



Real Estate Agency

CONDOMINIUM DISCLOSURE STATEMENT

FOR

THE QUINTET CONDOMINIUM STAGES 1 & 2
(AN OREGON CONDOMINIUM)

DECLARANT

QBW, L.L.C.
111 SW FIFTH AVE
PORTLAND OR 97204

THIS CONDOMINIUM HAS BEEN FILED WITH THE REAL ESTATE COMMISSIONER OF THE STATE OF OREGON IN ACCORDANCE WITH THE OREGON CONDOMINIUM ACT (ORS 100.005 TO 100.910 AND 100.990). ISSUANCE OF THE ATTACHED DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION OR ENDORSEMENT OF THE CONDOMINIUM BY THE COMMISSIONER.

THE SIZE OF THE INDIVIDUAL UNIT, THE DRAINAGE, SANITATION, DOMESTIC WATER SUPPLIES, IMPROVEMENTS AND THE PHYSICAL DEVELOPMENT AND THE OPERATION OF THE UNIT OWNERS ASSOCIATION OF THE CONDOMINIUM PROJECT ARE NOT REGULATED BY THE REAL ESTATE COMMISSIONER. THIS DISCLOSURE STATEMENT DOES NOT RELIEVE ANY PERSON FROM THE RESPONSIBILITY OF COMPLYING WITH THE REQUIREMENTS OF ANY FEDERAL, STATE, COUNTY OR MUNICIPAL AGENCY WITHIN WHOSE JURISDICTION THE CONDOMINIUM IS LOCATED.

THE REAL ESTATE AGENCY HAS NOT PHYSICALLY INSPECTED THE CONDOMINIUM AND THE INFORMATION INCLUDED IN THIS DISCLOSURE STATEMENT WAS PREPARED BY AND IS A REPRESENTATION OF THE DECLARANT.

THIS DISCLOSURE STATEMENT MUST BE GIVEN TO EACH PURCHASER NOT LATER THAN THE DATE THE UNIT SALES AGREEMENT IS FULLY EXECUTED BY ALL PARTIES AND RECEIPT THEREFORE MUST BE TAKEN.

PROSPECTIVE PURCHASERS SHOULD READ THIS DISCLOSURE STATEMENT
BEFORE BUYING

PRESALE DISCLOSURE STATEMENT
WHICH APPLIES TO QUINTET CONDOMINIUM STAGE 2

A Condominium is a special form of property ownership which is created and governed in Oregon by statutes known as the Oregon Condominium Act (ORS 100.005 to 100.910 and 100.990).

A Condominium is not created until there is a recording of the Declaration of Unit Ownership in the office of the recording officer of the county in which the property is located. A Plat of the property as well as a copy of the Bylaws must be recorded simultaneously with the Declaration.

Special provisions in the Oregon law allow for the sale of Units in a Condominium prior to their legal creation. This is accomplished by the adoption and issuance of a Presale Disclosure Statement by the Real Estate Commissioner and by compliance by the declarant with certain escrow provisions. These escrow provisions provide that purchaser's funds are to be held in escrow until the Declaration has been recorded and the interest bargained for by the purchaser has been conveyed. You should review the terms of the Master Escrow Instructions to fully understand your rights in a presale transaction.

NOTE: All references in this Disclosure Statement to Stage 2 of the Condominium and its Supplemental Declaration and Plat should be understood to be prefaced by the term "proposed" until such time as the required recordation of documents takes place and this Disclosure Statement is revised to reflect that recordation.

CONDOMINIUM DISCLOSURE STATEMENT FOR THE QUINTET CONDOMINIUM

This Disclosure Statement discloses certain pertinent information about The Quintet Condominium (the "Condominium"), located at 6605, 6625, 6645, 6665, 6685 and 6695 West Burnside, Portland, Oregon 97210, in Washington County, Oregon. This Disclosure Statement has been prepared by QBW, L.L.C., an Oregon limited liability company (the "Developer"). Developer's telephone number is 503-274-8400, and its address is 121 SW Morrison Street, Suite 1000, Portland, Oregon 97204.

By Declaration recorded June 26, 1991, as Document No. 91033466 of the Records of Washington County, Oregon (the "Stage 1 Declaration"), Cascade Estates Corp. submitted Building 3 of The Quintet Condominium ("Stage 1") to the condominium form of ownership and adopted the Bylaws of the Association of Unit Owners of The Quintet Condominium (the "Bylaws"). On January 26, 1996, Developer recorded as Document No. 96007718 a Supplemental Declaration Submitting Stage 2 of The Quintet Condominium to Condominium Ownership (the "Stage 2 Declaration") pursuant to which Buildings 1, 2, 4 and 5 and the recreation building ("Stage 2") were annexed to The Quintet Condominium. The Stage 1 Declaration and the Stage 2 Declaration are collectively referred to in this Disclosure Statement as the "Declaration."

General Description of Condominium

Stage 1 contains one building with 40 dwelling units. Stage 2 contains four buildings of dwelling units with 166 dwelling units, for a total in Stage 1 and Stage 2 combined of 206 dwelling units. Stage 2 also contains one recreation building. Each dwelling building has a basement parking garage constructed of reinforced concrete and concrete block and five levels of units above the garage. The exterior and load bearing walls are constructed of concrete and concrete block, and the floors are constructed of hollow core concrete plant topped by a layer of poured concrete. The roofs of the dwelling buildings are framed with concrete and steel and finished partially with concrete tile and partially with single ply membrane.

At the time of recording of the Stage 2 Declaration, Developer was the owner of the Stage 2 property and had the right to purchase up to 18 of the Stage 1 units. Developer is offering a fee simple ownership interest in such units to prospective purchasers. The owner of a unit also receives an undivided percentage interest, in common with other unit owners, in the "common elements" as described in the Declaration. The interests in the common elements are allocated among units based upon the relative square footage of the owner's unit compared to the square footage of all units combined. In addition, each unit owner also receives the exclusive right to use those "limited common elements" which pertain to his or her unit. The limited common elements include decks and deck closets which adjoin the units and the parking spaces assigned to the units in the Declaration.

The Condominium was completed in 1991. Water and sewer service is provided by Tualatin Valley Water District and the Unified Sewerage Agency of Washington County. Electricity is furnished by Portland General Electric and telephone service is provided by U.S. West. Cable television service is available from TCI Cable. Prospective purchasers may contact these providers for further information on current rates and charges. Access to the project is from West Burnside and over a private road within the Condominium. Local services such as fire and police protection, schools, medical facilities and shopping facilities are available nearby.

Conversion Condominium

Stage 2 is a conversion condominium. Attached to this Disclosure Statement is a report dated August 8, 1995 from David Evans and Associates concerning the present condition of all structural components and major mechanical and utility installations in Stage 2, including the approximate dates of construction installation and the estimated useful physical life of each such item. **The attached report is only an estimate prepared in due care and based upon the present ascertainable condition of each item and its customary useful life. The Developer does not warrant that any specific component will, in fact, last for the useful life indicated.**

Because Stage 2 is a conversion condominium, Oregon law provides certain rights to tenants in such stage. Developer must provide a Notice of Conversion to each tenant in Stage 2. In addition, prior to the sale of any such dwelling unit which is to be retained as a unit in the condominium without substantial alteration in its physical layout, Developer must first offer to sell the respective unit to the tenant who occupies the unit. Developer cannot make this offer until at least 30 days after delivery or mailing to the tenant of the Notice of Conversion. Such offer will terminate 60 days after its receipt or upon written rejection of the offer by the tenant, whichever occurs earlier. It must be accompanied by a copy of this Disclosure Statement and may not constitute a notice to terminate the tenancy. The Developer may not sell the unit to a person other than the tenant during the 60 days following termination of the offer at a price or on terms more favorable to the purchaser than the price or terms offered to the tenant. The tenant's dwelling unit may not be shown to any prospective purchaser without the tenant's permission before the termination of the tenancy.

The Stage 2 Declaration annexing Stage 2 to the Condominium could not be recorded until at least 120 days after the Notice of Conversion, during which period an individual apartment unit occupied by a tenant could not be renovated without the tenant's consent.

Sales Agreements

The Developer is not offering any financing to prospective purchasers. Within five days after execution of a purchase agreement, each purchaser must apply for loan approval by an institutional lender, or if the purchaser plans to pay in cash without obtaining financing, such purchaser must furnish Developer with any credit information requested by the Developer. In the event the purchaser is unable to obtain a loan or satisfy Developer of purchaser's ability to pay by

the date specified in the purchase agreement and after diligent efforts to do so, the Unit Sales Agreement will terminate and purchaser's earnest money will be refunded, unless the time for obtaining such credit approval is extended by the parties. See Section 3.2 of the Unit Sales Agreement.

At closing, the purchaser will be responsible for the recording fee for the deed, one-half the sales or transfer tax, an initial contribution to the working capital of the Association of Unit Owners equal to two months of Association assessments, accrued replacement reserves for the unit, purchaser's portion of the escrow fee, and all fees, costs and expenses in connection with purchaser's loan, if any, including the premium for any mortgagee's title insurance policy. See Section 4.3 of the Unit Sales Agreement.

If the purchaser should fail to make any deposit or payment required under the Unit Sales Agreement, Developer may declare the purchaser to be in default, and, without prejudice to any other rights of Developer, declare the entire amount paid by the purchaser forfeited to Developer. In the event the purchaser fails to deposit the balance of the purchase price with the escrow agent within the time set forth for closing, Developer may, in lieu of terminating the agreement, require the purchaser to pay to Developer at closing 12 percent per annum of the total purchase price from such date to the date of actual closing. See Section 5.2 of the Unit Sales Agreement.

The units will be sold without warranty. Each purchase agreement will contain the following provision:

NO WARRANTY. The Quintet Condominium was constructed in 1991 and thus is not a "newly constructed" condominium. Accordingly, Seller disclaims all warranties and covenants, express or implied, relating to the real estate, consumer products as defined in the Magnuson-Moss Warranty Act, or consumer goods as defined in the Uniform Commercial Code as adopted in Oregon. Purchaser, having had the opportunity to inspect the units and the common elements, accepts all real estate, consumer products and consumer goods sold under this agreement AS IS. Seller, however, will make available to Purchaser any manufacturer's warranties applicable to new appliances within the unit.

See Section 6 of the Unit Sales Agreement.

In addition, each Purchaser will sign an acknowledgment stating the following:

We also acknowledge that we are buying the Property which is the subject of the Unit Sales Agreement AS IS. We understand that once we have signed off on a punch list relating to the Unit,

Seller will have no further obligations regarding repair or condition of the Unit, except as specified in the punch list and agreed to by Seller.

See page 7 of the Unit Sales Agreement.

Common Expenses, Assessments and Budget

The Association has the right to levy assessments against unit owners for the maintenance of the common elements and other purposes. Failure of a unit owner to pay his share of assessments will entitle the Association to file and foreclose a lien on his unit or institute an action to recover a money judgment for unpaid common expenses without foreclosing or waiving the lien.

The Bylaws specify that all owners are obligated to pay all assessments imposed by the board of directors on behalf of the Association to meet common expenses of the property. Such assessments will be made by the Board of Directors in accordance with the terms of the Declaration, which provides that the common profits and common expenses of the Condominium will be allocated to the owner of each unit based upon the allocation of undivided interest of such unit in the Condominium. See Section 8.1 of the Stage 1 Declaration.

The interim Board of Directors of the Association has adopted the 1997 Budget of the Association for the operation and maintenance and other common expenses of the Condominium. A copy of the 1997 Budget is attached to this Disclosure Statement.

NOTICE TO PROSPECTIVE PURCHASERS

THE PROJECTION OF THE BUDGET OF THE ASSOCIATION OF UNIT OWNERS FOR THE OPERATION AND MAINTENANCE AND OTHER COMMON EXPENSES OF THE CONDOMINIUM IS ONLY AN ESTIMATE, PREPARED WITH DUE CARE.

Provisions have been made in the budget for a reserve account for replacement of those common elements all or a part of which will normally require replacement in more than three and less than 30 years. The amount of such reserves have been computed by the managing agent on the basis of its experience in other projects. See Section 5.5 of the Bylaws for specific provisions relating to reserves.

Currently, Developer is providing at its own cost, and not as part of the Association budget, earthquake and flood insurance coverages, increased janitorial services, extended management services, weekend continental brunches and on-site security patrol in the evenings. Developer may elect to terminate these increased coverages and services at any time, but anticipates that it will continue to pay these costs and provide these services through the majority of the marketing period

and/or until the Association is turned over to the elected board. At that time these coverages and services will terminate, unless the Board of Directors of the Association elects to continue such coverages and services at the expense of the Association, with a corresponding increase in the budgeted expenditures and assessments.

Operation and Management of the Condominium

Prospective purchasers should carefully review all of the sections of the Declaration and Bylaws, including those identified below which relate to the operation and management of the Condominium.

As provided in Section 13.1 of the Stage 1 Declaration, an Association of Unit Owners has been established to serve as a means through which the unit owners may take action with regard to the administration, management and operation of the Condominium. This Association is an Oregon nonprofit corporation. As provided in Section 13.2 of the Stage 1 Declaration, each unit owner is a member of the Association. The affairs of the Association are governed by a Board of Directors as provided in the Bylaws. Each unit owner is entitled to one vote for each unit owned by that unit owner. See Section 8.2 of the Stage 1 Declaration.

Article 2 of the Bylaws describes the meetings of the Association and the method of voting by members. Article 3 of the Bylaws describes the Board of Directors, including the number and qualification of directors, election of directors, the powers and duties of the Board of Directors, meetings of the Board of Directors, and liability and indemnification of directors, officers and the managing agent. Article 4 of the Bylaws describes the officers of the Association.

Article 5 of the Bylaws describes the budget, expenses and assessments of the Association, including collection of assessments. Records and audits of records of the Association are discussed in Article 6 of the Bylaws.

Article 7 of the Bylaws sets forth the obligations of the unit owners with respect to the maintenance and use of the units and common elements. In addition, Section 7.5 of the Bylaws sets forth the use and occupancy restrictions, such as limitations on commercial activities in units and restrictions on pets, and establishes the ability of the Board of Directors to adopt additional rules and regulations.

Article 8 of the Bylaws deals with insurance to be carried by the Association, and Article 9 deals with the method of adopting amendments to the Bylaws.

Rights of Developer

Developer has reserved the right to revise or amend the Stage 2 Declaration and the Escrow Agreement to the extent reasonable changes may be required by governmental authorities, lenders or title insurance companies. Any other material changes to such documents will require the

purchaser's consent. If the purchaser does not consent to the change, Developer may terminate the purchase agreement, in which case the purchaser's earnest money, together with any interest earned on such funds, will be refunded. See Section 7.5 of the Unit Sales Agreement.

The Declarant has reserved the right to the adopt, on behalf of all unit buyers, the initial Bylaws and administrative rules and regulations for the Association of Unit Owners, to appoint an interim Board of Directors of the Association, and to enter into a management agreement on behalf of the Association with a managing agent. The Declarant has also reserved certain easements over the common elements. See Sections 12.5 and 13.4 of the Stage 1 Declaration.

The Declarant will have one vote for each unit owned by the Declarant, and will have the right to appoint the Board of Directors of the Association until the first organizational and turnover meeting called by the Declarant. See Sections 3.2 and 3.4 of the Bylaws. Declarant must call the organizational and turnover meeting within seven years after the date of the first conveyance of the first unit to a person other than Declarant, or within 90 days after the Declarant has sold and conveyed 75 percent or more of the total number of units which Declarant may submit to the Condominium, whichever is earlier. See Section 2.2 of the Bylaws. At that meeting, the interim directors will resign and the unit owners will elect five directors. See Section 3.4 of the Bylaws.

The Declarant's prior written consent is required for any amendment to the Declaration or Bylaws so long as Declarant owns 25 percent or more of the units in the last stage of the Condominium, but no such consent is required after 10 years from the date of the conveyance of the first unit to a person other than Declarant. See Section 16.2 of the Stage 1 Declaration and Section 9.2 of the Bylaws.

Initially, Cascade Estates Corp. was the Declarant. Cascade Estates Corp. has assigned its special declarant rights to Developer, and Developer has become successor Declarant.

Documents by which Purchasers will be Bound

Prospective purchasers should carefully read all of the documents pertaining to the Condominium by which they will be bound. These documents include the following:

1. Declaration Submitting Stage 1 of The Quintet Condominium to Condominium Ownership. The Stage 1 Declaration contains, among other things, provisions describing the Stage 1 units, the Stage 1 common elements, the rights of mortgagees, easements, and Declarant's rights.
2. Bylaws of the Association of Unit Owners of The Quintet Condominium. This document contains, among other things, provisions relating to the management, use and operation of the Association and the rights and obligations of the unit owners.

3. Supplemental Declaration Submitting Stage 2 of The Quintet Condominium to Condominium Ownership. The Stage 2 Declaration contains, among other things, provisions describing the Stage 1 units, the Stage 2 common elements and easements.

4. Escrow Agreement between Developer and Transnation Title Insurance Company. This document provides for deposit of funds into escrow and outlines a general procedure for the closing of unit sale transactions.

5. Unit Sales Agreement. This document sets forth the rights and obligations of the seller and purchaser and includes a notice to the purchaser of a statutory right to cancel the transaction within five business days.

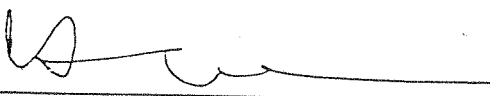
6. Articles of Incorporation of Association of Unit Owners of The Quintet Condominium. This document contains provisions outlining the purpose and powers, membership, voting rights and dissolution of the Association of Unit Owners.

7. Management Agreement between the Association and C & R Realty Co., which deals with the duties and compensation of the managing agent.

8. In addition, purchasers may be bound by financing instruments, escrow instructions and provisions of the Oregon Condominium Act. Prospective purchasers should also inquire regarding rules and regulations, if any, that may have been adopted since the date of this Disclosure Statement.

DATED: January 9, 1997.

QBW, L.L.C., an Oregon limited liability company

By 
_____ Homer G. Williams, Member