and are located on the real property, as set forth in the Plats and Plans. All utilities serving the individual commercial units are separately metered, and each unit has municipal water and sewer, gas fired hot air heater, electric, telephone and access to cable services.

## 2. THE DECLARATION

The Declaration, a copy of which is attached to this Public Offering Statement, is the legal document, which creates the condominium. The Declaration has been recorded in the Records of the Town of North Kingston, Rhode Island. The Declaration establishes the boundaries of the Condominium as a whole, as well as the determination of the percentage interests in the common elements appertaining to each unit. In addition, the Declaration establishes special property rights within the condominium, such as limited common elements and easements (both discussed in the following sections). The Declaration of Condominium shall be amended to implement Phase II as set forth in the Declaration of Condominium at or about the time that the Certificate of Occupancy has been issued pertaining to the initial Phase II condominium units.

The Declarant has recorded the Declaration and the plats and plans associated therewith. The plats and plans are certified correct as provided in Section 36.1-2.09(a) of the Condominium Act. The Declarant is constructing the condominium in three phases. Phase I, consisting of 16 units in a separate building, has been completed. Phase II consisting of 16 units in a separate second building, but may contain 25 units, subject to the development and phasing rights more fully set forth in the Declaration, including the right to add and subdivide Units, is currently under construction. Phase III, consisting of 4 units in a separate third building, but may contain up to 12 units, subject to the development and phasing rights more fully set forth in the Declaration, including the right to add and subdivide Units, may be built. The Declarant plans on submitting all units as condominiums. The Declaration is attached hereto as part of this Public Offering Statement. This Declaration describes the units, creates limited common elements, and assigns common elements. The plats and plans also show locations of the respective units within the building and their dimensions. The Declarant reserves the right to change the location of non-bearing walls which comprise a part of any unit, but not those, which constitute a boundary between units. Except as may be provided in the Declaration, pertaining to reservation of development rights, any change in the location of non-bearing walls so made will be done in such a manner as not to unreasonably affect the value of any unit. Any change so made will be reflected in an amendment of the Declaration, which will be recorded prior to the conveyance of any unit.

While the Declarant intends to sell some of the units, the Declaration reserves for the Declarant the right to rent any units not sold. Also, units (once created) may not be subdivided. The Declarant has the right to construct and sell the various condominium buildings in designated phases, and to modify and revise the construction schedules within the phases, including the right to designate sub phases within Phase II and Phase III.

The By-Laws, an exhibit to the Declaration, a copy of which is attached, contain Rules and Regulations for the operation of the condominium by the Condominium Association.

3. DESCRIPTION OF THE CONDOMINIUM

The Condominium is described in paragraph 1 of this Public Offering Statement. Detailed architectural plans for each of the units are recorded with the filing of the original Declaration of Condominium, and such plans are available for inspection in the office of the Registrar of Deeds, North Kingstown, Rhode Island. The Declaration of Condominium shall be amended to implement Phase II as set forth in the Declaration of Condominium at or about the time that the Certificate of Occupancy has been issued pertaining to the initial Phase II condominium units.

4. THE DECLARATION, BY-LAWS, RULES AND REGULATIONS, AND OTHER FEATURES

In addition to the information contained in Paragraphs 1, 2 and 3 of this Public Offering Statement, there are certain significant features and characteristics of the Condominium which are described in more detail in this paragraph.

The Declarant is submitting the entire premises to the condominium. The condominium will be built in three designated construction phases, which may be revised and rescheduled by Declarant.

The Declaration also provides that the Declarant has the right to rent any units not sold.

There are other restrictions pertaining to an individual owner's use of his unit. The individual units shall be used for commercial purposes only. Each unit shall be used and occupied only for the following uses: industrial business, electrical business, plumbing business, woodworking shops, machine shops, sheet metal fabricators, general contractors, business offices, printing and publishing establishments; storage, processing and assembly of goods, retail sale of goods used in conjunction with contractor's business.

Other restrictions include the following: (a) no automotive repair or body work of any kind is permitted; (b) no activity using fiberglass is permitted; (c) no business requiring large amounts of outdoor storage is permitted; (d) no business or activity that would endanger the safety of other units or owners or occupants of any unit, (e) no materials, equipment, unregistered motor vehicles, trailers, boats or the like shall be stored or parked on the property outside of any unit for more than twenty-four (24) hours; (f) the architectural and structural integrity of the buildings and the units shall be preserved without modification, and to that end, without

limiting the generality hereof, no awning, screen, antenna, sign, banner, or other device, and no exterior change, addition, structure, projection, decoration, or other feature shall be erected or placed upon, or attached to any such unit or any part thereof; no addition to or change or replacement of any exterior light or other exterior hardware shall be made, and no painting, attaching of decalcomania, or other decoration shall be done on any exterior part of the surface of any unit nor on the interior or exterior surface of any window or door, unless done in strict conformance with a common plan approved by the Board of Directors applicable to all units and except that one unlighted sign, not larger than two (2) square feet, in conformance with Design Guidelines adopted by the Board of Directors applicable to all units, may be placed on the front exterior of a unit. The exterior or the portion visible from the outside of all window shades, curtains, draperies, or other window treatment shall be of a white, off white or beige color compatible with the color of the exterior painting and trim of the condominium buildings; (g) no unit shall be structurally modified, altered or changed, nor shall any common area or surface be penetrated in any manner; (h) all maintenance and use by unit owners of all facilities shall be done so as to preserve the appearance and character of the same and of the grounds and building without modifications; (i) all use and maintenance of such units shall be conducted in a manner consistent with the comfort and convenience of the occupants of the other units and in accordance with the provisions with respect thereto, from time to time promulgated by the Board of Directors; (j) no toxic, flammable or highly hazardous substances shall be kept anywhere on the condominium premises; (k) no unit shall be used occupied or kept in any manner which in any way increases the fire insurance premiums of the Association, or results in a violation, deficiency or requirements under the Rhode Island Fire Safety Code fire safety , unless otherwise permitted by instrument in writing duly executed by the Board of Directors of the Condominium Association; (l) no unit shall be used occupied or kept in any manner which causes specialized fire protection requirements, which activities include but are not limited to use of hazardous materials and chemicals, flammable and combustible liquids, liquefied petroleum gases, liquefied natural gases, fireworks, model rocketry, heating appliances, spray application of flammable and combustible liquids, welding, use of torches, dust explosion prevention, industrial ovens and furnaces, mechanical refrigeration, combustible fibers and airport refueling operations, unless otherwise permitted by instrument in writing duly executed by the Board of Directors of the Condominium Association.

**Unit Owners are strongly advised to make appropriate inquires of the North Kingstown Building Official, because that office has determined that a Certificate of Occupancy must be issued for each Condominium Unit use, upon the Building Official's determination of applicable requirements of state and local building and fire safety codes. Declarant advises that a change of Unit use, whether by transfer of ownership, lease, or change in existing approved use, will require approval by the North Kingstown Building Official.**

**To the extent the Building Official approves a Unit use and imposes certain conditions or requirements applicable to the use, then any and all work, costs and expenses required to satisfy these conditions and requirements will be the sole responsibility of the individual Condominium Unit owner and not the Declarant or the Condominium Association.**

Other restrictions on the use of the unit are contained in Article II of the Declaration.

There is on-site automobile parking for this condominium. Parking areas shall be used as determined and allocated from time to time by the Board of Directors, provided that each unit shall be assigned two parking spaces.

The Condominium By-Laws establish a unit owners' association and provide for the election of the Board of Directors and officers thereof. The association functions in much the same way as a corporation, with unit owners functioning as shareholders. The Board of Directors of the Association is the executive body of that association consisting of five (5) members. The By-Laws of the Association, including the initial Rules and Regulations governing the operation of the Condominium, are attached. The Declarant shall have the right to appoint and control the Board of Directors until the completion of the final Phase. The Unit Owners may elect a member of the Board of Directors 60 days after the conveyance of the last unit of Phase I and may elect two members of the Board of Directors 60 days after the conveyance of the last unit of Phase II.

Common area charges for the entire Condominium will be apportioned among the units based on each unit's allocated and undivided allocated interest, as set forth in Exhibit "C" of the Declaration.

Unit Owners are advised that the North Kingstown Fire Department has requested a Master Key to all condominium units. The Board of Directors will require that any changes to locks must be approved by the Board of Directors and completed by a Board of Director approved locksmith.

Additionally, the Property is subject to Protective Controls set forth in a Declaration of Restrictions, originally made by the Rhode Island Port Authority and Economic Development Corporation, and currently administered by the Quonset Development Corporation ("QDC"), dated November 12, 1982, which require that all structures erected or altered on the Property must be in conformance with a plan approved by QDC and in compliance with all performance standards adopted by QDC.

Unit Owners are further advised that the Declarant completed a Limited Subsurface Investigation Report dated April 20, 2005 which identified concentrations

of beryllium of 0.54 mg/kg, 0.58 mg/kg and 0.67 mg/kg at sampling interval borings on the Property, which exceed the exposure criteria for residential purposes. The exposure criteria for residential uses is 0.4 mg/kg. Beryllium detected at the site did not exceed industrial/commercial standards of 1.3 mg/kg. Unit Owners are advised that it may be necessary to record an Environmental Land Usage Restriction, restricting the Property to Commercial uses.

5. PROJECTED AND ESTIMATED ANNUAL BUDGET

The Declarant has prepared an estimated budget governing the twelve month period beginning in \_\_\_\_\_. The budget pertains to Phase I and the development Phase II only. The budget figures are, for the most part, estimates, although actual figures from prior experience are being used, in some cases, in the preparation of the budget. The Declarant cannot be certain that sufficient funds have been budgeted to cover all common expenses that may be incurred. In the event that insufficient funds have been budgeted for any given fiscal year, the unit owners' association, through its Board of Directors, may levy a special assessment to make up the budget deficit. By and large, the individual unit owners will be responsible for the expenses involved in maintaining their units and the limited common areas appurtenant thereto.

The proposed budget for the condominium year (Phase I and Phase II) is attached, and is subject to modification, as budget items become more certain by actual experience.

Major expenditures, such as outside painting or repairs to the roof, or other common areas, will be covered by special assessments as determined by the Board of Directors.

6. CLOSING ADJUSTMENTS

The monthly common area fees due from a purchaser at the time of closing will be one (1) month in advance due for that unit. Real estate taxes, until each unit is separately assessed, and any other common costs will be prorated in accordance with the fiscal year of the Town of North Kingstown. Any special assessments by the municipality, including any special tax assessments, following the issuance of a Certificate of Occupancy for a given unit shall also be prorated, the Declarant being liable for any such special assessments from the date thereof to the date of the closing on a unit, and the unit purchaser liable for the balance thereof.

7. FINANCING FOR THE PURCHASER

The Declarant does not offer any financing assistance to prospective unit Purchasers. Also, all purchase deposits shall be held in an escrow account,

pursuant to the terms of the purchase contract, until the date of the closing of the unit.

## 8. INSURANCE

The Board of directors of the Condominium Association will obtain insurance on the condominium property. Such insurance will protect the unit owners' association, and, to a certain limited extent, the individual unit owners.

The buildings, including the units, will be covered by a master policy of fire and property damage insurance. There will be public liability coverage as well insuring risks of public injury on the common areas of the condominium property. This coverage will not insure the unit owners against liability arising from an accident or injury occurring within a unit, or from liability arising from an act or negligence of an individual unit owner, nor will the casualty insurance insure the unit owner against risk of loss of personal property contained within an individual unit.

The Declarant strongly recommends that each unit owner obtain insurance coverage on his contents, including ceilings, walls, flooring, kitchen cabinetry and appliances, carpeting, wall coverings, fixtures, furniture, furnishings, and the like, and public liability insurance covering risks within the individual unit. The unit owners may also wish to insure any improvements to the individual unit to the extent the improvements increase the value of the unit beyond the limits of coverage provided by the policy maintained by the Association. In order to insure adequate insurance coverage, unit owners should consult the Declarant and/or the Board of Directors before purchasing such additional insurance. The unit owner should consult the Board of Directors or the Declarant before purchasing such additional insurance.

## 9. PURCHASER'S RIGHTS

Any purchaser, within ten (10) days after receipt of this Public Offering Statement, before conveyance, may cancel any contract to purchase a unit from Declarant for Declarant's failure to provide the purchaser with a copy of this Public Offering Statement, in accordance with the provisions of Section 36.1-4.08 of the Rhode Island Condominium Act. Purchaser, under Rhode Island law, may recover from the Declarant ten (10%) percent of the sales price of the unit if the Declarant fails to provide purchaser with a copy of this Public Offering Statement prior to the purchase. If purchaser, however, receives this statement more than ten (10) days before signing a contract, the purchaser cannot cancel the contract. All deposits shall be retained in an escrow account in accordance with Rhode Island law, and shall be returned to the purchaser in the event the purchaser cancels the contract in accordance with the provisions of Section 34-36.1-4.03(a)(13).

Any information or data regarding the Condominium not presented in this Public Offering Statement or contained in the Declaration or other exhibits must not be relied upon.

No one has been authorized by the Declarant to make any representation not expressly contained herein. This presentation may not be changed or modified orally. The Declarant, however, reserves the right to change the terms of this Public Offering Statement; provided, however, that any such change shall not affect the substance of the Public Offering Statement with respect to prior purchasers or purchasers under contract, nor shall any change affect the percentage interest in the common elements.

10. LITIGATION

There are no unsatisfied judgments, pending or threatened suits, or claims against the Association; and your Declarant has no knowledge of any such pending suits or claims relating to the Condominium.

11. ZONING

The Condominium complies with the zoning law in effect at the time of the filing of the Declaration.

12. DEVELOPMENT RIGHTS

The Condominium is scheduled to be constructed, completed and sold in three phases, and the developer reserves the right to amend and to modify Phase I, Phase II, and Phase III including the right to reallocate the construction schedule and the time for the completion of any phase, including the right to amend the Declaration to allow additional construction phases. Phase I has been constructed and consists of the first building containing sixteen (16) commercial Units. Phase II, which is currently being constructed and implemented, shall consist of the second building containing an anticipated sixteen (16) commercial Units, but not more than twenty five (25) Units, as the Declarant may determine. Phase III, which need not be built, shall consist of the third building containing an anticipated four (4) commercial Units, but not more than twelve (12) Units, as the Declarant may determine. The exercise of the Declarant's development rights shall be in accordance with the procedures set forth in the Declaration. In addition, the Declarant has reserved the right to add real estate to the Condominium, to create Units, Common Elements or Limited Common Elements within the Condominium, and to subdivide Units, the right to complete all improvements shown on the Plats and Plans, to exercise the Development Rights set forth in this Declaration from time to time and in phases, to appoint and remove any member of the Board of Directors during any period of Declarant control of the Association. Development Rights must be exercised within

twenty (20) years from the date this Declaration was recorded, or such earlier time as the right to do so expires pursuant to the terms hereof or the Act, as applicable, or is terminated in a recorded instrument duly authorized and signed by the Declarant.

The maximum extent to which each Unit's 1-16 of Phase I allocated interests may be changed by the exercise of any development right is from 6.25% to 2.527%. All restrictions in the declaration affecting use, occupancy, and alienation of units will apply to any units created pursuant to any development right reserved by the Declarant.

No assurances are made with regard to: (i) whether buildings or other improvements that may be erected pursuant to any development right in any part of the condominium will be compatible with existing buildings and improvements; (ii) all other improvements that may be made and limited common elements that may be created within any part of the condominium; (iii) the locations of any building or other improvement that may be made within any part of the condominium pursuant to any development right reserved by the Declarant; (iv) any limited common elements created pursuant to any development right reserved by the Declarant will be of the same general types and sizes as the limited common elements within other parts of the condominium; and (v) the proportion of limited common elements to units created pursuant to any development right reserved by the Declarant will be approximately equal to the proportion existing within other parts of the condominium.

13     WARRANTIES

EXCEPT FOR STATUTORY WARRANTIES REQUIRED BY THE ACT THE DECLARANT IS CONVEYING THE UNITS AS-IS, AND THE DECLARANT DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTY OF HABITABILITY. ALL PERSONS ARE PURCHASING THE UNITS SUBJECT TO SUCH DISCLAIMER AND LIMITATIONS.

THIS Public Offering Statement has been declared by the Declarant, COMPASS CIRCLE, LLC, which is solely responsible for its content.

COMPASS CIRCLE, LLC.

By: \_\_\_\_\_

Name:

Title:

Date \_\_\_\_\_

EXHIBIT A

DECLARATION, BYLAWS and RULES AND REGULATIONS

EXHIBIT B

BUDGET PHASE I and PHASE II