PUBLIC OFFERING STATEMENT

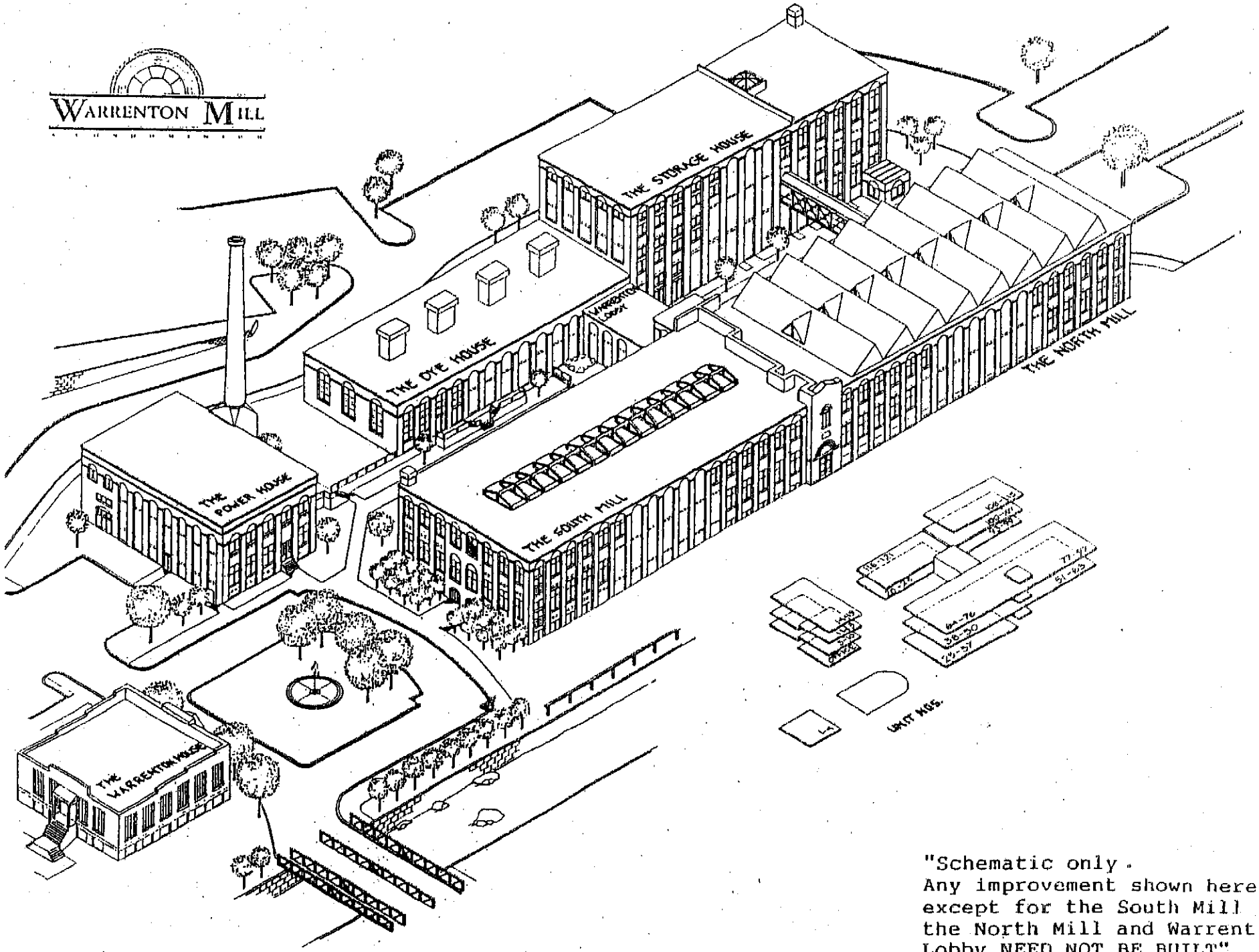
WARRENTON MILL

Torrington, Connecticut

WARRENTON MILL

A CONDOMINIUM

WARRENTON MILL ASSOCIATES
11 Boulevard Drive #31
Danbury, CT 06810



"Schematic only.
Any improvement shown here except for the South Mill the North Mill and Warrent Lobby NEED NOT BE BUILT".

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Introduction

"Three things are to be looked to in a building; that it stand on the right spot; that it be securely founded; that it be successfully executed."

Johann Wolfgang Von Goethe
Elective Affinities,
Bk. I, Ch. 9 (1808)

Warrenton Mill is located on the east branch of the Naugatuck River, off of North Main Street in Torrington, Connecticut. It was designed by Charles Main, one of the country's leading mill design engineers. The Mill represents a significant era in the city of Torrington and in the State of Connecticut, when the textile industry was the heart of many developing cities. The Warrenton Woolen Mill is one of a succession of mills under a chain of ownership dating back to the founding of the woolen industry in the City in 1844. The current mill was built in 1908, upstream from predecessor buildings.

Warrenton Mill was the last woolen mill to operate in Torrington, closing finally in 1982, after having manufactured such items as military uniforms from the Civil War through WWII. It is a significant example of early twentieth century mill design, representing the culmination of the multi-story mill building of the nineteenth century. It is light, spacious, airy, and contains architectural flourishes of cornice corbeling, segmented arched window bays, and large carved wood brackets at the end of the beams. It has a striking main entrance facing the east branch of the Naugatuck River. It represents prosperity, solidity, and permanence. As Goethe would have described it: it is on the right spot, it is securely founded, and it is successfully executed.

However, with the distance from raw materials, costs of transportation, and foreign competition, multi-story mill operations have become obsolete. But the building, beautifully executed, and solidly built, stood proudly and well the test of time and fashion. And it stood in the right place, in the green Litchfield Hills, on the edge of urban amenities and convenience, a few minutes from open country.

Adaptive re-use of these major examples of significant heritage has become the current fashion. The passage of the amendments to the income tax law encouraging this preservation has made this kind of re-use attractive to investors. One major remaining tax shelter is available to middle income persons providing limited investment opportunities, which will allow the federal tax subsidy for such historic preservation to be set off against ordinary income in a limited manner.

In addition, young professionals or two income families with a need for homes, a desire for equity appreciation, and a penchant for community activities, without a lot of spare time for maintenance, have created a significant demand for housing in a multiple dwelling high density community such as this.

Warrenton Mill meets this demand; it is a magnificent complex being turned into residences with two separate markets. One market is for investor owners who can provide rental housing for people just starting out, and the other market for those who have just started, but desire the equity growth and hedge against inflation which ownership provides.

We decided that the opportunity for individual ownership of these various apartments offered an unparalleled opportunity for either individual occupants, or investor owners . . . or both.

The passage of Connecticut's Common Interest Ownership Act in 1983 now permits sophisticated and complex ownership relationships to be developed, created, and managed under the very community sensitive regime that would be required.

We realize that these challenges and factors all require:

(a) a careful approach to development under the strict site plan standards and the heritage of the City of Torrington;

(b) a sensitive response to historic design challenges of maintaining the standards for historic preservation certification by the U.S. Department of the Interior, National Park Service, to maintain the tax benefits, as well as practically realizing the opportunities and challenges of adaptively re-using a mill as housing; and

(c) a consciousness of the interrelationships of the home, and investor owners in their own community, the environment, and the common facilities.

These standards are in sharp contrast to the demands of the usual conventional, residential development.

Thus, a precisely structured community association is required, one that can preserve property values, the ambience and character of the historic mill, and at the same time integrate and appropriately protect from each other the mixture of owners. In addition, the association must provid for the carefully regulated use and preservation of the buildings, structures, and the surrounding landscaping into the residential activities. Maximum flexibility of lifestyles must be permitted, while providing ful maintenance living similar to what is expected in an owner occupied, residential community.

Connecticut's Common Interest Ownership Act provides us with a wid choice of flexible options for ownership, management and community style. We chose the condominium form, and mixed conventional with unique concept for internal, condominium boundary delimitations for the residential suites

For financing and development purposes, the special rights of the Declarant to control and continue development of the community, (called "Special Declarant Rights" in the Act and in these documents) may be severed into portions covering different parts of the community, some portions being conveyed to one successor Declarant and some being conveyed to another. These rights may be made appurtenant to different parts of the community, so that one developer can develop the main portion of the community, and another the remaining space within the building. These fragmented rights are created so that the developer may separately finance the differing improvements through different lenders. This may be required because of the different uses and varying lender requirements for each use. We have reserved these Development Rights, to develop and market the mill in phases.

NOTE: IF BOUGHT FOR RENTAL OCCUPANCY, EACH UNIT OWNER MUST ACTIVELY MANAGE, RENT, AND OPERATE HIS OR HER OWN UNIT. NO REPRESENTATION IS BEING MADE AS TO THE INVESTMENT VALUE OR MONETARY RETURN ON PURCHASE PRICES. THERE IS NO RENT POOL BEING OFFERED BY THE DECLARANT OR ANY AFFILIATE OF THE DECLARANT, NOR AS A PART OF THE OFFERING OF THESE UNITS. CLOSING OF TITLE MAY NOT BE PRECONDITIONED ON OCCUPANCY BY A TENANT OR EXISTENCE OF A LEASE. INDIVIDUAL UNITS MAY BE LEASED FROM TIME TO TIME AT A SEPARATELY NEGOTIATED RATE BY THE OWNER, OPERATOR OR BY ANY OTHER PERSON. NO ASSURANCES ARE GIVEN AS A PART OF THIS OFFERING, THAT SUCH LEASES MAY BE MADE, OR WILL BE MADE AT ANY PARTICULAR RENTAL RATE.

This book is the preliminary Public Offering Statement required by the Common Interest Ownership Act. It will be further refined, and possibly, as different classes of Units are created, will be published as different editions and supplements. However, the book merely answers the statutory questions, and fulfills the statutory requirements for creating the community governance and fiscal systems. This was done as carefully as possible, and because of its flexibility, is rather complicated. This document represents the very furthest edge of modern and innovative thinking permitted by the new Act. It is based on a combination of well tested, conservative, financeable real estate and Common Interest Community principles, and reflects the very latest thinking concerning community association structure and details based upon national experience and recommendations of the Community Associations Institute, and the secondary mortgage market requirements for documentation required by the Federal National Mortgage Association.

This book is only the shadow of the reality of the community as it does and will exist. The community consists of buildings, programs, people, location, the impact of the surroundings, and their interrelationships. Thus the decision of a purchaser must include all of the factors of community, business and home choice.

We feel that we have created a very special place in one of the most significant historic structures in the Litchfield Hills with unparalleled location, convenience, luxury, and services.

We thus respectfully and enthusiastically commend our earnest efforts to your favorable consideration.

Yours sincerely,

Warrenton Mill Associates

By: Davro Corp.

George Davon
Its President

SPECIFIC STATUTORY INFORMATION REQUIRED FOR ALL
COMMON INTEREST COMMUNITIES

1. (a) Declarant:

WARRENTON MILL ASSOCIATES
11 Boulevard Drive #31
Danbury, Connecticut 06810

(b) Name and Address of the Common Interest Community:

Warrenton Mill
839 Main Street
Torrington, Connecticut 06790

(c) Type of common interest community:

Warrenton Mill is a condominium.

2. Description of Common Interest Community:

Warrenton Mill lies on an irregularly shaped parcel of land 150 feet west of Main Street, across a system of bridges over the east branch of the Naugatuck River. The site is approximately 1100 feet long and ranges from 200 to 300 feet deep, with rolling contours about 50 feet in elevation from the westerly corner at the ridge next to railroad tracks, to a retaining wall along the channel of the river, the east side of which is the easterly boundary.

TYPE AND NUMBER OF BUILDINGS AND AMENITIES:

The parcel has six existing buildings; in three buildings there are fire stops. The initial buildings within which Units are to be created upon recording the Declaration, and the additional buildings which are to be created, are flat or saw-toothed monitor style roofed structures from two to three stories. The buildings are wood framed, masonry walled, on concrete slab foundations. However, some limited basements and tunnels for utility and access exist and portions of floors are below grade.

Construction of the buildings is typical heavy timber mill construction with wood plank floors and bearing masonry walls. The first floors are slab concrete on grade. Upper floors are "gypcrete" poured over plank floors for leveling and sound deadening. Loft floors are 6" x 8" timber over exposed beams. Walls, where original, are exposed brick, and where new are wood studded plaster board. There are skylights in the saw-toothed buildings in the upper Units.

The North Mill has a saw tooth mill monitor roof, and upper floor Units have access to the roof skylights.

The two mill buildings have had their center sections of floors removed, creating an unheated, skylighted atrium. The North Mill building uses the saw tooth monitor windows for light. The South Mill uses a new shed roofed, skylight. Both skylights have open sections for fire code smoke exhaustion requirements, and hence the atria are unheated.

The buildings are served from Main Street by a single private road with twin bridges crossing over the river, and a separate pedestrian walk along the side of the bridge on its own structure.

The first phase of the project will include 68 Units in the North Mill and South Mill buildings. Approximately 231 open parking spaces will be provided, approximately one-half of which will be assigned to the first phase Units; the remaining spaces will serve subsequently created Units. As buildings are completed, additional Units in those buildings will be created.

Each Warrenton Mill condominium Unit is spacious, light and trendy. There will be high ceilings and large mill windows complemented by brick walls and exposed wooden beams; some Units will have the select availability of storage lofts, some with skylights. Landscaping features an entry mall with a water fountain, paved walks, mature trees and a park-like garden along the Naugatuck River. The two buildings of the main Mill will also each have an unheated atrium beneath a skylight, with bridged access ways to upper floor residences.

In addition to the inherent design quality, individual metering of utilities is provided, and high efficiency electric heat pumps for heat and central air conditioning have been incorporated into the project for each living unit.

The Mill has a history in the City of Torrington dating back to 1844. It earned its earliest recognition by fabricating wool for Civil War military uniforms, a tradition which expanded and continued through World War II into the 1960s. The present site was developed in 1909 and the Mill closed its doors in 1982.

The property consists of 6.7 acres along the East Branch of the Naugatuck River. It lies in the northern portion of the City of Torrington, just north of the central business district in an area of predominantly residential development. The property is within walking distance of two shopping centers and it is on one of Torrington's main bus routes. Major State roads are within minutes of the project, i.e. Route 4 and Route 8 thereby making it immediately accessible to the broad North, South, East and West markets of Litchfield and Hartford counties, the City of Waterbury, and within a 40 minute drive of Fairfield County.

The Project is being marketed to purchasers for individual management as rental, and to owner occupants. No internal management is being provided for those who wish to rent, but an optional management contract for individual Units will be provided by a management company, not affiliated with the Declarant, and management services of a similar nature may be obtained from local brokers.

Warrenton Mill is listed on the National Register of Historic Places, and is a rehabilitation of the Warrenton Woolen Mill complex, ultimately into 121 residential condominium units.

SCHEDULE OF COMMENCEMENT AND COMPLETION OF BUILDING AND AMENITIES:

At the date of the original Public Offering Statement, the two main Mill buildings will be substantially complete and rehabilitated. The remaining buildings have not yet been rehabilitated, and thus are in a deteriorated condition consistent with buildings of similar character and age. Before creating Units in these buildings, they will be substantially rehabilitated and restored consistent with their historic character. Such rehabilitation to any particular standard, however, and to the extent not yet completed, NEED NOT BE BUILT.

The two main buildings in the first structure consisting of 68 Units are expected to be completed prior to the end of 1987.

The subsequent buildings and Units NEED NOT BE BUILT and may be created in any order, at any time with no particular schedule of commencement and completion, and no assurances are given that they will be built or completed. However, if not declared sequentially, then percent interests described on Exhibit A-2 of the Declaration may vary.

However, if built, they will be located substantially as shown on the site plan approved by the Torrington Planning and Zoning Commission and of an architectural style consistent with the historic character of the site as approved by the Commission and the National Park Service.

3. Number of Units:

As of the date of this Public Offering Statement there will soon be 68 Units in Warrenton Mill. From time to time additional Units will have been created in buildings as they are completed and sold. Ultimately there may be up to 53 additional Units, which NEED NOT BE BUILT. During earlier phases the Declarant may market and sell Units in subsequent phases which are described in the exhibits to this Public Offering Statement, provided that the purchase agreement describes the Units to be conveyed. Upon execution of a purchase agreement for Units in a subsequent phase, the building within which each Unit is to be located must be built. The Survey shown as Exhibit A-3 will be amended each time a phase is declared and Units and Limited Common Elements are created therein, by changing the words "DEVELOPMENT RIGHTS RESERVED IN THIS AREA" to "PROPERTY NOT SUBJECT TO DEVELOPMENT RIGHTS" with respect to the phase which is being declared, and boundary lines between that and previous phases will be eliminated. The phases need not be declared in any particular order. However, percent interests will vary in Schedule A-2 if phases are not declared sequentially.

4. Documents:

Unless otherwise noted, the following documents are attached to this Public Offering Statement and are made a part hereof by reference. Pages are numbered by a prefix indicating the Exhibit letter.

(a) Declaration: The Declaration is Exhibit A. The Survey and Plans are Schedules A-3 and A-4 respectively. When the Declaration and its supplements are recorded, the Survey filed therewith will show actual, rather than planned, location of buildings.

(b) Recorded covenants, conditions, restrictions and reservations: See paragraph 8 for a brief narrative description.

(c) Bylaws: The Bylaws of Warrenton Mill Association, Inc., the ("Association"), are Exhibit B.

(d) Rules: The Rules of Warrenton Mill Association, Inc. are attached as Exhibit C. These are the initial rules of the Association adopted at the organization meeting of the Association. They may be changed from time to time by the Executive Board.

(e) Deed: The form deed to be delivered to the purchaser is attached as Exhibit D. It will be executed by the Declarant and dated as of the date of the closing. It will contain the designated Unit number appearing on the purchaser's purchase agreement.

(f) Contracts and leases to be signed by the purchasers at closing: There are no leases or contracts to be executed. At closing, the closing inspection punch list will be presented by the purchaser to effectuate the Declarant's Limited Warranty Administration Program described in Exhibit H. In addition, the purchaser will execute an affidavit regarding owner occupancy and nonrescission (Exhibit J), an adjustment sheet and other instruments required by his lender. The seller will execute and deliver a non foreign affidavit under the Foreign Investment in Real Property Tax Act. The buyer must retain this document pursuant to Section 1445 of the Internal Revenue Code.

(g) Contracts or leases that will or may be subject to cancellation by the Association:

(i) Management Contract: The Interim Management Contract between Warrenton Mill Association, Inc. and Warrenton Mill Associates (the "Manager") is Exhibit E. The Management Contract is terminable on 60 days notice by either party. During the term of the contract, the Manager will perform the duties listed in Section 2 of the contract. Under this contract the Declarant is the Manager.

Each purchaser is affected by the contract in that the contract is with the Declarant as Manager, permitting it to manage and operate the Common Interest Community at its own discretion, based upon service and maintenance standards in the contract.

This Interim Management Contract is designed to be effective only while initial marketing is being undertaken by the Declarant, and its own staff and personnel as well as subcontractors are providing management services along with construction and sales services. During this period these management service and maintenance efforts will be provided by the Declarant for a fixed fee - no matter what their actual cost - equal to Common Expense assessments at full operation less reserves. The services provided, and their standards, are specifically designated in the Service and Maintenance Policy adopted by the Association attached as Exhibit E-1. The hypothetical full operation budget of Exhibit F-1 was based on these standards. After transfer of control, this contract will be terminated and your Executive Board will set its own standards and budget. Thus, no assurances can be given that these standards will be maintained, nor that any particular budget level will be expected. The contract may be terminated upon 60 days' notice by either party, and is anticipated to be terminated not later than sixty days following the termination of the maximum period of Declarant control (when 60%, or 73 Units have been sold). It may be terminated at an earlier date.

(ii) Other Service Contracts:

(a) Rubbish Removal Contract: The rubbish removal contract between Warrenton Mill Association, Inc. and Bergeron Rubbish and Trash Service is found at Exhibit L, Schedule #2. The rubbish removal contract is terminable on 90 days' notice by either party.

(b) Lawn and Shrub Care Contract: When a contract for ground maintenance is executed, a copy of the contract will be inserted in Exhibit L, Schedule #4.

(c) Snow Removal Contract: A copy of the snow removal contract between Warrenton Mill Association, Inc. and Foothills Landscape Co. is found at Exhibit L, Schedule #5.

(d) Cleaning Services Contract: A copy of the contract between Warrenton Mill Association, Inc. and Clean Way Service for general cleaning services is found at Exhibit L, Schedule #6.

(e) Laundry Service and Maintenance Contract: A proposed contract between Warrenton Mill Association, Inc. and Mac-Gray Co., Inc. for laundry service and maintenance is found at Exhibit L, Schedule #7.

(f) Roof System Inspection Contract: A copy of the contract between Warrenton Mill Association, Inc. and P&S Construction Services, Inc. for annual inspections of the roof system is found at Exhibit L, Schedule #8.

(g) Elevator Maintenance Contract: A copy of the contract between Warrenton Mill Association, Inc. and Otis Elevator Company for elevator maintenance is found at Exhibit L, Schedule #9.

(h) Heat Pump Inspection and Maintenance Contract: A copy of the contract between Warrenton Mill Association, Inc. and Thermal Trane for annual inspections and routine maintenance of certain heat pump systems is found at Exhibit L, Schedule #10.

(i) Sprinkler System Maintenance Inspection Contract: A copy of the contract between Warrenton Mill Association, Inc. and Fire Technology, Inc. for an annual maintenance inspection of the sprinkler system is found at Exhibit L, Schedule #11.

Other service contracts will be added to Exhibit L as they are entered into by the Association.

5. Projected budget for the Association:

The projected budget based upon full operation of the 121 Units is attached as Exhibit F, Schedule F-1. This is a hypothetical budget based upon full operation. It is not the actual budget of the Association. It is the budget upon which the management fee is based. The actual budget is Exhibit F, Schedule F-2. This hypothetical budget merely reflects the payment of the management fee to the developer from all 121 declared Units at the rate of $127.96 per month for each percent of Common Expense assessments appearing on Schedule A-2-D showing all 121 Units. See Exhibit F, Schedule F-3 for a sample calculation. Of this fee $12.77 per month for each percent of Common Expense assessments appearing on Schedule A-2-D showing all 121 Units is accruing as a contribution to the capital reserve account, which will be accounted for and turned over to the Executive Board upon termination of the management contract. The reserves will earn interest of at least the rate of a passbook savings account at Connecticut National Bank, Torrington, Connecticut.

6. Services not reflected in the budget:

Budget distorting factors are described in Exhibit F, Schedule F-1 Pursuant to the interim management contract, the Declarant is providing all services and paying all expenses that are anticipated to be Common Expense

of the Association upon termination of the management contract. In addition, the Declarant is providing all initial real estate improvements for the property in accordance with the representations of this statement. These improvements will be required to be replaced and repaired by the Association, after their useful life, using reserves, borrowing, or special assessment proceeds.

The Common Expense assessment attributable to these services is equal to the monthly budget of the Association; however, the costs may have to be supplemented by the Declarant when only a few Units are supporting all the expenses of the community.

HVAC maintenance is the responsibility of the Unit Owner, and is not maintained by the Association. HVAC (heat pumps, ventilation, air conditioning) maintenance is available at $100 per Unit from Thermal-Trane Company if over 50 Unit Owners subscribe. See Exhibit F, footnote 16.

The fees and contract amounts in the hypothetical budget are based upon full operation assumptions. If construction stops before the project is built to the number of Units disclosed in the budget, the fees may likely be higher for the same level of service. The Common Expense assessment attributable to such higher fees will be in proportion to the Units' allocated interest of the liability for Common Expenses.

7. Initial or special fees:

Pursuant to your purchase agreement, a working capital contribution in an amount equal to three months' Common Expense assessments pursuant to the initial budget is due from the purchaser at closing. This fund will be held by the Declarant in escrow at passbook interest until within thirty days after a majority of the Executive Board elected by the Unit Owners takes office, at which time it will be paid over to the Association to capitalize the operating funds of the Association.

If, prior to transition of control of the Board of Directors, or prior to the assignment of any mortgage loan to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is later, the Declarant has not yet sold all Units then created, the Declarant will then contribute such funds to the Association for each unsold Unit then created. Upon sale of such Units, the Declarant will require reimbursement from each purchaser.

8. Liens, defects or encumbrances:

Title to the Property and each Unit therein is described in the Declaration and its attached exhibits and is subject to the following: (Copies of items not to be released at closing are attached as Schedules to Exhibit G).

(a) A mortgage from Warrenton Mill Associates to The Connecticut Bank and Trust Company in the original principal amount of $4,000,000, dated September 17, 1987, and recorded in the Land Records of

Torrington, Connecticut at Vol. 421, Page 343. A partial release of such mortgage will be obtained prior to closing on each individual Unit.

(b) Rights to drain or pipe surface water from land now or formerly of Patterson Oil Co., Michael Gallicchio, and the City of Torrington to east branch of Naugatuck River at Vol. 191 page 368, Vol. 191 page 369 and Vol. 197 page 590, respectively, of the Torrington Land Records.

(c) A right of way and easement along the forty foot strip of land at the southerly boundary of the premises for purposes of ingress and egress from North Main Street to land lying westerly of the premises. Said right of way and easement was created in Trustee's Quit-Claim Deed from Neal Ossen, as Trustee in bankruptcy of the estate of Margolies Enterprises, Inc. to Davro Corp. dated December 5, 1986 and recorded in Vol. 402 at Page 915 of the Torrington Land Records. Said right of way shall be in favor of Margolies Enterprises, Inc., its successors, assigns and legal representatives. The surveyor is unable to exactly locate this easement.

(d) An Electric Distribution Easement from Warrenton Mill Associates, Inc. in favor of The Connecticut Light and Power Company dated May 28, 1987 and recorded in the Torrington Land Records in Vol. 414, Page 130.

(e) The effect of a drainage right in favor of the City of Torrington which permits the right to drain on and across the property as reserved in Volume 168, Page 46 of the Torrington Land Records.

(f) The survey attached as Exhibit A-3 shows the following limitations and encroachments:

(i) "Channel encroachment line" which prohibits erection and reconstruction of structures or any activity riverward of that line without prior approval from the State of Connecticut Department of Environmental Protection.

(ii) Fence encroachment along the westerly and southerly boundary, but within the property. Rights of possession to adjoining property owners may have been created if the adjoining property owners erected and maintained the fences No assurance is given as to such rights, if any, however

(iii) The boundary does not exactly conform to the retaining wall along the river. No assurances are given as to the title to that property, including the retaining wall.

(g) Taxes due to the City of Torrington, including any reassessment or reallocation of taxes resulting from the creation of the Common Interest Community or the issuance of a Certificate of Occupancy for any Unit, which become due and payable after the date of the delivery of the Unit deed.

Note: At the date of this Public Offering Statement application has been made to the City of Torrington to approve a tax abatement for the Project. If such application is approved, certain taxes for the property may be abated or reduced.

9. Financing arranged by Declarant:

The Declarant has arranged with The Bank of Boston Connecticut in Waterbury, CT; Peoples Savings Bank of New Britain; The Litchfield Bank Corp. of Litchfield; Hartwell Steward Mortgage Company of Brookfield, CT; and First Federal Savings & Loan Association of Torrington, CT for loans to credit-worthy borrowers at the then prevailing rates. Individual loans are subject to the terms of any existing or future commitment letters, presale requirements, and review of documents by lender's counsel. No other financial arrangements have been made.

10. Limited Warranties:

(A) Statutory Warranties provided by the Act are as follows:

1. Section 47-274. Express warranties of quality.

(a) Express warranties made by any seller to a purchaser of a unit, if relied on by the purchaser, are created as follows:

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

(2) Any model or description of the physical characteristics of the common interest community, including plans and specifications of or for improvements, creates an express warranty that the common interest community will substantially conform to the model or description;

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

(4) A provision that a purchaser may put a unit only to a specified use is an express warranty that the specified use is lawful;

(b) Neither formal words, such as "warranty" or "guarantee", 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 a commendation of the real property or its value does not create a warranty.

(c) Any conveyance of a unit transfers to the purchaser all express warranties of quality made by previous sellers only to the extent such a conveyance would transfer warranties pursuant to chapter 827 of the general statutes.

2. Section 47-275. Implied warranties of quality.

(a) A declarant warrants to a purchaser that a unit will be in at least as 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 impliedly warrants to a purchaser that a unit and the common elements in the common interest community are suitable for the ordinary uses of real property of its type and that any improvements made or contracted for by him, or made by any person before the creation of the common interest community, will be: (1) Free from defective materials; and (2) constructed in accordance with applicable law, according to sound engineering and construction standards, and in a workman-like manner.

(c) In addition, a declarant warrants to a purchaser of a unit that may be used for residential use that an existing use, continuation of which is contemplated by the parties, does 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 as specified in section 47-276 of this Act.

(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 of the declarant's implied warranties of quality only to the extent such a conveyance would transfer warranties pursuant to chapter 827 of the general statutes.

(g) The warranties provided to a purchaser by a declarant pursuant to this section with respect to common elements shall also extend to the association.

3. Section 47-276. Exclusion or modification of implied warranties of quality.

(a) Except as limited by subsection (b) of this section with respect to a purchaser of a unit that may be used for residential use, implied warranties of quality: (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.

(b) With respect to a purchaser of a unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but a declarant may disclaim liability in an instrument signed by

the purchaser for a specified defect or class of defects 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.

4. Section 47-277. Action for Breach of Warranty. Statute of limitations.

(a) A judicial proceeding for breach of any obligation arising under Section 47-275 or 47-275 of this Act shall be commenced within three years after the cause of action accrues.

(b) Section to subsection (c) of this section, a cause of action for breach of warranty of quality, regardless of the purchaser's or association's lack of knowledge of the breach accrues: (1) As to a unit, at the time the purchaser to whom the warrant is first made enters into possession if a possessory interest was conveyed or at the time of acceptance of the instrument of conveyance if a nonpossessory interest was conveyed; and (2) as to each common element, at the time the common element is completed and first used by a bona fide purchaser.

(c) If a warranty of quality 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.

A second statutory warranty is found in Chapter 827, of the Connecticut General Statutes and is as follows:

"Sec. 47-116. Definitions: As used in this chapter, unless the context otherwise requires: "Improvement" means any newly constructed single family dwelling unit, any conversion condominium unit being conveyed by the declarant and any fixture or structure which is made a part thereof at the time of construction or conversion by any building contractor, subcontractor or declarant; "purchaser" means the original buyer, his heirs or designated representatives, of any improved real estate; "real estate" means any fee simple estate; and "vendor" means any person engaged in the business of erecting or creating an improvement on real estate, any declarant of a conversion condominium, or any person to whom a completed improvement has been granted for resale in the course of his business.

"Sec. 47-117. Express warranties. (a) Express warranties by a vendor are created as follows: (1) Any written affirmation of fact or promise which relates to the improvement and is made a part of the basis of the bargain between the vendor and the purchaser shall create an express warranty that the improvement conforms to such affirmation or promise; (2) any written description of the improvement, including plans and specifications thereof which is made a part of the basis of the bargain between the vendor and the purchaser shall create an express warranty that the improvement conforms to such description; and (3) any sample or model which is made a part of the basis of the bargain between the vendor and the purchaser shall create an express warranty that the improvement conforms substantially to such sample or model.

"(b) No formal words, such as "warranty" or "guarantee", nor any specific intention to make a warranty shall be necessary to create an express warranty, provided a simple affirmation of the value of the improvement or a statement purporting to be an opinion or commendation of the improvement shall not of itself create such a warranty.

"(c) No words in the contract of sale or the deed, nor merger of the contract of sale into such deed shall exclude or modify any express warranty made pursuant to subsection (a) of this section. Such warranty may, at any time after the execution of the contract of sale, be excluded or modified wholly or partially by any written instrument, signed by the purchaser, setting forth in detail the warranty to be excluded or modified, the consent of the purchaser to such exclusion or modification and the terms of the new agreement.

"(d) An express warranty shall terminate: (1) In the case of an improvement completed at the time of the delivery of the deed to the purchaser, one year after the delivery or one year after the taking of possession by the purchaser, whichever occurs first; and (2) in the case of an improvement not completed at the time of delivery of the deed to the purchaser, one year after the date of the completion or one year after taking of possession by the purchaser, whichever occurs first.

"Sec. 47-118. Implied warranties. (a) In every sale of an improvement by a vendor to a purchaser, except as provided in subsection (b) of this section or excluded or modified pursuant to subsection (d), warranties are implied that the improvement is: (1) Free from faulty materials; (2) constructed according to sound engineering standards; (3) constructed in a workman-like manner, and (4) fit for habitation, at the time of the delivery of the deed to a completed improvement, or at the time of completion of an improvement not completed when the deed is delivered.

"(b) The implied warranties of subsection (a) of this section shall not apply to any condition that an inspection of the premises would reveal to a reasonably diligent purchaser at the time the contract is signed.

"(c) If the purchaser, expressly or by implication, makes known to the vendor the particular purpose for which the improvement is required, and it appears that the purchaser relies on the vendor's skill and judgment, there is an implied warranty that the improvement is reasonably fit for the purpose.

"(d) Neither words in the contract of sale, nor the deed, nor merger of the contract of sale into the deed is effective to exclude or modify any implied warranty; provided, if the contract of sale pertains to an improvement then completed, an implied warranty may be excluded or modified wholly or partially by a written instrument, signed by the purchaser, setting forth in detail the warranty to be excluded or modified, the consent of the purchaser to exclusion or modification, and the terms of the new agreement with respect to it.

"(e) The implied warranties created in this section shall terminate: (1) In the case of an improvement completed at the time of the delivery of the deed to the purchaser, one year after the delivery or one year after the taking of possession by the purchaser, whichever comes first; and (2) in the case of an improvement not completed at the time of delivery of the deed to the purchaser, one year after the date of the completion of one year after taking of possession by the purchaser, whichever occurs first."

"Sec. 47-119. Vendor not to evade by intermediate transfer. Any vendor who conveys an improvement to an intermediate purchaser to evade the provisions of this chapter shall be liable to the subsequent purchaser as if the subsequent convevance had been effectuated by the vendor to the subsequent purchaser."

"Sec. 47-120. Warranties created by chapter additional to any other warranties. The warranties created in this chapter shall be in addition to any other warranties created or implied in law."

"Sec. 47-121. Implied warranty with certificate of occupancy. Subject to the provisions of section 29-265, the issuance by the building department of any municipality of a certificate of occupancy for any newly constructed single-family dwelling shall carry an implied warranty to the purchaser of such dwelling from the vendor who constructed it that such vendor has complied with the building code or the customary application and interpretation of the building code of such municipality. No action shall be brought on such implied warranty but within three years next from the date of the issuance of such certificate of occupancy."

(B) LIMITATIONS ON WARRANTIES.

THEREFORE, IT IS AGREED THAT THE DECLARANT HAS BASED ITS CONSTRUCTION, STANDARDS AND PRICING UPON ASSUMPTION OF STRICT ADHERENCE TO ITS LIMITED WARRANTY ADMINISTRATION PROGRAM DESCRIBED IN THIS PUBLIC OFFERING STATEMENT.

THE IMPLIED WARRANTIES OF SECTION 47-118(a) AND SECTION 47-275 OF THE ACT THAT THE IMPROVEMENTS ARE: (1) FREE FROM FAULTY MATERIALS, (2) CONSTRUCTED ACCORDING TO APPLICABLE LAW AND SOUND ENGINEERING STANDARDS (3) CONSTRUCTED IN A WORKMAN-LIKE MANNER, AND (4) FIT FOR HABITATION ARE EXCLUDED TO THE EXTENT THE IMPROVEMENTS ARE COMPLETED AS OF FIFTEEN DAYS FOLLOWING THE DATE OF THE PURCHASE AGREEMENT, AFTER THE PURCHASER HAS HAD AN OPPORTUNITY TO INSPECT THE PREMISES TO THE EXTENT FELT NECESSARY, AND ARE ADDITIONALLY LIMITED AND DEFINED BY THE DECLARANT'S LIMITED WARRANTY ADMINISTRATION PROGRAM DESCRIBED IN EXHIBIT H. Some states (other than Connecticut) do not allow the exclusion or limitation of such implied warranties so these exclusions may not apply to you.

THE PURCHASE AGREEMENT SHALL PROVIDE THAT THE FOLLOWING WARRANTIES OF SECTION 47-276 OF THE ACT ARE SPECIFICALLY EXCLUDED:

WITH RESPECT TO PORTIONS OF THE BUILDING WHICH HAVE BEEN COMPLETED AS OF THE DATE OF THE PURCHASE AGREEMENT, THEY ARE BEING SOLD "AS-IS" AND "WITH ALL FAULTS" AND THE PURCHASE PRICE AND TERMS HAVE BEEN SET BASED UPON THIS ASSUMPTION. BY SEPARATE SERVICE CONTRACT WHICH IS NOT A PART OF THIS PUBLIC