

**PUBLIC OFFERING STATEMENT FOR
MAGNOLIA HEIGHTS PUD
HOMEOWNERS ASSOCIATION**

Date: _____

RIGHT TO CANCEL

YOU ARE ENTITLED TO RECEIVE A COPY OF THIS PUBLIC OFFERING STATEMENT AND ALL MATERIAL AMENDMENTS TO THIS PUBLIC OFFERING STATEMENT BEFORE CONVEYANCE OF YOUR UNIT. UNDER RCW 64.90.635, YOU HAVE THE RIGHT TO CANCEL YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT WITHIN **SEVEN (7) DAYS** AFTER FIRST RECEIVING THIS PUBLIC OFFERING STATEMENT. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU MORE THAN **SEVEN (7) DAYS** BEFORE YOU SIGN YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT, YOU HAVE NO RIGHT TO CANCEL YOUR CONTRACT. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU **SEVEN (7) DAYS** OR LESS BEFORE YOU SIGN YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT, YOU HAVE THE RIGHT TO CANCEL, BEFORE CONVEYANCE OF THE UNIT, THE EXECUTED CONTRACT BY DELIVERING, NO LATER THAN THE **SEVENTH (7th) DAY** AFTER FIRST RECEIVING THIS PUBLIC OFFERING STATEMENT, A NOTICE OF CANCELLATION PURSUANT TO THE THIRD PARAGRAPH OF THIS RIGHT TO CANCEL NOTICE. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU LESS THAN **SEVEN (7) DAYS** BEFORE THE CLOSING DATE FOR THE CONVEYANCE OF YOUR UNIT, YOU MAY, BEFORE CONVEYANCE OF YOUR UNIT TO YOU, EXTEND THE CLOSING DATE TO A DATE NOT MORE THAN **SEVEN (7) DAYS** AFTER YOU FIRST RECEIVED THIS PUBLIC OFFERING STATEMENT, SO THAT YOU MAY HAVE **SEVEN (7) DAYS** TO CANCEL YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT.

YOU HAVE NO RIGHT TO CANCEL YOUR CONTRACT UPON RECEIPT OF AN AMENDMENT TO THIS PUBLIC OFFERING STATEMENT; HOWEVER, THIS DOES NOT ELIMINATE ANY RIGHT TO RESCIND YOUR CONTRACT, DUE TO THE DISCLOSURE OF THE INFORMATION IN THE AMENDMENT, THAT IS OTHERWISE AVAILABLE TO YOU UNDER GENERALLY APPLICABLE CONTRACT LAW.

IF YOU ELECT TO CANCEL YOUR CONTRACT PURSUANT TO THIS NOTICE, YOU MAY DO SO BY HAND-DELIVERING NOTICE OF CANCELLATION, OR BY MAILING NOTICE OF CANCELLATION BY PREPAID UNITED STATES MAIL, TO THE SELLER AT THE ADDRESS SET FORTH IN PARAGRAPH A OF THIS PUBLIC OFFERING STATEMENT OR AT THE ADDRESS OF THE SELLER'S REGISTERED AGENT FOR SERVICE OF PROCESS. THE DATE OF SUCH NOTICE IS THE DATE OF RECEIPT, IF HAND-DELIVERED, OR THE DATE OF DEPOSIT IN THE UNITED STATES MAIL, IF MAILED. CANCELLATION IS WITHOUT PENALTY, AND ALL PAYMENTS MADE TO THE SELLER BY YOU BEFORE CANCELLATION MUST BE REFUNDED PROMPTLY.

OTHER DOCUMENTS CREATING BINDING LEGAL OBLIGATIONS

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

OTHER REPRESENTATIONS

YOU MAY NOT RELY ON ANY STATEMENT, PROMISE, MODEL, DEPICTION, OR DESCRIPTION UNLESS IT IS (1) CONTAINED IN THE PUBLIC OFFERING STATEMENT DELIVERED TO YOU, OR (2) MADE IN WRITING SIGNED BY THE DECLARANT OR SELLING AGENT OR THE DECLARANT'S SELLING AGENT IDENTIFIED IN THE PUBLIC OFFERING STATEMENT. A STATEMENT OF OPINION, OR A RECOMMENDATION OF THE REAL ESTATE, ITS QUALITY, OR ITS VALUE, DOES NOT CREATE A WARRANTY, AND A STATEMENT, PROMISE, MODEL, DEPICTION, OR DESCRIPTION DOES NOT CREATE A WARRANTY IF IT DISCLOSES THAT IT IS ONLY PROPOSED, IS NOT REPRESENTATIVE, OR IS SUBJECT TO CHANGE.

MODEL UNITS

MODEL UNITS ARE INTENDED TO PROVIDE YOU WITH A GENERAL IDEA OF WHAT A FINISHED UNIT MIGHT LOOK LIKE. UNITS BEING OFFERED FOR SALE MAY VARY FROM THE MODEL UNIT IN TERMS OF FLOOR PLAN, FIXTURES, FINISHES, AND EQUIPMENT. YOU ARE ADVISED TO OBTAIN SPECIFIC INFORMATION ABOUT THE UNIT YOU ARE CONSIDERING PURCHASING.

RESERVE STUDY

THE ASSOCIATION IS REQUIRED TO HAVE A CURRENT RESERVE STUDY. ANY RESERVE STUDY SHOULD BE REVIEWED CAREFULLY. IT MAY NOT INCLUDE ALL RESERVE COMPONENTS THAT WILL REQUIRE MAJOR MAINTENANCE, REPAIR, OR REPLACEMENT IN FUTURE YEARS, AND MAY NOT INCLUDE REGULAR CONTRIBUTIONS TO A RESERVE ACCOUNT FOR THE COST OF SUCH MAINTENANCE, REPAIR, OR REPLACEMENT. YOU MAY ENCOUNTER CERTAIN RISKS, INCLUDING BEING REQUIRED TO PAY AS A SPECIAL ASSESSMENT YOUR SHARE OF EXPENSES FOR THE COST OF MAJOR MAINTENANCE, REPAIR, OR REPLACEMENT OF A RESERVE COMPONENT, AS A RESULT OF THE FAILURE TO: (1) HAVE A CURRENT RESERVE STUDY OR FULLY FUNDED RESERVES, (2) INCLUDE A COMPONENT IN A RESERVE STUDY, OR (3) PROVIDE ANY OR SUFFICIENT CONTRIBUTIONS TO A RESERVE ACCOUNT FOR A COMPONENT.

DEPOSITS AND PAYMENTS

ONLY EARNEST MONEY AND RESERVATION DEPOSITS ARE REQUIRED TO BE PLACED IN AN ESCROW OR TRUST ACCOUNT. ANY OTHER PAYMENTS YOU MAKE TO THE SELLER OF A UNIT ARE AT RISK AND MAY BE LOST IF THE SELLER DEFAULTS.

CONSTRUCTION DEFECT CLAIMS

CHAPTER 64.50 RCW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

ASSOCIATION INSURANCE

THE EXTENT TO WHICH ASSOCIATION INSURANCE PROVIDES COVERAGE FOR THE BENEFIT OF UNIT OWNERS (INCLUDING FURNISHINGS, FIXTURES, AND EQUIPMENT IN A UNIT) IS DETERMINED BY THE PROVISIONS OF THE DECLARATION AND THE ASSOCIATION'S INSURANCE POLICY, WHICH MAY BE MODIFIED FROM TIME TO TIME. YOU AND YOUR PERSONAL INSURANCE AGENT SHOULD READ THE DECLARATION AND THE ASSOCIATION'S POLICY PRIOR TO CLOSING TO DETERMINE WHAT INSURANCE IS REQUIRED OF THE ASSOCIATION AND UNIT OWNERS, UNIT OWNERS' RIGHTS AND DUTIES, WHAT IS AND IS NOT COVERED BY THE ASSOCIATION'S POLICY, AND WHAT ADDITIONAL INSURANCE YOU SHOULD OBTAIN.

QUALIFIED WARRANTY

YOUR UNIT IS NOT COVERED BY A QUALIFIED WARRANTY UNDER CHAPTER 64.35 RCW.

SPECIFIC INFORMATION

A) NAME AND ADDRESS OF THE DECLARANT:

McKever Enterprises LLC, 3205 NE 78th Street, Suite 10, Vancouver, WA, 98665-0697

B) NAME AND ADDRESS OF THE MANAGEMENT COMPANY OF THE HOMEOWNERS ASSOCIATION, IF ANY:

C) RELATIONSHIP OF THE MANAGEMENT COMPANY TO THE DECLARANT, IF ANY:

D) NAME AND ADDRESS OF THE COMMON INTEREST COMMUNITY:

Magnolia Heights PUD

E) NATURE OF THE COMMON INTEREST COMMUNITY:

Plat Community (RCW 64.90.010(37))

F) FIVE MOST RECENT COMMON INTEREST COMMUNITIES COMPLETED BY THE DECLARANT OR AN AFFILIATE OF THE DECLARANT WITHIN THE PAST FIVE (5) YEARS:

G) NATURE OF THE INTEREST BEING OFFERED FOR SALE:

[Types of homes- detached v. attached, single family v. multi-family, and how many of each. If you provide the preliminary plat, I can input most of this information for you.]

H) GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY:

Plat Community pursuant to RCW 64.90.010(37).

I) STATUS OF CONSTRUCTION OF THE UNITS AND COMMON ELEMENTS:

J) NUMBER OF EXISTING UNITS IN THE COMMUNITY:

K) PRINCIPAL COMMON AMENITIES IN THE COMMUNITY, AND THOSE THAT WILL BE OR MAY BE ADDED TO THE COMMUNITY:

L) LIMITED COMMON ELEMENTS THAT MAY BE ALLOCATED TO THE UNITS OFFERED FOR SALE:

M) RIGHTS OF NON-UNIT OWNERS TO USE ANY OF THE COMMON ELEMENTS:

N) REAL PROPERTY NOT IN THE COMMUNITY THAT UNIT OWNERS HAVE A RIGHT TO USE:

O) SERVICES PROVIDED BY THE DECLARANT THAT ARE NOT IN THE COMMUNITY BUDGET:

P) ESTIMATED ASSESSMENT OR PAYMENT, IF ANY, WHICH MUST BE PAID AT CLOSING:

Q) LIENS OR ENCUMBRANCES THAT WILL REMAIN ON THE COMMON ELEMENTS AFTER CLOSING:

R) EXPRESS CONSTRUCTION WARRANTIES TO BE PROVIDED TO THE BUYER:

S) AVAILABILITY OF QUALIFIED WARRANTY:

T) BUILDING ENCLOSURE DESIGN AND INSPECTION:

U) UNSATISFIED JUDGMENTS OR PENDING SUITS AGAINST THE ASSOCIATION; PENDING SUITS MATERIAL TO THE COMMUNITY OF WHICH THE DECLARANT HAS ACTUAL KNOWLEDGE:

V) LITIGATION BROUGHT BY AN OWNERS ASSOCIATION, UNIT OWNER OR GOVERNMENTAL ENTITY AGAINST THE DECLARANT OR ANY AFFILIATE ARISING OUT OF THE CONSTRUCTION, SALE OR ADMINISTRATION OF ANY COMMON INTEREST COMMUNITY WITHIN THE PREVIOUS FIVE (5) YEARS:

W) RESTRICTIONS ON USE OR OCCUPANCY; RENTAL RESTRICTIONS; RIGHTS OF FIRST REFUSAL; RESALE RESTRICTIONS:

See Declaration, Article _____, Section _____.

X) INSURANCE COVERAGE PROVIDED FOR THE BENEFIT OF UNIT OWNERS:

Initially provided by _____.

Y) CURRENT OR EXPECTED FEES FOR THE USE OF ANY COMMON ELEMENTS OR FACILITIES, OR TO ANY OTHER ASSOCIATION, WHICH ARE NOT INCLUDED IN THE COMMON EXPENSES:

Z) BONDS OR THIRD-PARTY ASSURANCES THAT THE IMPROVEMENTS WILL BE BUILT:

AA) COOPERATIVE: AVAILABILITY OF TAX PASS-THROUGH:

BB) COOPERATIVE: EFFECT OF ASSOCIATION'S FAILURE TO PAY TAXES OR SECURED DEBT:

CC) LEASEHOLD COMMUNITY: INFORMATION ABOUT MASTER LEASE: N/A

DD) RESERVE STUDY:

See Exhibit ____, as attached.

EE) COST -SHARING ARRANGEMENTS WITH OTHER ASSOCIATIONS OR PERSONS:

FF) ESTIMATED CURRENT COMMON EXPENSE LIABILITY FOR THE UNITS BEING OFFERED FOR SALE:

GG) ASSESSMENTS, FEES OR CHARGES KNOWN TO THE DECLARANT AND WHICH MAY CONSTITUTE A LIEN IN FAVOR OF A GOVERNMENTAL AGENCY AGAINST A UNIT OR THE COMMON ELEMENTS IF NOT PAID:

See Exhibit A, Declaration Article ____, Section ____ [If there are any]

HH) PORTIONS OF THE COMMUNITY (OTHER THAN UNITS) THAT A UNIT OWNER MUST MAINTAIN:

II) RESTRICTIONS ON TIMESHARING:

See Exhibit A, Declaration, Article ____, Section ____ . [If any]

JJ) SPECIAL DECLARANT RIGHTS RESERVED TO THE DECLARANT; TERMINATION DATES; RECORDED TRANSFERS OF SPECIAL DECLARANT RIGHTS:

See Exhibit A, Declaration, Article ____.

KK) LIENS ON REAL ESTATE TO BE CONVEYED TO THE ASSOCIATION:

LL) PHYSICAL HAZARDS KNOWN TO THE DECLARANT THAT ARE NOT READILY ASCERTAINABLE BY THE BUYER:

MM) BUILDING CODE VIOLATION CITATIONS RECEIVED BY THE DECLARANT IN CONNECTION WITH THE COMMUNITY THAT HAVE NOT BEEN CORRECTED:

NN) INFORMATION RELATING TO CONVERSION CONDOMINIUMS:

N/A

OO) BUILDINGS OVER FIVE (5) YEARS OLD:

PP) AGE –RELATED OCCUPANCY RESTRICTIONS:

None

QQ) ADDITIONAL INFORMATION OF INTEREST:

None

RR) MATERIAL DIFFERENCES IN TERMS OF FURNISHINGS, FIXTURES, FINISHES AND EQUIPMENT BETWEEN UNIT RENDERINGS, DEPICTIONS AND ILLUSTRATIONS AND UNITS BEING OFFERED:

SS) THE FOLLOWING DOCUMENTS ARE A PART OF THIS PUBLIC OFFERING STATEMENT:

Declaration
Bylaws
Plat Map
Association Articles of Incorporation
Association Budget
Association Reserve Study and Balance Sheet

EXHIBIT A

(DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS, with attached
PLAT MAP AND BYLAWS)

EXHIBIT B

(ASSOCIATION ARTICLES OF INCORPORATION)

EXHIBIT C
(ASSOCIATION BUDGET)

EXHIBIT D

(ASSOCIATION RESERVE STUDY AND BALANCE SHEET)