

Fronthope Street Condominium Association

**Purchaser Should Read This Document
Carefully for His or Her Own Protection**

PUBLIC OFFERING STATEMENT

NAME OF CONDOMINIUM:FRONTHOPE Street Condominium Association

LOCATION OF CONDOMINIUM: 13-16 N. Front Street
Philadelphia, Pennsylvania

NAME OF DECLARANT: Fronthope Street LLC

EFFECTIVE DATE OF PUBLIC

OFFER STATEMENT: March 15, 2020

IMPORTANT NOTICE:

(Pursuant to §3402(a)(12) of the Pennsylvania Uniform Condominium Act, as amended [the “Act”]).

A. UNDER PENNSYLVANIA LAW, A PURCHASER OF A CONDOMINIUM UNIT IS AFFORDED A FIFTEEN DAY PERIOD AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT OR A MATERIAL AMENDMENT TO A PUBLIC OFFERING STATEMENT, BUT BEFORE CONVEYANCE OF THE UNIT, DURING WHICH HE OR SHE MAY CANCEL WITHOUT PENALTY ANY AGREEMENT OF SALE PREVIOUSLY EXECUTED AND OBTAIN FULL REFUND OF ANY SUMS DEPOSITED IN CONNECTION WITH THE AGREEMENT. IF THE PURCHASER SO ELECTS TO CANCEL, HE OR SHE MUST DELIVER NOTICE OF CANCELLATION TO THE DECLARANT BY HAND, (IN WHICH CASE EVIDENCE OF RECEIPT SHOULD BE OBTAINED) OR BY POSTAGE PREPAID UNITED STATES MAIL, RETURN RECEIPT REQUESTED.

B. IF THE DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT AND ANY AMENDMENTS THERETO TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM THE DECLARANT, IN ADDITION TO ANY OTHER RELIEF, AN AMOUNT EQUAL TO 5% OF THE SALE PRICE OF THE UNIT UP TO A MAXIMUM OF \$2,000, OR PURCHASER’S ACTUAL DAMAGES, WHICHEVER IS GREATER. A MINOR OMISSION OR ERROR IN THE PUBLIC OFFERING STATEMENT, OR ANY AMENDMENT THERETO, WHICH IS NOT WILLFUL, SHALL ENTITLE THE PURCHASER TO RECOVER ACTUAL DAMAGES ONLY.

C. IF A PURCHASER RECEIVES THE PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN DAYS BEFORE SIGNING AN AGREEMENT OF SALE, HE OR SHE CANNOT CANCEL THE AGREEMENT, EXCEPT THAT IN ACCORDANCE WITH PARAGRAPH A, HE OR SHE SHALL HAVE THE RIGHT TO CANCEL THE AGREEMENT BEFORE CONVEYANCE WITHIN FIFTEEN DAYS AFTER RECEIPT OF ANY AMENDMENT TO THE PUBLIC OFFERING STATEMENT THAT WOULD HAVE A MATERIAL AND ADVERSE EFFECT ON HIS OR HER RIGHTS OR OBLIGATIONS.

[The full size Plats and Plans recorded or to be recorded with the Declaration of Condominium are available at the office of Steven D. Rothberg, Esquire, Suite 2600 , Two Liberty Place, Philadelphia, PA 19102]

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Fronthopet Street Condominium Association

PUBLIC OFFERING STATEMENT

1. INTRODUCTION:

Fronthope Street, LLC (“Declarant”), presents a proposal for condominium ownership of certain real estate located in the Fishtown Section of Philadelphia, Pennsylvania, situate at 1316-18 N. Front Street. The land and building will constitute a condominium known as 1316-18 N. Front Street Condominium Association (the “Condominium”). Condominium homes, are being offered by the Declarant for sale to the public.

The Condominium consists of approximately 14000 square feet of improvements. The Declarant ultimately intends to construct up to 11 dwelling units (the “Residential Units”) and one Commercial Unit (the “Commercial Unit”) in the single building (the “Building”).

All Owners of Units within the Condominium, will automatically be members of Fronthope Street Condominium Association (the “Association”) and subject to a Declaration of Condominium (the “Declaration”), the Bylaws (the “Bylaws”) and the Association Rules and Regulations (the “Rules and Regulations”) attached hereto as Exhibits B, C and D, respectively. Such documents are sometimes referred to collectively herein as the “Condominium Documents.”

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, marketing and operation of the Condominium, reports regarding the construction and condition of the building and a proposed first annual operating budget for the Condominium Association. The narrative portion of the Public Offering Statement is intended to summarize the significant features of the exhibits and also to present other information of importance to the prospective purchaser. In the event of any inconsistency between the exhibits and the narrative, the provisions of the exhibits will govern. All capitalized terms used in this Public Offering Statement and not expressly defined herein will have the same meanings as are ascribed to those terms in the Pennsylvania Uniform Condominium Act, as amended (the “Act”), or the Declaration or the Bylaws of the Condominium, or both.

2. CONDOMINIUMS IN GENERAL:

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 and occupancy. They will be owned in fee simple absolute and will include Residential Units, a Commercial Unit, and Common Elements, on the other hand, are all portions of the condominium which are not included within the Units. In the case of Fronthope Street Condominium Association, the Common Elements include, without limitation, the land, stairwells, driveways, roofs, public elevators, common utility systems and the lobbies. Each Unit Owner owns an “undivided interest” in the Common Elements. An undivided interest is a fractional or percentage share of ownership of all the Common Elements. In this Condominium, the undivided interest is a percentage and is hereinafter referred to as the “Percentage Interest.” The ownership of a Percentage Interest gives the Unit Owner the right to participate in the control and management of all of the Common Elements through the Association, but such ownership carries with it the obligation of each Unit Owner to pay his or her share of the expenses or operating and maintaining the Common Elements.

Each Unit will be taxed separately for real estate tax purposes. No Unit Owner is liable for the payment of real estate taxes on any other Unit. Similarly, each Unit Owner can get separate mortgages and no Unit is subject to

the lien of a mortgage on any other Unit. Certain Common Elements are designated as Limited Common Elements. A Limited Common Element is a portion of the Common Elements the use of which is allocated to a particular Unit or Units (called a "Specific Unit Limited Common Element"), or to all Residential Units. The Unit Owners of the Units to which particular Limited Common Elements are assigned have an exclusive right to use such Limited Common Elements. Certain costs related to Limited Common Elements are allocated only among the Unit Owners entitled to the use of such Limited Common Elements as Limited Expenses. Such an allocation of costs is currently contemplated as Fronthope Street Condominium Association. Costs benefiting only the Residential Unit Owners (if any) shall be charged as Residential Limited Expenses payable only by Residential Unit Owners in proportion to their Percentage Interests among themselves. Costs in connection with maintenance and operation by the Association of Specific Unit Limited Common Elements shall be charged as Specific Unit Limited Expenses payable only by the Owner(s) of the Unit(s) to which the Specific Unit Limited Common Element is appurtenant.

3. DESCRIPTION OF THE NEIGHBORHOOD:

Located on The 1300 Block of Front Street, the Fronthope Street Condominium Association is situated in the Fishtown Section of the City of Philadelphia. Fronthope Street Condominium Association is situated in a mature mixed use area containing single and multifamily homes, and small retail shops constructed over various time periods dating to the 1800's. The Condominium is within minutes of Center City, Old City, Chinatown, Northern Liberties and Temple University.

The Condominium is located only minutes from Interstate 95 and the Schuylkill Expressway (Interstate 76) which provide quick access to the surrounding Counties and the area bridges into New Jersey. The roads handle all forms of vehicular traffic from the suburban townships to the west and the dense population centers of Philadelphia.

Transportation to and from the Condominium is available by taxi, private auto, or nearby bus or rail line. The airport is 20 minutes away by car. In addition, Amtrak's Northeast Corridor Service from 30th Street Station is a short public transit, cab or car ride from the Condominium.

4. DESCRIPTION OF THE CONDOMINIUM:

The Declaration of Condominium, a copy of which is attached as Exhibit B to this Public Offering Statement, is the legal document which creates the Condominium. The Declaration becomes effective when recorded in the recording office of Philadelphia County. The Declaration establishes the initial boundaries of the Condominium as a whole, as well as the boundaries of and Percentage Interest 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.

Residential Units in the Condominium are restricted to residential use by a single family, except for Limited Commercial Activities (as defined in Section 2.3 of the Declaration) and except that the Declarant may use any unsold Units as models, sales and/or leasing offices or management offices.

The Condominium property is a primarily rectangular-shaped parcel on Westerly side of Front Street, and in Philadelphia, Pennsylvania. Abutting streets are publicly dedicated and maintained streets with concrete curbs. This site is an urban site, which will be fully improved with all utilities and street improvements.

The subject site will be serviced by all public utilities being public water and sewer, gas and electric. Gas service will be provided by the Philadelphia Gas Works and electric is provided currently by PECO Energy.

The Building contains 5 stories with an average height of 50 feet, and no front or side yard setbacks. The Building contains approximately 14,000 gross square feet. There is a rear yard set back.

The building will be constructed of concrete, steel, wood, and glass.

Units will have gas service sufficient to support HVAC and ranges. Water/sewer will be common expenses of the Condominium. Gas, Electric and Comcast cable TV/internet service will be billed directly to each unit owner. The portion of such costs attributable to supplying heating and cooling to the Common Elements will be Common Expenses.

Declarant expects to commence construction of the Building in the by October 30, 2018. Substantial completion is currently scheduled for completion by the Summer of 2019. However, such a schedule is merely an estimate and is subject to a number of variables not within Declarant's control, such as marketing and construction delays which could accelerate or slow down the schedule.

5. INDIVIDUAL UNITS:

Generally speaking, each Unit consists of the masonry perimeter, glass perimeter, or the center-line of party perimeter walls and perimeter floors and ceilings, excluding Common Elements on the floor. The Identifying Number of each Unit in the Condominium is set forth in Exhibit B of the Declaration of Condominium. The Unit configurations are shown in the Plats and Plans.

No time-share estates may be created in any Unit.

6. COMMON ELEMENTS:

The Common Elements constitute all of the Condominium other than the Units. The following items are the major Common Elements of the Condominium all of the land, roofs, portions of plumbing, electrical, heating, fire safety, elevator, life safety, mechanical and air conditioning systems serving more than one Unit, the entrance lobby, and stairs. See Section 2 above for a discussion of the fact that some Common Elements are Limited Common Elements.

All Common Elements in the Condominium as initially constituted will be substantially completed prior to the conveyance of any Unit, except for minor details not affecting the ability to improve the Units and use such Common Elements.

As indicated above, each Unit has an appurtenant Percentage Interest in the Common Elements. The Percentage Interest assigned to each Unit is based on the approximate size of the Unit divided by the aggregate approximate size of all Units.

The "size" of each Residential Unit and the commercial unit is the approximate total number of square feet of horizontal plane within the perimeter title boundaries determined by reference to dimensions shown on the Plats and Plans.

7. TERMS OF THE OFFERING:

Offering prices for all Units in the Condominium are subject to change at any time prior to execution of Agreements of Sale for such Units. Current prices are available at the office Ryan Quinn, City Space. Different Purchasers may pay different prices for similar Units at the sole discretion of the Declarant. All prices may be changed without notice at any time, at the sole discretion of the Declarant. Of course, prices in executed Agreements of Sale cannot be changed except as set forth in such Agreements.

Deposits of portions of the sales price under Agreements of Sale will be held in an escrow account in accordance with the provisions of §3408 of the Pennsylvania Uniform Condominium Act and will be returned to the Purchaser without interest if the Purchaser cancels the Agreement pursuant to §3406 of the Act.

A Unit Purchaser may apply for financing from any lender or may pay all cash at settlement. The Declarant does not expect to arrange for loans for Purchasers. Unless otherwise provided in Rider B to the Agreement of Sale (attached as part of Exhibit A hereof), sales are not conditioned upon Purchaser's ability to obtain financing. Sales are not conditioned upon Purchaser's ability to sell an existing residence.

At settlement, the Purchaser will be required to pay, in addition to the purchase price of the Condominium Unit, the settlement costs which are identified in the Agreement of Sale, including, without limitation, title insurance premiums, recording fees, 50% of total realty transfer taxes and customary charges and deposits. If Purchaser obtains a mortgage loan, it is likely that Purchaser also will have to pay an application fee, costs of a credit report, deposit, appraisal, mortgagee title insurance and any other fees, costs or deposits required by the mortgagee. These payments may include, but are not limited to, escrows for taxes, pre-paid interest and other charges incidental to a mortgage loan closing.

The Purchaser will also be required to make a non-refundable initial capital contribution to the Condominium Association equal to 2 months of the estimated annual assessment for Common Expenses of his or her Condominium Unit. The general purpose of these contributions is to provide for certain prepaid items (e.g., insurance premiums and organizational, equipment and supply costs) and working capital. These payments are not to be credited as an advance payment of monthly Condominium Common Expenses. Declarant may prepay such sums, in which case the Purchaser will reimburse the Declarant at the closing.

Although settlement may be delayed by events not within the Declarant's control, settlement will ordinarily occur on or about the date set forth as the Estimated Settlement Date in the Agreement of Sale. If the Purchaser fails to comply with the requirements under the Agreement of Sale or fails to complete settlement on a Unit, as required, the Declarant may cancel the Agreement of Sale and keep all sums deposited by the Purchaser in connection with the Agreement. If a Purchaser whose Agreement of Sale includes a mortgage financing contingency is unable to obtain financing after compliance with the requirements of the Agreement, the Declarant will refund such Purchaser's escrow deposit in full.

A standard Pennsylvania special warranty deed shall be delivered to the Purchaser at the settlement to evidence his or her interest in the Unit purchased. No membership certificate in the Condominium Association is issued. A copy of the current form of Agreement of Sale is attached hereto as Exhibit A. A Purchaser will have to sign such Agreement in order to purchase a Unit.

The Declarant presently does not intend to rent Units (but reserves the right to do so). Except for any additional Units resulting from subdivision or conversion of any Unit as permitted under the Declaration, no additional Units not now part of the Condominium are presently intended to be included in the Condominium. Declarant intends to offer Units to people involved in Declarant's organization for investment and it is expected that this result in several Units being reserved.

8. GOVERNING DOCUMENTS AND CERTAIN CONTRACTS:

The form of Agreement of Sale to be used by the Declarant is included as part of Exhibit A attached hereto.

The ownership, use and occupancy of the Units in the Condominium are governed by certain regulations, covenants and restrictions contained in the Declaration (Exhibit B of this Public Offering Statement), Bylaws (Exhibit C of this Public Offering Statement), and Rules and Regulations that may be promulgated by a governing Executive Board, whose responsibility it is to manage the entire Condominium property. The initial Rules and Regulations are attached to this Public Offering Statement as Exhibit D. These documents, taken together, are known as the Condominium Documents. It is important that you read and attempt to understand each portion of the Condominium Documents prior to your purchase, so that no restriction or obligation placed upon you pursuant to the documents will come as a surprise, after you purchase.

By purchasing a Unit, you automatically agree to abide by all of the Condominium Documents, all of the Rules and Regulations which may be promulgated by the Executive Board of the Condominium at later times and all duly adopted amendments of the Condominium Documents.

The following is a brief summary of the significant provisions of the Condominium Documents and other relevant documents.

A. Declaration of Condominium

The Condominium entity is created by the Declarant's recording of the Declaration of Condominium. Article 2 of the Declaration provides a glossary of certain terms used in the Condominium Documents. The provisions of the Pennsylvania Uniform Condominium Act apply to the operation and governance of the Condominium except (where permitted by the Act) to the extent that contrary provisions are found in the Condominium Documents. Therefore, reference to the Act may be helpful for a full understanding of the Condominium Documents.

Articles 3 and 5 of the Declaration describe the boundaries of the Units, the Common Elements and the Limited Common Elements in the Condominium. Unit boundaries (the "Unit Title Liens") are designated generally as the unit-side surface of concrete constituting the Unit ceilings and floors, the mid-point of party walls and exterior masonry veneer or glass walls, which exterior walls are part of the Unit in their entirety. The significance of the Unit Title Lines is that, with certain exceptions, all portions of the Unit contained within these lines are owned by the Unit Owner and the Unit Owner generally has sole responsibility for the ordinary care, maintenance and replacement of these areas. Exterior and structural repairs are generally the responsibility of the Association.

Certain portions of the Condominium are designated as Limited Common Elements in the Declaration and the Plats and Plans. See Section 2 of this Public Offering Statement above. Limited Common Elements consist of portions of the Building which serve or are available for use by the occupants of fewer than all of the Units. Also see Section 5.1 of the Declaration and Section 6 of this Public Offering Statement. Limited Common Elements include, without limitation, Limited Common Elements and Specific Unit Limited Common Elements allocated to the Owners of a particular Unit, and utility lines and apparatus serving only one Unit.

All portions of the Condominium which are not contained within the Unit and which are not designated as Limited Common Elements are deemed to be General Common Elements. General Common Elements are maintained by the Association on behalf of all Unit Owners and the costs of this maintenance along with the Condominium operating costs are allocated to the individual Units in accordance with their Percentage Interests which are listed in Exhibit B to the Declaration (although some utilities will be charged directly to the Unit Owners on the basis of usage). Certain costs regarding Specific Unit Limited Common Elements such as maintenance and repair of the Terrace, are allocated as Specific Unit Limited Expenses only against those having use of such Specific Unit Limited Common Element. See Section 4 and 6 of this Public Offering Statement.

The owner of each Unit shall own, in addition to his or her Unit, an undivided interest in the Common Elements (including the Limited Common Elements) as set forth in Exhibit B to the Declaration. Undivided interests

in the Common Elements were computed as set forth in Section 6 above. The legal description of each Unit consists, in part, of its Identification Number as set forth in Exhibit B to the Declaration. (See §4.1 of the Declaration).

Except as described above with regard to Limited Common Elements and certain utility costs, all expenses of administration, maintenance, and repair or replacement of the General Common Elements, and any expense agreed upon by the Unit Owners to be paid as Common Expenses, or which are set forth as such in the Declaration, Bylaws or the Act are deemed to be "General Common Expenses" and are to be paid by the Unit Owners in proportion to their relative Percentage Interests in the Common Elements. Limited Expenses are shared by those having use of the type of Limited Common Element involved based on the Percentage Interests of Units being assessed. See the Proposed First Annual Operating Budget attached as Exhibit E.

Perimeter Wall doors and windows (collectively, "Windows and Doors") are part of the Unit. Such Windows and Doors shall be kept clean, maintained and repaired by the Unit Owner of the Unit to which such Windows and Doors are appurtenant. Window replacements shall be the responsibility of the Association with the costs to be charge to the Owner of the Unit as a Specific Unit Limited Expense. Exterior window cleaning will be provided by the Association.

If any Unit Owner is permitted pursuant to the Declaration to decorate/alter or improve a Limited Common Element, such decorations, alterations and improvements must be removed and such element returned to its prior condition at the cost of the Unit Owner(s) if the Executive Board so requests. In addition, notwithstanding anything in the Declaration to the contrary, under no circumstances will the Association be responsible (except as may be otherwise provided in the event of a casualty) for the repair or replacement of betterments and improvements in the Units beyond the work done by Declarant or other decorations, alterations, or decorative treatments (such as decorative plaster molding, millwork and other treatments on walls, ceilings and floors), all of the foregoing herein referred to as "Decorative Treatments" in the Units or Common Elements. In the event damage is caused to Decorative Treatments by reason of any act or omission of the Association or those for whom the Association is responsible, in the repair or replacement of Common Elements or otherwise, the Association shall not be responsible for repair or replacement of Decorative Treatments and such repair or replacement shall be the responsibility of the Unit Owner affected, except to the extent insurance proceeds are available for such repair or replacement under the Association insurance policies.

Section 5.1 provides that there are no Common Elements which may be assigned to Unit Owners by the Executive Board.

Section 5.3 permits the Executive Board to designate certain Common Elements as Reserved Common Elements for restricted access. Such Reserved Common Elements may include space for the superintendent or manager and the areas housing Building machinery and equipment.

Article 6 describes easements which are more fully discussed in Section 11 of this Public Offering Statement. Until closing of the sale of all Units, the Declarant may use portions of the Property, including Units owned by it, in connection with construction, alterations, sales of Units, leasing and management. Under the Act, the Declarant has these rights and the right to maintain advertising and directional signs and the right to transact any business necessary (including use of easements through the Units and Common Elements) to complete the work to be done by Declarant.

The Association is given a reasonable right of entry to Units to make emergency repairs and to do other necessary work. Again, see Section 11 of this Public Offering Statement.

Article 7 of the Declaration and Article VII of the Bylaws provides that except as provided below, the Declaration and the Bylaws may be amended pursuant to the Act only by the votes of the Unit Owners (majority as to the Bylaws and 51% as to the Declaration). If any right, privilege, power, option or obligation of the Declarant is affected by such an amendment, the approval of the Declarant is required for said amendment, until Declarant no longer owns any Units. Certain material amendments require the prior written approval of a specified percentage of the holders of Posted Mortgages (the name and address of the holder of which and the Loan Account Number have been supplied to the Association). See Section 7.2 of the Declaration.

Pursuant to the Act, the Executive Board may, without approval of the Unit Owners or holders of Posted Mortgages, but subject to certain restrictions, amend the Condominium Documents to correct ambiguities or defect, or to conform the documents to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to condominium projects.

Article 8 of the Declaration imposes various restrictions on the use of the Units and various other portions of the Condominium, in addition to restrictions in other Condominium Documents. Unit Owners are barred from conducting any activity which unreasonably interferes with the quiet enjoyment of adjacent Units and there are restrictions on the keeping of pets in the Condominium.

In addition to those provisions contained within the Declaration dealing with the use of Units and Common Elements, additional Rules and Regulations (that are consistent with the Declaration) may be promulgated by the Executive Board of the Association. The Initial Rules and Regulations are attached as Exhibit D to this Public Offering Statement and should be reviewed carefully.

The restrictions in both Article 8 of the Declaration and the Initial Rules and Regulations are summarized in Section 13 of the Public Offering Statement below.

Article 9 of the Declaration provides that Purchasers may not deliver any mortgage or obligation secured thereby unless they have first notified the Executive Board of the name and address of the proposed Posted Mortgagee and the Loan Account Number have been applied to the Association.

Article 10 grants certain Posted Mortgagees the right to receive notice upon the happening of certain events referred to therein.

Article 11 of the Declaration describes how individual Units will be assessed separately for real estate tax purposes.

Article 12 of the Declaration deals with the powers of the Executive Board of the Condominium Association beyond the broad powers given under the Act. The Executive Board has most of the same powers and functions as the Board of Directors of a corporation. Among other powers, the Executive Board and its officers have the power to manage the Condominium, including paying all Common Expenses, making maintenance assessments and budgets, engaging the services of a managing agent, formulating policy, borrowing money on the credit of the Association and enforcing the Condominium Documents, including collection and levying of assessments. Certain disputes between the Association and Declarant or the Association and Unit Owners regarding the property or the Condominium Documents are subject to procedures for resolution as provided in Section 12.2 of the Declaration. Section 12.3 of the Declaration prohibits harassment and other abusive behavior, provides for compliance with a code of conduct at all meetings and permits the Executive Board to enforce these provisions by fines, suspension of voting rights and other appropriate remedies.

Article 13 of the Declaration deals with the liability of Unit Owners to pay for all Common Expense

assessments allocated to their individual Units and provides for the procedures to be followed to fix assessments and to collect assessments in the event that a Unit Owner fails to pay them. If a Unit Owner is in default for 60 days in payment of assessments, the Board can declare due immediately all assessments projected for the next twelve (12) months.

EACH UNIT OWNER, BY ACCEPTANCE OF A DEED TO THE UNIT, SHALL BE DEEMED TO HAVE APPOINTED ONE OR MORE EXECUTIVE BOARD MEMBERS AS ATTORNEYS-IN-FACT WITH POWER TO CONFESS JUDGMENT IN ANY COURT OF COMPETENT JURISDICTION WITH RESPECT TO UNPAID COMMON EXPENSE ASSESSMENTS. THIS WOULD RESULT IN THE ENTRY OF A JUDGMENT LIEN AND POSSIBLE ENFORCEMENT ON THE JUDGMENT WITHOUT THE OPPORTUNITY TO PRESENT A DEFENSE AT A PRIOR HEARING.

Section 13.5 requires that adequate reserves be maintained by the Association for maintenance, repair and replacement of the Common Elements and other purposes. As mentioned previously, initial Purchasers must pay to the Association at each settlement a non-refundable sum equal to two (2) months' Common Expenses in order to build Association working capital.

Section 13.7 of the Declaration requires Unit Owner approval, except for expenditures in an emergency, for capital expenditures requiring special assessments in excess of 10% of the annual budget.

Section 3303(b) of the Act gives Unit Owners certain rights to veto budgets and proposed capital expenditures. Section 13.10 of the Declaration provides for these rights.

Article 14 provides that the Executive Board may pass restrictions regarding leasing. The rights of all lessees are subject to the provisions of the Condominium Documents and a default thereunder constitutes a default under the lease.

Section 14.2 provides that the Executive Board may require that it receive an assignment of any lease to facilitate direct enforcement against the tenant, as described in Section 14.3. Violations of the Condominium Documents by a tenant can result in fines and assessments against the Unit Owner.

Article 15 of the Declaration, together with §3312 of the Act, provides that the Executive Board shall obtain the following types of insurance with respect to the property:

(a) Special form coverage fire and casualty insurance with endorsement for extended all risks coverage, or similar insurance. Such insurance shall be in an amount equal to the full insurable replacement value of the Commonly Insured Property (as described below) without deduction for depreciation.

(b) General liability insurance naming the Unit Owners and the Executive Board members as insureds for a minimum of \$1,000,000 for any single occurrence.

The Executive Board may also obtain the following:

- (a) Fidelity coverage against dishonest acts on the part of persons responsible to the Association.
- (b) Workers' Compensation insurance as may be required by law.
- (c) Other types of insurance that the Board may elect to obtain.

Each Unit Owner shall be liable for any expense occasioned by his or her actions or neglect, or the acts or neglect of his or her family, guests, employees, agents or lessees; to the extent such expense is not paid by proceeds of insurance carried by the Association.

The Association shall use reasonable efforts to cause any insurance maintained by the Association to contain a "waiver of subrogation" as to the Association and its officers, executive board members, the Unit Owners

and occupants of the Building (including Declarant), and all mortgagees, and, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured.

In the event of the destruction of all or part of the property, the Executive Board, with certain exceptions, has a duty to repair and restore the property, using the proceeds of insurance received by the Board. Under certain circumstances, after destruction of the Buildings, the Condominium may be terminated.

Betterments and Improvements installed by Unit Owners are not covered by the Association policies and should be insured by each Unit Owner. The Board is not obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such additions, alterations or improvements and such restoration will be the responsibility of the Unit Owner.

Article 16 of the Declaration provides for a limitation on the liability of members of the Executive Board and officers of the Association against all the expenses and liabilities which they may incur, absent their breach of the required standard of care in the performance of their duties. They are required to act in good faith, in a manner they reasonably believe to be in the best interests of the Association and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. Other sections of Article 16 provide for the defense of claims and indemnification for expenses in defense of claims.

Pursuant to Article 17 of the Declaration, when 50% of the Units have been conveyed, the Unit Owners will elect one independent member of the Board. The first annual meeting of Unit Owners to elect an entirely independent Board shall be held on a date fixed by the Declarant which shall not be later than the earlier of:

- (a) by the Declarant one hundred eighty (180) days from the date when 75% of the Units have been conveyed; or
- (b) seven years after the date of the recording of this Declaration.

Article 18 of the Declaration prohibits the creation of time-share estates in any Units.

Article 19 of the Declaration permits any party to a dispute (other than a dispute involving imposition or collection of assessments) between Unit Owners or between a Unit Owner and the Association to submit such dispute to binding arbitration.

B. Bylaws

The Bylaws are the rules for governance of the Condominium Association and serve the same purpose as the Bylaws of a corporation. The Bylaws are not recorded.

Article II of the Bylaws sets forth the membership rights of all Unit Owners in the Condominium Association and sets forth the time, location, purpose and business to be conducted at meetings of the Association. Article II also sets forth the required notice, quorum and voting rights of the Unit Owners as members of the Association and the procedures to be followed in conducting meetings of the Association. The Bylaws require the Association to conduct meetings at least annually. At an annual election meeting various members of the Executive Board will be elected and the members present will conduct such other business as may be required or permitted by law or the Condominium Documents. At the annual meeting, the Treasurer of the Association presents an annual financial report for the preceding fiscal year.

Each Unit Owner shall be a member of the Association which initial will be incorporated as a non-profit corporation. Each Unit Owner automatically becomes a member of the Association when he or she acquires title to a Unit, and ceases to be a member when he or she sells his/her Unit.

Special meetings of Unit Owners may be called by the Executive Board or by Unit Owners entitled to cast not less than Fifty percent (50%) of all votes of all Unit Owners.

Section 2.7 deals with voting and the method for establishing the right to vote if a Unit is owned by other than a natural person or by more than one natural person. A voting certificate is required.

Revocable written proxies of not more than one meeting's duration are permitted. Proxies may be given in favor of only one Unit Owner, a Posted Mortgagee or the Declarant.

Article III deals generally with the make-up and operation of the Executive Board and sets forth procedures to be followed in the event of the resignation or removal of Executive Board members and the filling of vacancies on the Executive Board.

The Condominium shall be managed by an Executive Board of three persons. After turnover of control by the Declarant, Board members will serve for staggered terms of three years each. At least two Board members must be Unit Owners, or permanent residents of a Unit, general partners, members or officers of a Unit Owner or designees of the Declarant.

Section 3.2 of the Bylaws permits the Association to employ a professional, experienced managing agent. This managing agent will oversee the daily operation of the Condominium. Section 3.2 delineates the powers of the Executive Board which may be delegated to a managing agent.

Section 3.14 of the Bylaws set forth requirements governing the validity of contracts with interested Executive Board members.

Article IV of the Bylaws contains provisions governing the election of officers of the Association by the Executive Board and the duties of such officers. The Executive Board annually elects a President and Treasurer and such other officers as the Executive Board may determine.

Article V provides that failure to comply with the Condominium Documents, or any Rules and Regulations pursuant thereto, shall subject a Unit Owner to liability for damages, injunctive relief, foreclosure of lien, suspension of privilege and incidental court costs and attorney's fees, or any other relief that a court might grant.

Article VI deals with amendments. See discussion of Article 7 of the Declaration above.

Section 7.2 of the Bylaws permits Unit Owners, their authorized agents, Posted Mortgagees and servicers to inspect current copies of the Declaration, bylaws, rules and regulations, books, records and financial statements of the Condominium and the Association. Except as set forth below, all books and records including, but not limited to, the Association membership list, addresses and aggregate salary information of Association employees, shall be available for examination and copying by a Unit Owner in good standing so long as the request is for a proper purpose related to his or her membership in the Association, and not for pecuniary gain or commercial solicitation. Books and records may be withheld from examination or copying by Unit Owners if such books and records concern:

- (i) Personnel matters relating to specific, identified persons or a person's medical records;
- (ii) Contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;
- (iii) Pending or probable litigation;
- (iv) Matters involving state or local administrative or other formal proceedings before a governmental tribunal for enforcement of the Condominium Documents;
- (v) Communications with legal counsel which relate to the foregoing or which are protected by the attorney-client privilege or the attorney work product doctrine;
- (vi) Disclosure of information in violation of law;
- (vii) Meeting minutes or other confidential records of an executive session of the Executive
- (viii) Materials for consideration by the Executive Committee in executive session; or
- (ix) Individual Unit Owner or member files, other than those of the requesting Unit Owner.

Section 7.3 of the Bylaws provides for open meetings. All meetings of the Association or the Executive Board, including any committee thereof, shall be open to all Unit Owners. Unless otherwise exempt as relating to an executive session pursuant to the provisions below, at least one copy of all agenda packets and materials furnished to members of the Executive Board or committee thereof shall be made available for inspection by the membership of the Association at the same time such documents are furnished to the members of the Executive Board. Any Unit Owner may record any portion of a meeting required to be open. Voting by secret or written ballot in an open meeting is not permitted.

The Executive Board or any committee thereof may convene in executive session to consider personnel matters; consult with legal counsel; discuss and consider contracts, probable or pending litigation and matters involving violations of the governing documents for which a Unit Owner is responsible; or discuss and consider the personal liability of Unit Owners to the Association, upon the affirmative vote in an open meeting to assemble in executive session. The motion shall state specifically the purpose for the executive session.

Subject to reasonable rules adopted by the Executive Board, the Executive Board shall provide a designated period of time during a meeting to allow Unit Owners an opportunity to comment on any matter relating to the Association. During a meeting at which the agenda is limited to specific topics or at a special meeting, the Executive Board may limit the comments of Unit Owners to the topics listed on the meeting agenda.

Section 7.5 of the Bylaws set forth a code of conduct or rules to be obeyed by all persons attending meetings. These rules include the following:

- (a) Attendees shall maintain decorum, sit quietly, and refrain from speaking until recognized by the meeting chair. During delivery of reports, attendees shall hold all questions until the reports are finished, then: raise their hands and wait to be recognized before speaking.
- (b) Attendees shall not interrupt anyone who has the floor, or disrupt the meeting in any other way.
- (c) When speaking, attendees shall abide by time limits set by the meeting chair for comment.
- (d) Attendees shall refrain from engaging in personal oral attacks on either Board or Committee members or Unit Owners.
- (e) Attendees shall refrain from using names of other attendees when speaking and shall address all remarks to the meeting chair.
- (f) Attendees shall confine their comments to things germane to the agenda item being discussed.
- (g) Attendees shall not speak for a second time until everyone who wants to speak has been given a chance to speak once.
- (h) Attendees shall not speak more than twice on any one issue, subject to the discretion of the meeting chair.
- (i) Attendees shall obey all orders made by the meeting chair, including an order to step down.

Attendees shall at all times behave with common courtesy and civility, and refrain from the use of abusive, rude, threatening, or crude language.

C. Agreement of Sale

This Agreement sets forth the various rights, duties and obligations of the Purchaser and Declarant with reference to the individual Unit to be purchased.

The Agreement identifies the Unit to be purchased by the Purchaser and provides that in addition to obtaining title to an individual Unit, all Purchasers automatically receive an appurtenant undivided proportionate ownership interest in the Common Elements. Section 1 also identifies the parties and sets forth the definitions of certain terms and the basic terms of the sale such as price and down payment, and the estimated settlement date.

The Purchaser acknowledges receipt of copies of the Public Offering Statement and Exhibits, including the Declaration, Bylaws, and Rules and Regulations. The Purchaser grants to the Declarant the right to amend the Condominium Documents prior to the Settlement Date without, in most cases, obtaining the Purchaser's written consent.

The Agreement refers to the work to be done in the Building by Declarant

The Agreement refers to the price and terms for the Unit the Purchaser is buying. The purchase price for the Unit reflects the current sales price for the Unit. At the time the Agreement is executed, Purchasers will be required to pay a Deposit ("Earnest Money") towards the purchase price. The balance of the purchase price (after deduction of the Earnest Money previously paid and all or part of which may be paid from the proceeds of mortgage loan financing) is due on the date on which title to the Unit is conveyed to the Purchaser (the "Settlement Date"). The sale is not contingent on financing unless Rider B is attached. The sale is not contingent on sale of Purchaser's existing residence.

The Agreement of Sale provides that the Purchaser will be entitled to possession of the Unit on the Settlement Date. The Agreement describes the deed and quality of title to be conveyed to the Purchaser on the Settlement Date and provides that the acceptance by the Purchaser of the deed at Settlement shall constitute a complete release by Purchaser of certain warranties, obligations and liabilities of the Declarant.

The Agreement describes when the Settlement Date will occur and the fact that Settlement may be delayed beyond the Estimated Settlement Date for various reasons both within and beyond the control of Declarant.

The Agreement describes title and title insurance and the responsibilities of each of the parties to the Agreement for various costs and charges to be paid on the Settlement Date. Each Unit Purchaser, upon the initial transfer of title from the Declarant to such Purchaser, to pay to the Association a non-refundable amount equal to two (2) months' estimated Common Expenses for the Unit being purchased in order to establish a working capital fund for the Association.

The Agreement sets forth the various events of default and the rights of the Declarant and the Purchaser in the event of a default by either party. Generally, this Section provides that upon a default by the Purchaser, the Declarant is entitled to retain the Earnest Money and other sums paid by the Purchaser as the Declarant's sole remedy, to a return of all Earnest Money paid pursuant to the contract and interest earned thereon.

The Agreement provides that the named Purchaser under the Agreement may not assign the Purchaser's right to purchase the Unit without the prior written consent of the Declarant, which may be withheld for any reason or no reason.

The Agreement of Sale sets forth the various warranties given to Purchasers by the Declarant.

In the agreement Agreement, the Declarant warrants that the property and its current use complies with applicable zoning laws and ordinances; that there are no outstanding notices of violation of applicable housing, building, plumbing, electrical, safety or fire ordinances regarding the Unit and that any such violations regarding Common Elements will be cured as part of the building renovation program. Declarant will also provide a certificate of the Association evidencing any unpaid Common Expense assessments regarding the Unit.

The Agreement of Sale provides that it will become a binding agreement only if the Declarant executes it within fourteen (14) days following the date of the Purchaser's execution thereof and that during this period the Contract constitutes an irrevocable offer by the Purchaser.

The Agreement sets forth the rights of the Declarant and the Purchaser in the event that, all or a portion of the Condominium is destroyed, damaged or condemned prior to the Settlement Date it provides that the Declarant assumes the risk of loss or damage to the Unit until Settlement

The Agreement warns that the Purchaser should rely only upon representations, warranties and agreements set forth in the Agreement.

The Declarant retains the right, at any time and from time to time, to increase or decrease the selling prices for the Units in the Condominium and any increases in these prices belong to the Declarant; provided, however, that no changes in prices may apply to Agreements of Sale executed by the Declarant prior to the time such changes are

made, nor will any such price changes alter a Purchaser's Percentage Interest in the Common Elements.

The agreement has a reminder that if the Purchaser does not want Declarant to get title insurance for Purchaser at Purchaser's cost, then PURCHASER MUST SO INDICATE WHERE PROVIDED AFTER THE SIGNATURES AT THE END OF THE AGREEMENT.

The Financing Addendum to the commitment suggests that Purchaser use Declarant's preferred mortgage vendor for the intention of having the outsales go smoothly and efficiently.

The agreement provides that should the Purchaser decide to sell or attempt to sell their Unit within 9 months of the estimated closing date set forth in the agreement, that the Purchaser must first offer the Seller the right to repurchase the unit at the price paid by Purchaser.

D. Rules and Regulations

The initial Rules and Regulations of the Condominium are attached as Exhibit D of this Public Offering Statement and may be changed at any time by the Executive Board. The restrictions in the Rules and Regulations and Article 8 of the Declaration are summarized in Section 13 of this Public Offering Statement below. Part J of the Rules and Regulations calls for the appointment of an Internal Dispute Resolution Committee and sets forth, procedures for enforcement of the Rules and Regulations and the resolution of disputes. The Executive Board may impose sanctions for violations, including fines subject to the same lien as assessments of Common Expenses.

E. Management Agreement

The Declarant intends to have the Condominium Association enter into a Management Agreement with a professional management company, (the "Manager"), which will be responsible for overseeing the day-to-day Agreement will be for an initial term of one (1) year from the Effective Date. The Agreement will be automatically renewed thereafter from month to month unless cancelled by either by giving not less than ninety (90) days prior notice. Pursuant to Section 3305 of the Act, after the entire Executive Board has been elected by the Unit Owners, the Executive Board has the right to terminate the Management Agreement upon ninety (90) days notice to the Manager.

The Manager will manage the Condominium on behalf of the Executive Board and will have the authority and power to perform the duties contained in the Management Agreement, as limited by the provisions of Section 3.2 of the Bylaws. In discharging its responsibilities, the Manager may not make any expenditures or incur any nonrecurring contractual obligation exceeding Ten Thousand Dollars (\$10,000) without the prior consent of the Executive Board.

F. Other Contracts and Leases

This statement sets forth all relevant contracts and leases with respect to the Condominium except for routine maintenance and similar contracts terminable within 30 days without penalty at any time. The Declarant is unaware of any such contracts or leases which may be subject to cancellation by the Association under applicable law except, as set forth above, the Management Agreement.

9. EASEMENTS AND ENCUMBRANCES:

A. Attached hereto as Exhibit "F" is a pro forma specimen title policy. In addition to the easements described elsewhere herein, the Condominium will be subject to the normal utility easements for water, sewer, gas, electric, life safety, cable television and telecommunication lines. In addition, the Condominium will be subject to certain easements created by the Declaration and by the Pennsylvania Uniform Condominium Act. These easements include:

(1) By virtue of an easement for encroachments, Unit Owners and the Unit Owners Association are protected legally in the event that a Unit or Common Element encroaches upon another Unit or Common Element.

- (2) The Declarant may use any unsold Units in the Condominium as models or as sales, leasing, construction or management offices and may place advertising signs anywhere within the Condominium. Such easements end when Declarant no longer owns any Units in the Condominium.
 - (3) The easement provided for in Section 3218 of the Act, which allows the Declarant an easement through the Common Elements as may be reasonably necessary to facilitate the completion of the Building or the exercising of any special Declarant rights.
 - (4) Easements in favor of the Unit Owners, the Association and their invitees, employees and tenants for access, egress and ingress over, through and across each portion of the Common Elements pursuant to such requirements as the Executive Board may from time to time prescribe; provided that such rights will not apply to such portions of the Common Elements with regard to which Executive Board may from time to time determine it to be necessary or desirable to limit or control access by Unit Owners or the occupants of Units, or both (including, by way of illustration and not limitation, machinery and equipment rooms and any management agent's office).
 - (5) An easement in favor of the Association granting it the right to inspect, maintain, repair and replace all or portions of the Common Elements and Limited Common Elements;
 - (6) Each Unit has, to the extent necessary, an easement for structural support over every other Unit in the Building, the Common Elements and the Limited Common Elements and each Unit and Common Element is subject to an easement for structural support in favor of every other Unit in the Building, the Common Element and the Limited Common Elements;
 - (7) The Units and the Limited Common Elements are also subject to the following easements: (A) in favor of the Association for inspection of the Units and Limited Common Elements to verify the performance by Unit Owners of their maintenance and repair responsibilities as well as for inspection, maintenance, repair and replacement of the Common Elements and the Limited Common Elements which are situated in or accessible from such Units or Limited Common Elements or to correct emergency situations; and (B) in favor of the Unit Owners benefited thereby and the Association for the installation of utility lines, pipes, ducts and conduits which pass across or through a portion of one or more Units;
 - (8) Until the completion of all of Declarant's work in or accessible from individual Units, the Declarant is granted an easement through the Units necessary to complete such work.
 - (9) The Association has the right to grant permits, licenses and easements over the Common Elements for utilities and other proper purposes.
- B. The Condominium property is presently subject to the lien of a mortgage (the "Mortgage").

The Declarant will cause the lien of such Mortgage to be released from any Condominium Unit sold prior to the conveyance of the Unit. The Condominium Units will be conveyed free of any mortgage liens other than those placed on the Condominium Unit by the Purchaser.

10. RESTRICTIONS ON TRANSFER OF USE:

- A. There are no restrictions on resale of a Condominium Unit by the Unit Owner. Leasing of Units is subject, however, to the restrictions described under the discussion of Article 14 of the Declaration and in Section 10 of this Public Offering Statement.
- B. In addition to the restrictions upon the use of Units discussed earlier in this Public Offering Statement, the

Declaration imposes, inter alia, the following restrictions on use (with exceptions to permit Declarant to perform its work and to market the Units:

- (1) Except as otherwise expressly set forth in the Declaration, no part of the property shall be used for other than housing and the related purposes for which the property was designed. Each Residential Unit shall be used as a residence for a single family or housekeeping unit and for no other purposes. If zoning regulations permit Limited Commercial Activities to be conducted within the Units, application may be made by a Unit Owner to the Executive Board for approval to commence such use of his or her Residential Unit. Each such application shall be considered by the Executive Board on an individual basis. "Limited Commercial Activities" means professional and commercial activities, for profit or for charity, using a computer and other telecommunication equipment and not involving patients, clients, customers and other business invitees coming to the Building or inventory being brought in and out of the Building.
- (2) No signs, advertising or other displays shall be maintained or permitted on or about any Residential Unit except as determined by the Executive Board.
- (3) There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior written consent of the Executive Board. The use and the covering of the interior surfaces of Residential Unit windows, whether by draperies, shades or other items visible on the exterior of the Building, shall be subject to the Rules and Regulations of the Executive Board.
- (4) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the property, or contents thereof, applicable for permitted uses.
- (5) The maintenance, keeping, boarding or raising of pets shall be subject to the Declaration and the Rules and Regulations as described in this Section 13. The maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited but this shall not prohibit the keeping of any permitted dog, cat or other common household domestic pets as may be defined by the Board from time to time, provided that they are not kept, bred or maintained for commercial purposes. Pit bulls, Rotweilers and any dog or other pet determined to be dangerous to the community by the Executive Board, in its sole discretion, are prohibited. Any pet causing or creating a nuisance or unreasonable disturbance or noise may be declared a nuisance by the Board and permanently removed from the Property pursuant to, and in accordance with, the dispute resolution procedures set out in the Rules and Regulations and in accordance with Pennsylvania law. Pets shall not be permitted upon the Common Elements except in areas designated by the Executive Board. All pets shall be accompanied by a responsible person and are to be carried or leashed. An Owner or his or her tenant who keeps or maintains any pet upon any portion of the property shall be deemed to have indemnified and to have agreed to hold the Association free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Property. All pets shall be properly registered with the County and any other appropriate agency. The Executive Board may establish reasonable fees for registration of pets. Owners must, at all times clean up after their pets and observe all applicable animal control laws.
- (6) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may constitute a nuisance to the other Unit Owners or occupants.
- (7) No Unit Owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Executive Board, as unreasonable disturbance to others.

(18) The Owner of a Unit shall be responsible for maintaining such Unit in good order and repair, at the expense of such Owner.

C. Additional restrictions set forth in the Rules and Regulations include the following:

(1) No Unit shall be used for any unlawful purpose and no Unit Owner shall do or permit any unlawful act in or upon his or her Unit.

(2) The exterior portion of windows on Residential Unit floors shall be cleansed by the Association's employees or agents. Unit Owners shall keep the interior portion of their windows not accessible by the Unit Owners, in clean condition.

(3) No water beds or other furniture filled with a liquid or semi-liquid substance shall be installed or used in any Residential Unit.

(4) Each Unit Owner shall provide to the Association or the Managing Agent, and the Association or Managing Agent shall have the right to keep, a working copy of any key(s) required to gain entry to any Unit. These key(s) ("emergency keys") shall be coded in such a way as to prevent identification by unauthorized persons and secured by the Association or Managing Agent in a locked box for use only if entry to such Unit is necessitated by the fact or threat of fire, flood, or any other emergency or condition which may adversely affect the Common Elements or other Units. The Association or Managing Agent shall establish and implement, subject to prior approval of the Executive Board, procedures and controls to insure the proper use of such emergency keys. In no event shall such keys be removed from the locked box and used to facilitate entry to a Unit for purposes other than those noted above. Unit Owners may provide to the Association or Managing Agent an additional working copy of any key(s) to a Unit for casual or non-emergency entry ("convenience keys"). Such keys shall alter any lock or install additional locks, or a knocker, or a bell on any doors of a Unit without the prior written consent of the Executive Board. Any security, smoke or other alarms in a Unit must be programmed to shut off false alarms after not more than ten minutes.

(5) SMOKING IS NOT PERMITTED IN INTERIOR COMMON ELEMENTS.

(6) Use of equipment (including but not limited to musical instruments, television, audio or exercise equipment) creating noise or vibration that unreasonably disturbs, annoys or interferes with the quiet enjoyment, comfort and convenience of other occupants of the Buildings is not permitted in any Residential Unit. Special care in using such equipment should be taken between the hours of 9:00 P.M. and 8:00 A.M.

(7) Automatic shut-off valves where possible (otherwise manual shut-off valves are required) and reinforced washer hoses are required on all clothes washing machines. Hoses must be changed every five years. Water heaters over ten years old must be replaced.

(8) All Units must be heated to a minimum temperature of 55 degrees at all times, in order to prevent pipes from freezing or bursting.

E. Construction Regulations are applicable to all Unit Owners other than Declarant and include the following:

(1) Contractors must be accredited with good references and licensed to do business in Philadelphia.

(2) All contractors must provide management with a certificate of insurance naming the Association as an additional insured party, specifying the following coverage: General Commercial Liability – minimum \$1,000,000; Worker's Compensation – Statutory limits.

(3) Complete plans and specifications of all work to be performed must be submitted to the Association. Prior to commencing work, construction plans must be approved in writing by the Executive Board and an Association approved architect (at the cost of the Unit Owner). Plans requiring penetration of the Building's envelope, roof, ceilings, masonry walls or floors must be approved in writing by an engineer selected by the Executive Board at the cost of the Unit Owner. Complete plans must show all plumbing, electrical and firewall information. Any change in

plans and specifications or changes arising in the course of construction must also be approved in writing by the Executive Board prior to implementation of such changes.

- (4) All contractors and subcontractors names and names of material suppliers who will make deliveries to the Building are to be submitted to the Managing Agent in writing prior to commencement of work. A weekly list of changes is to be supplied to management. All workers and delivery persons may be required to sign-in and sign-out of the Building. Persons not on the Unit's submitted list will not be permitted into the Building. Badges must be worn if required by the Executive Board.
- (5) Contractors must coordinate and scheduled all activities (elevator usage; dumpster staging; temporary closedown of any mechanical systems, etc.) with the Managing Agent. Unscheduled deliveries may be refused. Electrical or plumbing interruptions require at least one week prior written notice.
- (6) Contractors are responsible for removing their construction debris and trash from the Building. No construction debris or materials are to be placed in drains, stairwells, the trash chute or other Common Elements. Contractors must make their own arrangements for removal of construction debris after scheduling and coordinating with the management.
- (7) Contractors are responsible for repairing or replacing any damage to a Building Common Element, Limited Common Element or adjacent Units caused by the construction process. Should the contractor fail to make such repairs in a timely manner, the Unit Owner contracting the construction shall be assessed the costs of repairs.
- (8) Contractors are only permitted to work in the Building between the hours of 8:30 A.M. to 5:00 P.M. Monday through Friday. Any additional hours must be approved in writing in advance by the Managing Agent. Contractors must be out of the Building between 5:00 P.M. and 8:30 A.M.
- (9) Unit Owners will be fined for non-compliance with these rules and regulations. The Association may declare a requirement that an individual Unit Owner post a fund to be held in escrow and used for collection of fines, if in the Association's opinion, the Unit Owner's contractors have failed, or previously had failed, to abide by these rules and regulations. The unused portion of the fund will be returned to the Unit Owner upon completion of all work.
- (10) Unit Owners shall expeditiously complete all alterations without incurring any mechanics' or materialmens' liens.
- (11) Vehicles loading and unloading must be attended at all times. Vehicles may not park in front of any Building entrances.

11. UNIT OWNERS ASSOCIATION:

The Condominium Unit Owners Association is the organization responsible for governing the Condominium. Each Unit Owner has a vote in the Association proportionate to the Percentage Interest in the Common Elements appurtenant to his or her Unit(s). Units with a higher Percentage Interest have a greater vote in the Association. The votes for each Unit are equal to the Percentage Interest listed for the Unit in Exhibit B to the Declaration multiplies by 1,000. See Section 6 above as to how the Percentage Interests were determined. There is no cumulative or class voting with regard to the selection of members of the Executive Board.

All of the normal operations of the Unit Owners Association will be accomplished under the direction of an Executive Board, which shall have three members. The Unit Owners will participate directly in the important policy decisions of the Association. The Declarant appoints a majority of the Board members until the earlier of (i) the expiration of seven years after recording the Declaration, or (ii) the conveyance of 75% of the Units to Purchasers.

It is unlikely that the Executive Board will employ a Managing Agent to act on its behalf in the performance of all duties other than policy-making duties, acquiring property, opening bank accounts and borrowing money. The Managing Agent will be a professional organization having experience in the operation of condominium associations. The initial Management Agreement is described in Section 9 of this Public Offering

Statement. The Managing Agent will bring to the task of managing the Condominium Unit Owners Association two qualifications which the Executive Board may not possess. The Managing Agent will have expertise in handling the complex functions of the Unit Owners Association and will be able to devote itself to running the Association along with other associations on a full-time basis. The contributions of professional management are deemed to be vital to the success of the Unit Owners Association.

Initially, members of the Executive Board will be appointed by the Declarant. The purpose of the Declarant's retaining control of the Executive Board in the early stages of the Condominium's existence is to ensure the stability of the Association and to administer the Condominium's affairs until the new Unit Owners become familiar with operation of the project. After termination of the Declarant's control of the Executive Board, members will be elected by the Unit Owners. Even before termination of the Declarant's control, when 25% of the Units are sold settled, one of the three members of the Board will be elected by the Unit Owners.

The Executive Board elects the officers of the Unit Owners Association. The officers are a President, , Secretary, Treasurer and any other officers the Board may deem necessary. The President must be a member of the Board.

The operation of the Unit Owners Association is governed by the Declaration, the Bylaws, the Rules and Regulations and the Act. In addition to provisions for Executive Board, Managing Agent and officers as discussed above, these documents provide for annual and special meetings, common expense assessments, insurance, restrictions on the use of Units and Common Elements, and numerous other matters affecting the occupancy and operation of the Condominium. A copy of the Bylaws is attached as Exhibit C to this Public Offering Statement.

The Bylaws may be amended by agreement of a majority (by Percentage Interest) of the Unit Owners, except that during the period when the Declarant controls the Board, no amendment which affects the Declarant's right to control the Board may be made without the Declarant's approval.

12. FINANCIAL MATTERS AND BUDGETS:

As indicated above in the Unit Owners Association section, Unit Owners will be assessed to obtain the funds necessary to meet the budget of the Condominium Association. The assessments in accordance with the budget will be adopted on an annual basis but payment of the assessments will be made on a monthly or other basis as determined by the Executive Board. Typically, on the first day of each month each Unit Owner will pay an assessment of one-twelfth of the amount of the annual budget for his or her Unit(s).

The amount assessed against each Condominium Unit for General Common Expenses will be based on the Percentage Interest appertaining to the Unit, except that the Executive Board may allocate the cost of any utility based upon consumption. Each Unit Owner will be responsible for payment of assessments equal to that percentage of the total applicable annual budget for General Common Expenses which is equal to the Percentage Interest appertaining to his or her Unit(s) compared to the Percentage Interest of all Units. For example, if a Unit has 5.0% of the Percentage Interests, the Unit Owner will pay an amount equal to 5% of the total annual budget assessment for General Common Expenses. The Owner of a Unit with a higher Percentage Interest will be assessed a greater portion of the budget. The Declarant will pay full Common Expense assessments on all unsold Units from the date Common Expense assessments begin.

The Initial Operating Budget attached hereto as Exhibit E sets forth the estimated annual budget and individual charges with regard to Common Expenses for the first year of operation. The "Notes" in the budget set forth the budget's material assumptions.

The budget will cover all anticipated Common Expenses for the upcoming fiscal year. The budget will also include whatever amount the Executive Board considers necessary as adequate reserves to provide for unforeseen contingencies, working capital and repair or replacement of Common Elements. Initial reserves are included in the budget with descriptions. There are no services not reflected in the budget that Declarant currently provides, or expenses that Declarant currently pays and expects may become at any subsequent time a Common Expense of the Association. There is no personal property being used or to be used in the operation and enjoyment of the Common Elements which is not owned by the Association.

There is no current balance sheet for the Association. The Declarant has prepared the proposed budget for the first year of the Condominium's operation which is attached to this Public Offering Statement as Exhibit "E". The budget figures are, of course, estimates and the Declarant cannot be certain that sufficient funds have been budgeted by the Association to cover all Common Expenses that may be incurred. The figures were obtained, however, with the assistance of professional management consultants and review of information regarding expenditures in other buildings and the Declarant believes that the figures represent the best estimates obtainable. In the event that insufficient funds are budgeted for any given fiscal year, the Executive Board may levy one or more further special assessments to make up the budget deficit.

A late charge in addition to interest may be imposed by the Executive Board from time to time.

A Unit Owner must pay directly all of the costs of metered utilities, maintenance and repair for his or her own Unit and such Unit's share of operating the central Building HVAC equipment. The charges for other utilities which are not separately metered and the charges for utilities for the Common Elements are Common Expenses which will be apportioned among Unit Owners as General Common Expenses or Limited Expenses, as the case may be.

All of the amounts assessed against a Unit are the personal liability of the Unit Owner and give rise to a lien on that Unit. The Unit Owner cannot dispose of his Unit free of the lien until the lien is satisfied by payment of the assessments secured by the lien. The Unit Owners Association may obtain payment of past due assessments by foreclosure of the lien (resulting in a forced sale of the Unit) and/or by suing the Unit Owner. THE DECLARATION AUTHORIZES AND EMPOWERS THE ASSOCIATION WITHOUT PRIOR NOTICE OR A PRIOR HEARING, TO CAUSE THE ENTRY OF JUDGMENTS AGAINST A UNIT OWNER FOR UNPAID ASSESSMENTS AND OTHER SUMS DUE AND PAYABLE BY THE UNIT OWNER FOR UNPAID ASSESSMENTS AND OTHER SUMS DUE AND PAYABLE BY THE UNIT OWNER TO THE ASSOCIATION, AND IMMEDIATELY THEREAFTER, WITHOUT PRIOR NOTICE OF A PRIOR HEARING, TO EXERCISE POST-JUDGMENT ENFORCEMENT AND EXECUTION REMEDIES. EACH UNIT OWNER AGREES TO WAIVE ITS RIGHTS TO PRIOR NOTICE AND A HEARING UNDER THE CONSTITUTION OF THE UNITED STATES, THE CONSTITUTION OF THE COMMONWEALTH OF PENNSYLVANIA AND ALL OTHER APPLICABLE STATE AND FEDERAL LAWS, IN CONNECTION WITH THE ASSOCIATION'S ABILITY TO CAUSE THE ENTRY OF JUDGMENTS AGAINST THE UNDERSIGNED AND IMMEDIATELY THEREAFTER EXERCISE ITS POST-JUDGMENT ENFORCEMENT AND EXECUTION REMEDIES (WHICH MAY INCLUDE, WITHOUT LIMITATION, SEIZURE OF BANK ACCOUNTS AND SALE OF THE UNIT AND OTHER ASSETS OF THE UNIT OWNER). If any installments are past due for more than sixty days, the Executive Board may accelerate (i.e., declare immediately due and payable) the payments of assessments which will become due for the next twelve (12) months. The Unit Owners have the right, pursuant to the provisions of the Declaration of Condominium, to reject any budget or any capital expenditure within thirty (30) days after the same is adopted or approved by the Executive Board.

13. INSURANCE, LIABILITY:

A. Association Policies:

The Executive Board will obtain master insurance policies to protect the Unit Owners Association and, to a certain limited extent, the Unit Owners as individuals.

The Building, including the Units, will be covered by fire and property damage insurance. The coverage will be on a special peril form basis or is substantial equivalent and in an amount equal to the full replacement value of the Building. This coverage will not insure physical betterments and improvements within each Unit, nor the appliances or personal property belonging to a Unit Owner. Such insurance policy(ies) may, at the option of the board, contain a "deductible" provision in an amount determined by the Board but not to exceed 5% of the Building's replacement cost. Property insurance policies shall also include, to the extent obtainable, (i) a construction code endorsement, if there is a construction code provision that requires changes to undamaged portions of the Condominium even when only part of the Condominium is destroyed by an insured hazard

(sometimes referred to as a demolition cost endorsement, contingent liability from operation of building laws endorsement, and increased cost of construction endorsement).

Pursuant to Section 15.1.3, the Association will use reasonable efforts to cause any insurance maintained by the Association to contain a “waiver of subrogation” by the insurance carrier in favor of the Association and its officers, executive board members, the Unit Owners and occupants of the Building and all mortgagees, and, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured.

The Unit Owners’ Association and Unit Owners will be insured against liability arising from ownership or use of the Common Elements. This coverage will not insure Unit Owners against liability arising from an accident or injury occurring within a Unit or liability arising from the act or negligence of a Unit Owner. The general liability and property damage insurance shall be in such limits as the Board shall deem desirable provided that such limit shall not be less than One Million (\$1,000,000.00) Dollars per occurrence, for personal injury and/or property damage, insuring the Association, the Board members, the managing agent, if any, and their respective agents and employees, and the Unit Owners from any liability to the public or to the Unit Owners, their tenants or invitees, relating in any way to the ownership and/or use of the Property or any part thereof. The policy will cover bodily injury and property damage that results from the operation, maintenance, or use of the Condominium’s Common Elements, and any legal liability that results from lawsuits related to employment contracts in which the Association is a party.

The Board may obtain such other forms of insurance as the Board may choose including Board members’ and officers’ liability insurance and such Worker’s Compensation insurance as may be necessary to comply with applicable laws.

The Association may obtain fidelity bonds or insurance to protect against dishonest acts on the part of the Board members, officers, agents, employees, volunteers and all others who handle, or are responsible for handling, funds of the Association. Such bond or insurance shall be in such amount as the Board deems appropriate, but not less than the greater of (i) the maximum funds that will be in the custody of the Association or its agents at any time, or (ii) the sum of three (3) month’s Common Expense assessments against all Units, plus the amount of the Association reserve funds. Such bonds or insurance shall contain a waiver of defense based upon the exclusion of persons who serve without compensation from the definition of “employee” or such endorsement or provision as shall accomplish the same result.

Premiums for all insurance obtained or maintained by or on behalf of the Board, fees and expenses of the insurance trustee, if any, and the cost of any appraisal which the Board deems advisable in connection with any insurance, shall be Common Expenses.

It is suggested that each Unit Owner obtain insurance coverage on the Unit betterments and improvements and his or her personal property and liability exposure not covered by the Association policies.

B. Liability

Section 15.1.6 provides that the Association and its officers, Executive Board members and Unit Owners release the Association, the Unit Owners (including Declarant), tenants, occupants and mortgagees of Units and the successors and assignees of such parties, from any liability for injury to any person, or damage to property that is caused by or results from any risk insured against under any valid and collectible insurance policy carried by the Association which contains a waiver of subrogation by the insurer and is in force at the time of such injury or damage.

Section 15.2.1 provides that each Unit Owner shall be responsible for any expenses resulting from damages done to a Unit, the Common Elements or the Limited Common Elements by that Unit Owner or a tenant occupying the Owner’s Unit, or the family, servants, employees, agents, visitors, licensees, or household pet of that Owner or tenant, or as a result of the failure of or failure to maintain any fixture, equipment, appliance or appurtenance which the Owner is responsible to maintain, or from any misconduct by that Owner or a tenant occupying the Owner’s Unit or the family, servants, employees, agents, visitors, licensees, or household pet of that Owner or tenant. The

charges for repair or replacement of any damage in excess of insurance proceeds available to the Association under policies of insurance issued to the Association and the expenses resulting from any such misconduct shall be assessed to the Unit.

Liability for the amount of deductibles and other uninsured amounts is dealt with in Section 15.2 as follows:

- (a) Liability for the amount of damage within the limits of any applicable insurance deductible or otherwise uninsured will be the responsibility of the individual Owner of the Unit where the damage results from a negligent or intentional action or omission by an Owner, or that Owner's tenant, or the family, servants, employees, agents, visitors or licensees of that Owner or tenant, or from the failure of or failure to maintain any portion of the Unit, including any appliance, equipment, or fixture in a Unit, which that Owner is responsible to maintain in good working order and condition.
- (b) Except as provided in subparagraph (a), or where the damage is a result of the sole fault of the Association, the liability for the amount of damage within the limits of any applicable insurance deductible on an Association policy will be the responsibility of the individual Unit Owner where the damage involved is limited solely to damage to that Owner's Unit or tile Limited Common Elements assigned to that Owner's Unit.
- (c) Except as provided in subparagraphs (a) and (b), or where the damage is a result of the sole fault of the Association, liability for the amount of damage within the limits of any applicable insurance deductible on an Association policy will be pro-rated between the Association and any involved Unit Owners in proportion to the relative amounts of damage to the Common Elements and to each of the affected Units, including the Limited Common Elements assigned to such Unit or Units, where the damage involves both the Common Elements and/or one or more Units or the Limited Common Elements assigned to a Unit or Units.

C. Restoration (See Section 15.3 of the Declaration)

In the event of damage affecting habitability to any part of the Building and there are insufficient funds in the budget and reserves to restore, the Board shall promptly obtain reasonably reliable estimates of the cost to restore the anticipated insurance proceeds to be available and the amount of assessment to each Unit if the excess was paid as a Common Expense and specially assessed against all the Units in proportion to their Percentage Interests in the Common Elements. Unless there is a determination not to restore such damage as described below, the Board shall promptly arrange to restore.

In the event of other damage or destruction to all or a part of the Building, the Board shall also promptly arrange to restore.

Physical damage insurance policies purchased by the Executive Board shall provide that, with respect to any single loss, if the proceeds thereof exceed \$250,000, then all such proceeds shall be paid in trust to such lending institution in the Philadelphia area with trust powers as may be designated by the Executive Board ("Insurance Trustee"). If such proceeds do not exceed \$250,000, then all such proceeds shall be paid to the Executive Board to be applied pursuant to the Declaration. If proceeds are payable to the Insurance Trustee, the Executive Board shall enter into an Insurance Trust Agreement with the Insurance Trustee for payment of costs of restoration as such work progresses.

If the amount of the estimated special assessment for restoration costs in excess of insurance proceeds does not exceed ten percent (10%) of the fair market value of any Unit before the damage occurred, the Board may, but is not required to, call a special Unit Owners' meeting to consider the restoration. If the Board fails to call a meeting, then the requisite number of Unit Owners may call a special meeting. A unanimous written decision of the Unit Owners and Mortgagees will be required to determine not to restore the damage in accordance with the Plats and Plans.

If the amount of the estimated assessment exceeds ten percent (10%) of the fair market value of any Unit, then the Board is obligated to call a special Unit Owners' meeting to consider restoration. Concurrence in writing of

more than eighty percent (80%) of the mortgagees and more than eighty percent (80%) of the Owners of the Units will be required to determine not to restore the damage.

14. TAXES:

Real property taxes are levied separately against individual Condominium Units and each Unit Owner will be responsible for the payment of the taxes on his or her own Unit. The assessed value of Condominium Units is presently unknown since the tax assessor cannot assess separate Units until the Declaration is recorded as of the effective date of this Public Offering Statement.

Estimates of the monthly real estate taxes applicable to each Unit are available from the marketing staff. Declarant can make no guaranty with respect to these tax estimates since governmental departments over which Declarant has no control have the duty to determine the manner of assessment and amount of taxes.

A real estate tax abatement program applicable in Philadelphia for improvements made to Units should result in the ability of Purchasers to obtain partial tax abatement for improvements if the proper application procedures are followed. The Declarant shall make a separate application for each Unit within 60 days after obtaining permits for work to be done by Declarant. The abatement would fall under Philadelphia Code § 19-1303(4) – new construction of residential property, as amended in May of 2003. Purchasers of Units would be eligible for abatement of taxes on the improvements made in the Building for a period of ten (10) years. Taxes on the land and previously existing structure will continue.

The Declarant can provide no assurances to whether or not the abatement will be granted and, if granted, the amount of the benefit to be realized. There are annual reporting requirements for the Unit Owner to keep the abatement in effect.

15. ZONING, PERMITS AND GOVERNMENTAL APPROVALS:

The Condominium property conforms to current zoning.

The Declarant has no knowledge of any currently outstanding notices of uncured violations of building, housing, health or fire codes or other governmental requirements.

16. WARRANTIES:

Each Unit Owner will receive the statutory warranty against structural defects in components installed by the Declarant and work done or improvements made by the Declarant, covering his or her Unit for two years from the date of settlement, and such a warranty was also given to the Association covering the Common Elements for two years from the date the first Unit is or was conveyed or from completion of the particular Common Element, whichever is later. No action to enforce the warranties may be commenced later than six years after the warranty begins.

“Structural defects” mean those defects in components of the Unit or Common Elements which require repair, renovation, restoration or replacement and

- A. which reduce the stability or safety of the building below accepted standards; or
- B. which restrict the normal intended use of all or part of the Building.

These warranties shall not be construed to make Declarant responsible for any items of finishing work required to inhabit the Unit or maintenance relating to the Unit or Common Elements.

EXCEPT AS SET FORTH ABOVE, THE UNIT, THE COMMON ELEMENTS, AND ALL PERSONAL PROPERTY TO BE SOLD IS SOLD “AS IS,” WITHOUT WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR HABITABILITY.

17. INSPECTION OF THE UNIT:

Prior to settlement on a Unit, the Declarant will notify the Unit Purchaser that the Unit is ready for inspection. The Purchaser will then be permitted to inspect his or her Unit and note any defects. The Declarant will correct any legitimate defects prior to settlement. If the Purchaser fails to inspect his Unit, he or she must accept his or her Unit in an "as is" condition except for the warranties described above.

Prior to any Unit settlement, a certificate of an architect or engineer will be recorded certifying that the Unit is substantially completed to the extent of work required to be done by the Declarant and certifying that all structural components and mechanical systems of the Building are substantially completed in accordance with the plans.

18. PENDING LITIGATION:

As of the effective date of this Public Offering Statement, there are no judgments against the Association nor is the Association a party to any pending litigation. Declarant knows of no litigation, currently pending or threatened, which could materially adversely affect the Condominium.

19. GENERAL INFORMATION:

Any information or data regarding the Condominium not presented in this Public Offering Statement or contained in the Exhibits must not be relied upon. No person has been authorized by the Declarant to make any representation not expressly contained herein. This representation may not be changed or modified orally.

The Declarant reserves the right to change the terms of this Public Offering Statement as they affect potential Purchasers not then under contract, provided, however, that any such change shall not materially affect the substance of the Public Offering Statement with respect to prior Purchasers or Purchasers under contract. Percentage Interests are variable and subject to final approval of the architect and completion of construction.