

**PUBLIC OFFERING STATEMENT FOR
STERLEY STREET LOFTS CONDOMINIUM**

**(Pursuant to Chapter 34 of the Pennsylvania
Uniform Condominium Act)**

IMPORTANT NOTICE

The following statements are made in compliance with the requirements of section 3402(a)(12) of the Pennsylvania Uniform Condominium Act: 68 Pa.C.S. § 3101 et seq. (the "Condominium Act" or the "Act"):

WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF THIS PUBLIC OFFERING STATEMENT, OR AN AMENDMENT TO THE PUBLIC OFFERING STATEMENT THAT MATERIALLY AND ADVERSELY AFFECTS THE RIGHTS OR OBLIGATIONS OF THE PURCHASER, THE PURCHASER MAY CANCEL ANY AGREEMENT HE OR SHE HAS EXECUTED FOR THE PURCHASE OF A UNIT IN STERLEY STREET LOFTS CONDOMINIUM FROM THE DECLARANT. IF THE PURCHASER ELECTS TO CANCEL AN AGREEMENT FOR THE PURCHASE OF A UNIT PURSUANT TO THE IMMEDIATELY PRECEDING SENTENCE, HE OR SHE MAY DO SO BY HAND DELIVERING NOTICE OF CANCELLATION TO THE DECLARANT (IN WHICH CASE A RECEIPT SHOULD BE OBTAINED) OR BY MAILING THE NOTICE BY POSTAGE PREPAID UNITED STATES MAIL, RETURN RECEIPT REQUESTED. THIS CANCELLATION OF AN AGREEMENT OF SALE IS WITHOUT PENALTY AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE THIS CANCELLATION WILL BE REFUNDED PROMPTLY BY THE DECLARANT.

IF THE DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT (AND ALL AMENDMENTS THERETO) TO A PURCHASER BEFORE CONVEYING THE UNIT, THAT PURCHASER MAY RECOVER FROM THE DECLARANT, IN ADDITION TO ANY OTHER RELIEF, DAMAGES AS PROVIDED IN SECTION 3406(c) OF THE CONDOMINIUM ACT, CONSISTING OF AN AMOUNT EQUAL TO FIVE PERCENT (5%) OF THE SALE PRICE OF THE UNIT UP TO THE MAXIMUM OF \$2,000, OR ACTUAL DAMAGES, WHICHEVER IS THE GREATER AMOUNT; PROVIDED, HOWEVER, THAT A MINOR OMISSION OR ERROR IN THE PUBLIC OFFERING STATEMENT (OR IN AN AMENDMENT THERETO) THAT IS NOT WILLFUL WILL ENTITLE THE PURCHASER TO RECOVER ONLY ACTUAL DAMAGES, IF ANY.

IF A PURCHASER RECEIVES THIS PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN (15) DAYS BEFORE SIGNING THE AGREEMENT OF SALE,

HE OR SHE CANNOT CANCEL THE AGREEMENT PURSUANT TO THE FOREGOING PROVISIONS AFTER THE FIFTEEN (15) DAY PERIOD HAS EXPIRED, EXCEPT THAT THE PURCHASER WILL HAVE THE RIGHT TO CANCEL THE AGREEMENT WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF ANY AMENDMENT HERETO THAT WOULD HAVE A MATERIAL AND ADVERSE EFFECT ON THE RIGHTS OR OBLIGATIONS OF THAT PURCHASER.

GENERAL INFORMATION

Name of Condominium	Sterley Street Lofts Condominium
Principal Address of Condominium	31 South Sterley Street (building) Borough of Shillington, Berks County Pennsylvania 19607 208 Catherine Street(garage) Borough of Shillington, Berks County Pennsylvania 19607
Name of Declarant	Sterley Street LP
Principal Address of Declarant	18 Catherine Street Shillington, PA 19607
Effective Date of Public Offering Statement	October 6, 2011

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INTRODUCTION

This Public Offering Statement is divided into two parts. The first part, entitled “Narrative,” summarizes the significant features of the Sterley Street Lofts Condominium (the “Condominium” as required by the Condominium Act and presents additional information that may be of interest to prospective purchasers. The second part contains the following exhibits, which are part of this Public Offering Statement: Exhibit 1 is the current list of permits and other governmental approvals obtained by the Declarant; Exhibit 2 is the list of permits and other governmental approvals that will be obtained by the Declarant and the estimated date when they will be obtained; Exhibit 3 is the current version of the Declaration of Condominium of Sterley Street Lofts Condominium that the Declarant intends to record (the “Declaration”); Exhibit 4 is a copy of the Bylaws (the “Bylaws”) of the Silk Mill Lofts Condominium Association (the “Association”) that governs the operation of the Association; Exhibit 5 is the proposed form of agreement of sale for individual units in Sterley Street Lofts (the “Agreement of Sale”); Exhibit 6 is the initial Rules and Regulations; Exhibit 7 is the projected budget (the “Budget”) for the first year of operation of Sterley Street Lofts; Exhibit 8 contains a list of the liens, defects, or encumbrances on or affecting title to the property contained in the Condominium (the “Property”); and Exhibit 9 is the Builder’s Report on the structural components and utility installations of the Condominium (the “Builder’s Report”). All of these documents are subject to change.

The Narrative is not intended to provide a complete or detailed discussion of the Condominium, and purchasers should carefully review all parts of this Public Offering Statement. The Declarant’s salespersons and other representatives are prohibited from orally changing any of the terms and conditions of this Public Offering Statement or of the documents that are part of this Public Offering Statement and may not attempt to interpret their legal effect.

Any term that is not specifically defined in the Narrative will have the meaning that is given to the term in the Condominium Act, the Declaration, the Bylaws, or the Agreement of Sale.

PART I
NARRATIVE

THE CONDOMINIUM FORM OF OWNERSHIP

Condominiums are a well-established form of property ownership. When you own a condominium home, you hold fee simple title to your home, known as a “Unit,” which is part of a complex of homes. What distinguishes a condominium from conventional home ownership is that in a condominium you also own, in common with the other owners, a percentage interest in the common areas of the condominium. These common areas are known as “Common Elements,” and include, generally, all portions of the condominium that are not part of a Unit. The Common Elements include roadways, recreational facilities, open space, and related improvements. Unit Owners may also have the right to use certain areas such as carports, porches, and decks, known as “Limited Common Elements,” which are located outside of, but adjacent to, a Unit, and are designated for use by that Unit Owner only.

Each Unit Owner has the right to use and participate in controlling the Common Elements through automatic membership in the condominium association. While a condominium association does not own the Common Elements, it has responsibility for managing and operating them. Each Unit Owner owns a specified undivided interest in the Common Elements, referred to as a “Percentage Interest,” which imposes on each Unit Owner the obligation to pay a percentage of the expenses, known as the “Common Expenses,” of operating and maintaining the Common Elements. The expenses of operating and maintaining Limited Common Elements are paid only by the owners of those Units to which the specific Limited Common Elements are allocated. The Common Expenses are usually determined in advance by the annual budget established by the Executive Board of the Association (the “Executive Board”). The Executive Board is elected by the Unit Owners. All aspects of the condominium are controlled by and subject to the terms of the Act, the Declaration, Bylaws, and the Plats and Plans.

THE DECLARANT

The “Declarant” is Sterley Street LP. The Declarant’s principal address is 18 Catherine Street, Shillington, PA 19607

The Declarant’s attorney in connection with the Condominium and this Public Offering Statement is David A. Binder.

GENERAL DESCRIPTION OF THE CONDOMINIUM

The Condominium is situated on two lots in the Borough of Shillington, Berks County, Pennsylvania, in the Shillington area. The address of the first lot is 31 South Sterley Street and totals 6588 square feet in size. A former mill building consisting of 5 floors totaling 19,650 square feet is erected thereupon. The second lot consists of a garage building located at Catherine Street which will have 7 to 10 garages located on a lot of 4,051.36 square feet. A single story garage consisting of 1,681 square feet is erected thereupon. The Condominium will be non-flexible. The Condominium may consist of up to eight residential condominium units and one commercial unit(which may

be converted to a residential unit). The size of Units will range in size from approximately 1300 to 3200 sq. feet. The Declarant will construct up to nine units in the former mill. The parking garage is an existing building and each unit owner will have one interior parking space in the garage building and one stacked space in front of the garage building assigned to them. The number of garage units will ultimately depend on the final number of condominium units created in the mill building. The current configuration of the existing ten garage spaces is approximately 8' 4" by 19' feet. The exterior parking spaces are approximately 24 " by 8'4" feet. A plan of the parking arrangement is attached to the Plan of the Condominium.

Each of the units located in the former mill property will be served with public water and sewer service and will have its own separate water meter.

Each owner of a Unit will automatically, by virtue of owning a Unit, become a member of Sterley Street Lofts Condominium Association (the "Association") and have one vote in the Association and contribute to Common Expenses of the Association based upon the Unit's Percentage Interest, as described in, and in accordance with, the Declaration. In accordance with the Declaration and the Bylaws, the Association will assess the Units for the anticipated costs of operation of the Association.

General

Any deposit made in connection with the purchase of a Unit will be held in an escrow account in a federally insured institution in accordance with section 3408 of the Act and will be returned to the buyer if the buyer cancels the agreement of sale pursuant to section 3406 of the Act, as set forth above.

The cost of the repair, maintenance, and replacement of the Common Elements will be borne by the Association, funded by the Unit Owners as Common Expenses, and provided for in the Budget accordingly.

The Common Elements will include the stairwell, the fire escape, the elevator and elevator lobby, the sidewalks, exterior water connection and the parking building and lot.

The Declarant will be responsible for obtaining the governmental approvals and permits that are required for the completion of the work on the building to create the individual units in an unfinished state so that the owners thereof can commence their interior fit outs of their Unit in the Condominium.

The Declarant has no knowledge of any currently outstanding notices of uncured violations of the zoning or building codes or other municipal requirements governing the Property.

The Declarant will offer Units in the Condominium for sale at prices determined by the Declarant. Prices of unsold Units are subject to change without notice. The Declarant does not intend to market or rent Units in blocks to investors.

Ownership of a Unit in the Condominium does not grant a Unit Owner any rights other than those expressly granted in the Declaration.

SUMMARY OF PRINCIPAL CONDOMINIUM DOCUMENTS

The Condominium will be established and its operation will be governed by the Declaration and Bylaws. The Declaration is attached hereto as Exhibit 3 and the Bylaws are attached hereto as Exhibit 4. The following is a summary of these documents.

Declaration of Condominium of Sterley Street Lofts Condominium

The Condominium is created upon recordation of the Declaration by the Declarant.

Article I of the Declaration provides for submission of the property as a condominium under the Act.

Article II of the Declaration contains the definition of certain terms used in the Declaration and other documents relating to the Condominium.

Article III of the Declaration describes the Unit boundaries, the Common Elements, the Limited Common Elements, and the responsibilities of the Unit Owners for the maintenance of the various classes of property in the Condominium. Each Unit consists of the space shown on the Plats and Plans, excluding any Common Elements passing through such title lines as defined by section 3202 of the Act and in the Declaration. The Limited Common Elements include roof decks on the fifth floor and each units HVAC exterior unit. Ordinary maintenance, repair, and painting of Limited Common Elements will be performed by the Unit Owner at its own expense. The replacement of the Limited Common Elements will be performed by the Unit Owner, and the cost of such work will be the responsibility of the Unit Owners. However, any replacement to any Common Element that is required due to the negligence or willful misconduct of a Unit Owner will be billed directly to that Unit Owner. Except as expressly set forth in the Declaration, any maintenance, replacement, or repair of Common Elements that benefits fewer than all Unit Owners will be assessed as a General Common Expense and section 3314(c)(2) of the Act will not apply to the cost of any such maintenance, replacement, or repair.

Article IV describes the Common Elements.

Article V describes the Limited Common Elements.

Article VI describes the Unit Owner's Percentage Interest and the allocation of voting rights. Each Unit Owner owns an undivided interest in the Common Elements and pays a share of the Common Elements equal to its Percentage Interest. There will be no cumulative or class voting. (In cumulative voting, if there are three candidates for the Executive Board, a Unit Owner with one vote would be entitled to cast three votes for a single candidate.)

Article VII describes the easements and title matters affecting the Association. It reserves to the Declarant the right to have access to the property for the purpose of constructing and selling Units.

Article VIII of the Declaration imposes various covenants and use restrictions on the Units and other portions of the Condominium. The Residential Units are restricted to residential use only; however, home offices are permitted. The permitted uses of the Commercial Units are also set forth. The Declaration contains restrictions governing matters such as motor vehicles, pets, outdoor activities and installations, and the appearance of Units. The Declarant is exempt from certain restrictions, as set forth in Article IX. Restrictions are also placed on a Unit Owner's right to lease his or her Unit. (See also the portion of this Narrative entitled "Restrictions on Transferability or Use of the Units.")

Article IX of the Declaration sets forth the rights of lenders that provide mortgage financing to purchasers of Units in the Condominium. There are no restrictions on the type of mortgage financing that may be obtained. However, mortgagees must register with the Association in order to receive notices applicable to them. Under Section 10.4 of the Declaration, mortgagees are entitled to receive certain notices, and under Section 10.7 of the Declaration, the approval of mortgagees is required for certain acts.

Article X of the Declaration outlines the types and amounts of insurance that the Association is required to obtain under various provisions governing such insurance. (See also the portion of this Narrative entitled "Condominium Insurance.")

Article XI of the Declaration provides that all present and future owners, lessees, occupants, and mortgagees of the Units are subject to the Condominium Documents and provides for a procedure to be followed in the event of condemnation of all or part of the Common Elements.

Article XII of the Declaration provides details for the Executive Board.

Article XIII describes the initial management of the Association.

Articles XIV describes the Executive Board of the Association and the limited liability of its members. Article XIII sets forth the makeup of the Executive Board, the powers of the Executive Board, and the rules governing the Declarant's period of control of the Executive Board. The Executive Board will consist of three members. The members will

be selected by the Unit Owners at the annual meeting of the Association. Initially, the Declarant will appoint the members of the Executive Board. Article XIII also provides for the transition from the Declarant-appointed Executive Board to an Executive Board controlled by the Unit Owners. Not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Units that may be created by the Declarant to Owners other than the Declarant, the Owners other than the Declarant must elect [25% of the members of the Executive Board]. Not later than sixty (60) days after the conveyance of fifty percent (50%) of the Units that may be created by the Declarant to Owners other than the Declarant, the Owners other than the Declarant must elect [33¹/₃% of the members of the Executive Board]. Not later than the earlier of either of one hundred eighty (180) days after the conveyance of seventy-five percent (75%) of the Units that may be created by the Declarant to Owners other than the Declarant, or [five (5)] [seven (7)] years following the conveyance of the first Unit to an Owner other than the Declarant, all three members of the Executive Board must resign and all of the Owners, including the Declarant if the Declarant still owns any Units, must elect a new Executive Board. The terms of office of the Executive Board members will be two years.

Article XV governs Common Assessments and other assessments levied by the Association. It establishes a covenant of Unit Owners to pay to the Association the Common Expenses of the Condominium. The Common Assessments will be assessed against all Unit Owners based upon their Percentage Interest. Every Unit Owner must also pay to the Association, at the time of purchase of the Unit, a nonrefundable sum equal to two (2) months' payment of the then-current Common Assessment, as a capital improvement fee. The Common Assessments will include an amount established as a capital expense reserve. In accordance with the Act, unpaid assessments will be a lien against a Unit. Article XVI also imposes liabilities and penalties on Unit Owners who are delinquent in payment of Assessments, and gives the Association rights to collect such unpaid Assessments.

Article XVI of the Declaration includes general provisions, including terms regarding enforcement, notices, amendments, and termination.

Bylaws

The operation and administration of the Association are governed by the Bylaws.

Article I includes definitions used in the Bylaws, and the application of the Bylaws to the operation of the Condominium.

Article II of the Bylaws provides that all Unit Owners in the Condominium are members of the Association. Article II also sets forth the time, purpose, and procedure for annual and special meetings of the Association. The Association is required to conduct meetings at least annually. At the annual meeting, the Treasurer of the Association is required to present an annual financial report for the preceding fiscal year and the projected budget for the current fiscal year.

Article III of the Bylaws provides for an Executive Board. The Executive Board will consist of Three members. It also describes the time, purpose, and procedures for meetings of the Executive Board and sets forth procedures to be followed in the event that Executive Board members resign or positions on the Executive Board become vacant. Article III also sets forth requirements governing the validity of contracts with interested Executive Board members and permits the Executive Board to enter into a management contract for the professional management of the Condominium.

Article IV of the Bylaws contains provisions governing the election of officers of the Association by the Executive Board and enumerates the duties of those officers. Officers are elected annually by the Executive Board.

Article V of the Bylaws describes the procedure for establishing budgets. It also sets forth the obligation of Unit Owners to pay monthly assessments for Common Expenses and Limited Expenses. Under Section 5.8, the Association, by the vote of Owners whose combined Percentage Interests constitute more than fifty percent (50%) of the votes in the Association, may reject any budget or capital expenditure approved by the Executive Board.

Article VI of the Bylaws provides for the restoration and repair of damage or destruction to any parts of the Condominium.

Article VII of the Bylaws sets forth the procedure for amending the Bylaws.

Article VIII of the Bylaws contains general provisions applicable to the Bylaws.

Agreement of Sale

The form of Agreement of Sale to be executed by all Unit purchasers is contained in Exhibit 5 of this Public Offering Statement. It sets forth the rights and obligations of the Purchaser and the Declarant with respect to purchase of the Unit. Purchase of the Unit carries with it an ownership interest in the Common Elements.

Rules and Regulations

The Bylaws provide that the Executive Board may promulgate rules and regulations governing the details of the use and operation of the Condominium. [The initial Rules and Regulations of the Condominium are attached as Exhibit 6.] [As of the effective date of this Public Offering Statement, no Rules and Regulations have been established by the Executive Board. However, it is anticipated under the Declaration that Rules and Regulations will be established.]

PROJECTED BUDGET AND FINANCIAL MATTERS

The Association will be established by the Declarant either contemporaneously with or shortly before the recording of the Declaration. A projected Budget for the first year of

operation of the Association after the anticipated date of the first conveyance of a Unit to a purchaser has been prepared by the Declarant. A copy of the Budget is included in this Public Offering Statement as Exhibit 7. The Declarant prepared the Budget based upon reasonable estimates of future costs using the information currently available to it and assuming that all Units will be occupied during the entire one (1) year period covered by the Budget. The Budget may establish a reserve for capital expenditures that are anticipated in the future.

As noted above, each purchaser of a Unit will pay a nonrefundable payment equal to two (2) months of the Declarant's estimated monthly assessment for Common Expenses. These amounts will be paid directly to the Association to provide it with initial working capital, and such amounts will not be refundable to the Unit Owners at any time under any circumstances. This payment is in addition to any Common or Special Assessments for which the Unit Owner is also responsible.

There are no services not reflected in the Budget that the Declarant currently provides or expenses that the Declarant currently pays and expects may become due at any subsequent time as a Common Expense of the Association.

At settlement for each Unit purchased, the purchaser will be required to pay the purchaser's customary settlement costs, as described in the Agreement of Sale.

TITLE MATTERS

Attached as Exhibit 8 is a list of the liens, defects, or encumbrances that affect title to the Condominium.

Upon recording of the Declaration, the Condominium will be subject to the terms of the Declaration and the Plats and Plans, as recorded, the Bylaws, and any Rules and Regulations issued, as each of these may be amended from time to time. In addition, the Condominium is subject to the following:

- (a) Statutory easements granted by the Act, including (i) the easement provided by section 3216 of the Act, which provides that any Unit or Common Element is subject to a valid easement to the extent that any other Unit or Common Element encroaches upon it; and (ii) the easement provided for in section 3218 of the Act, which allows the Declarant an easement throughout the Common Elements as may be reasonably necessary to facilitate completion of the Condominium or the exercising of any Special Declarant Rights.
- (b) Unrecorded easements, discrepancies, conflicts in boundary lines, shortages of area, and encroachments that an accurate and complete survey would disclose.
- (c) Easements and restrictions described in Article VIII of the Declaration including, but not limited to, the following:

- (1) An easement in favor of the Declarant and the Association to maintain and correct drainage of surface water;
 - (2) Easements for utilities and service lines in favor of the Declarant, the Association, and, if applicable, utility and service companies;
 - (3) An easement in favor of the Declarant for the purpose of marketing Units for sale, including providing access for salespeople and prospective buyers and tenants, in connection with the sale of Units owned by the Declarant, and including the right to maintain marketing offices and model Units;
 - (4) An easement in favor of the Declarant for the purposes of construction, reconstruction, maintenance, repair, renovation, replacement, or correction of the Units and Common Elements;
 - (5) An easement in favor of the Association, its agents, employees, and independent contractors for the purpose of inspection, upkeep, maintenance, repair, and replacement of the Common Elements and Limited Common Elements;
 - (6) An easement over the Common Elements in favor of Unit Owners, their invitees, employees, tenants, and servants, and the Association, its agents, and employees, for access, egress, and ingress over, through, and across each portion thereof, and for the enjoyment and use thereof; and
 - (7) An easement for access to the Common Elements in favor of Unit Owners for purposes of maintenance, repair, installation, removal, and use of certain utilities and electrical work, screws, nails, and the like, and for structural support.
- (d) Recorded easements, restrictions, and agreements referred to in Article VIII and Exhibit C of the Declaration.

ENVIRONMENTAL DISCLOSURE

The Declarant obtained an environmental report for the Condominium from Mulry and Cressell Environmental, Inc. The Declarant has no knowledge of (i) any hazardous conditions or contamination affecting the Condominium, including hazardous substances, hazardous wastes, or the like, (ii) the existence of underground storage tanks, (iii) any investigation conducted to determine the presence of any such hazardous substances other than the Mulry and Cresswell Report, or (iv) any finding or action recommended to be taken by any report, including the Mulry and Cresswell Report, from an investigation or from a governmental body, agency, or authority in order to correct any hazardous conditions.

Prospective purchasers may obtain information concerning environmental conditions that may affect the Condominium by contacting:

Department of Environmental Protection
Northwest Regional Office
230 Chestnut Street
Meadville, PA 16335

or

United States Environmental Protection Agency
US EPA Region 3
1650 Arch Street (3PM52)
Philadelphia, PA 19103-2029
215-814-5000

WARRANTIES OF THE DECLARANT

The work performed by the Declarant in dividing the Building into individual Units consisting of the rough fit utilities shall be warranted for a period of one year from their completion..

LITIGATION INVOLVING THE CONDOMINIUM OR THE ASSOCIATION

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. The Declarant has no actual knowledge of any current or pending litigation that would have any material effect on the Condominium.

ESCROW OF DEPOSITS UNDER AGREEMENT OF SALE

All deposits made in connection with the purchase of a Unit will be placed in escrow and held in the Commonwealth of Pennsylvania in an account designated solely for that purpose by an institution whose accounts are insured by a governmental agency or instrumentality in accordance with the provisions of section 3408 of the Act. Such deposits will be returned to the purchaser if the purchaser cancels the contract within the fifteen (15) day period provided by the terms of section 3406 of the Act, as is explained more fully on the first page of this Public Offering Statement.

RESTRICTIONS ON TRANSFERABILITY OR USE OF THE UNITS

The rights of any lessee or sublessee of any Unit will be subject to, and each such lessee or sublessee is bound by, the covenants, conditions, and restrictions contained in the Declaration. However, lessees or sublessees are not directly liable to pay any annual or special assessments on behalf of the Owner of the Unit in which they reside.

The Declaration imposes detailed restrictions on the use of the Units, which prospective Unit Owners should review carefully. These restrictions on use include:

- (a) The Residential Units are subject to the restrictions set forth in Section 9.2 of the Declaration.
- (b) Unit Owners may not obstruct or injure the Common Elements in any way, and may not place trash, garbage, or other materials on the Common Elements.
- (c) Unit Owners must maintain their Units in a neat and attractive manner and in good order and repair, and in accordance with any rules and regulations promulgated by the Association. This restriction includes restrictions on the appearance of the Unit.
- (d) No noxious or offensive activity may be carried on by anyone on the Property.
- (e) No signs, mailboxes, or fences may be installed by a Unit Owner other than the Declarant.
- (f) The number and type of motor vehicles that may be operated or parked on the Property will be limited as set forth in Section 9.6 of the Declaration.
- (g) Use of the Unit is restricted to residential purposes. However, Unit Owners may rent their Units, for residential purposes, on a seasonal or monthly basis.
- (h) No animals or pets of any kind shall be raised, bred, kept or allowed in any parts of the building or common spaces.
- (i) No fire places permitted except with the prior written approval of the type, style and the means of exhausting or venting the same by the Declarant and/or the Association as appropriate.
- (j) Trash must be put out for pickup per Borough schedule. No hunting, weapons, or discharge of firearms or fireworks will be permitted.
- (k) No construction materials may be placed or stored outside of the Units or on the Limited Common Elements.
- (l) Leases will be subject to the restrictions set forth in Section 9.17.
- (m) Outside installations and activities will be limited in accordance with Section 9.10. For example, no outdoor hot tubs, outdoor grills, decks, antennas, satellite dishes, or any other exterior mounted objects are permitted on or surrounding the building.

CONDOMINIUM INSURANCE

Article XI of the Declaration provides for the Insurance that must be carried by the Association. The Association will carry hazard insurance, with an endorsement for extended coverage, or any other fire and casualty insurance that the Executive Board may determine provides equal or greater protection. Such hazard insurance must, if and to the extent reasonably available, provide coverage of the Common Elements, the Limited Common Elements, and the Units, exclusive of the improvements and betterments installed in the Units and Limited Common Elements by Unit Owners. The Association will also carry comprehensive liability insurance insuring the Unit Owners, the Association members, and any managing agent retained by the Association against any liability to the public or to other Unit Owners. In addition, the Association must carry workers' compensation insurance and employer's liability insurance as required by law.

The Association may, but is not obligated to, maintain property insurance on a so-called "all risk" basis covering all real property of the Unit Owners. The coverage of such insurance will be at the discretion of the Board and the premium for such insurance will be assessed as a Common Expense. The proceeds of such insurance will be payable to the Association to restore any damage to any Unit. If the Association does not procure such insurance, the Unit Owners will be responsible for purchasing and providing evidence of it to the Association.

The Association will also obtain a fidelity bond or insurance covering dishonest acts on the part of persons handling funds for the Association, and directors and officers insurance to satisfy the indemnification obligations of the Association and Unit Owners with respect to the limited liability and indemnification of members of the Executive Board.

Insurance proceeds under fire and property damage insurance policies will be paid to the Association or an insurance trustee if there is an insurance trust agreement in effect.

CONDITION OF STRUCTURAL COMPONENTS AND MAJOR UTILITY INSTALLATIONS

The Builder's Report, included as Exhibit 9, sets forth a description of the condition of all structural components and major utility systems included in the Condominium, including the expected useful life of each item, together with an estimated cost (in current dollars) of replacing them. Because the replacement cost and useful lives of such structural components and major utility installations are estimates based on predictions of future events that involve matters and occurrences beyond the control of the Declarant, no assurances can be made that actual replacement costs or useful lives will be consistent with the estimates presented.

AMENDMENTS/ORAL STATEMENTS

This Public Offering Statement is subject to change without notice in order to reflect changes in the information set forth herein or otherwise required by the Act. In such case, the Public Offering Statement will be amended in accordance with the Act.

No person has been authorized by the Declarant to make any statement, representation, or warranty not specifically contained herein, and nothing in this Public Offering Statement may be changed or modified orally. Any information or data regarding the Condominium that is not included in this Public Offering Statement should not and must not be relied upon.

PART II

**EXHIBITS TO PUBLIC
OFFERING STATEMENT
STERLEY STREET LOFTS CONDOMINIUM**

EXHIBIT 1
LIST OF PERMITS OBTAINED

Permit	Date of Issue	Expiration Date
First floor fit-out	August 2011	N/A

EXHIBIT 2
LIST OF PERMITS TO BE OBTAINED

Permit	Expected Date to be Obtained
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Individual condominium owners will obtain their permits for fit-outs.

EXHIBIT 3
DECLARATION OF CONDOMINIUM

DECLARATION OF CONDOMINIUM
OF
STERLEY STREET LOFTS, A CONDOMINIUM

Pursuant to the provisions of the
Pennsylvania Uniform Condominium Act,
68 Pa.C.S. § 3101 et seq.

October 6, 2011

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DECLARATION OF CONDOMINIUM

STERLEY STREET LOFTS, A CONDOMINIUM

County of Berks
Commonwealth of Pennsylvania

THIS DECLARATION OF CONDOMINIUM (this “Declaration”) is made this__ day of October ____, 2011 Sterley Street L.P., PA. (the “Declarant”), as owner in fee simple of the Property (hereinafter described).

ARTICLE I **SUBMISSION**

Section 1.1 Property; County Name. The Declarant, the owner in fee simple of the property described in Exhibit A attached hereto (the “Property”), located in the County of Berks, Pennsylvania, for itself, its successors, and assigns, hereby submits the Property, including all easements, rights, and appurtenances, and the Buildings (as defined herein) and improvements erected or to be erected on it to the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa.C.S. § 3101 et seq. (the “Act”), and hereby creates with respect to the Property a condominium, to be known as **Sterley Street Lofts Condominium**, A CONDOMINIUM (the “Condominium”).

Section 1.2 Title. The Declarant obtained fee title to the former mill Property on June 10, 2011 and the garage property on October 4, 2011. Until the recording of this Declaration, the Declarant continues to hold the Condominium for itself. After the recording of this Declaration, the Declarant will convey individual residential units and the one commercial unit for consideration.

ARTICLE II **DEFINITIONS**

Section 2.1 Terms Defined in the Act. Capitalized terms not otherwise defined herein or in the Plats and Plans (as defined herein) have the meanings specified or used in the Act.

Section 2.2 Terms Specifically Defined in this Declaration. In addition to the terms defined above, the following terms have the following specific meanings in this Declaration, the Bylaws, and Plats and Plans:

- (a) **“Agreement of Sale”** means an agreement of sale entered into between the Declarant and the prospective purchaser of a Unit.

- (b) **“Association”** means the Unit Owners’ Association of the Condominium, which is known as. Sterley Street Lofts Condominium Owners Association.”
- (c) **“Budget”** means the annual budget approved by the Association for the expenses of the Condominium.
- (d) **“Building”** means the structure located on the garage building which contains the garages for the units and the former mill property, which contains the residential Units and the one commercial Unit.
- (e) **“Bylaws”** means the document having that name and providing for the governance of the Association, pursuant to section 3306 of the Act, as it may be amended from time to time.
- (f) **“Commercial Unit”** means one (1) of the up to nine(9) condominium units which may be used for commercial purposes that are described on the Plats and Plans and referred to herein as Plan of Sterley Street Lofts Condominium.
- (g) **“Commercial Unit Owner”** means one of the individual owners of the Commercial Unit.
- (h) **“Common Elements”** means all portions of the Condominium (other than the Limited Common Elements and the Commercial Unit) and any improvements on the Property that are intended to be used in common by the Unit Owners.
- (i) **“Condominium Documents”** include the Declaration, Plats and Plans, Bylaws, and Rules and Regulations, if any.
- (j) **“Executive Board”** means the executive board of the Association.
- (k) **“General Common Expenses”** means common expenses excluding Limited Common Expenses.
- (l) **“Insurance Trust Agreement”** means the agreement (if any) between the Association and the Insurance Trustee providing for the management and disbursement of insurance proceeds in accordance with Article XI hereof.
- (m) **“Insurance Trustee”** means the entity responsible for the management and disbursements of insurance proceeds specified in the Insurance Trust Agreement (if any), whose deposits are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or another federally constituted body serving an equivalent function.
- (n) **“Limited Common Elements”** means those portions of the Property either described in the Act as being Limited Common Elements or described herein or in the Plats and Plans as being Limited Common Elements, if any.

- (o) **“Limited Common Expenses”** means the expenses described in section 3314(c) of the Act as modified by Section 3.2 and Section 11.1 of this Declaration.
- (p) **“Manager”** means the Person appointed by the Association hereunder as its agent to whom there has been a delegation of certain duties, powers, or functions of the Association. Initially the “Manager” will be Sterley Street L.P.
- (q) **“Monthly Assessment”** means a Unit’s individual share of the anticipated General Common Expenses for each month of the Association’s fiscal year as reflected in the Budget adopted by the Executive Board for such fiscal year.
- (r) **“Mortgagee”** means a lender who holds a mortgage encumbering a Unit and is registered in accordance with the provisions of Article IX of this Declaration.
- (s) **“Mortgagee Majority”** means Mortgagees that represent at least fifty-one percent (51%) of the votes of Unit Owners who own Units that are subject to mortgages.
- (t) **“Percentage Interest”** means the undivided interest in the Common Elements, and the share of all votes of Unit Owners and the share of General Common Expenses appurtenant to a Unit, as set forth in the percentage of ownership Exhibit to this Declaration.
- (u) **“Period of Declarant Control”** means the period commencing on the date of the first conveyance of a Unit to a Person other than the Declarant and ending no later than the earlier of (i) the date on which the events set forth in Section 12.1 occur, or (ii) the date on which the events set forth in Section 12.1(e) occur.
- (v) **“Person”** means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.
- (w) **“Plats and Plans”** means the Plats and Plans attached to this declaration as Exhibit B and available at the Declarant’s office at 18 Catherine Street Shillington PA., as it may be amended from time to time.
- (x) **“Residential Unit”** means one (1) of the nine (9) condominium units to be used for residential purposes that are described on the Plats and Plans and referred to herein as Plan of Sterley Street Lofts Condominium.
- (y) **“Residential Unit Owner”** means one of the individual owners of the Residential Unit.

- (z) **“Rules and Regulations”** means any rules and regulations that are promulgated by the Executive Board from time to time with respect to the use of all or any portion of the Property.
- (aa) **“Special Assessment”** means a Unit’s individual share of any assessment made by the Executive Board in addition to the Monthly Assessment.
- (bb) **“Unit”** means a Unit as described herein and in the Plats and Plans, including each Commercial Unit.
- (cc) **“Unit Owner”** means the Person or Persons or other legal entity or entities, including the Declarant, and any Commercial Unit Owner, holding fee simple title to a Unit.

Section 2.3 Provisions of the Act. The Property will be a condominium created and operated under the Act. The provisions of the Act will apply to and govern the operation and governance of the Condominium, except to the extent those contrary provisions, not prohibited by the Act, are contained in one or more of the following: this Declaration, the Plats and Plans, or the Bylaws.

ARTICLE III
UNIT BOUNDARIES AND MAINTENANCE RESPONSIBILITIES

Section 3.1 Unit Boundaries. Each Unit consists of the space, excluding any Common Elements passing through the title lines as defined by section 3202 of the Act, within the title lines or boundaries of each Unit, which are situated as shown on the Plats and Plans and described as follows:

(a) First Floor Units

(1) Upper and Lower (Horizontal) Boundaries: the upper and lower boundaries of First Floor Units shall be the following boundaries, extended to an intersection with the vertical boundaries:

- (A) Upper Boundary: The horizontal plane of the lower side surface of the concrete slab and beams above such Unit.
- (B) Lower Boundary: The horizontal plane of the lower side surface of the concrete floor.

(2) Vertical Boundaries: The vertical boundaries of a First Floor Unit shall be the vertical planes, extended to the intersections with each other and with the upper and lower boundaries, (i) of the interior side of the exterior concrete and brick walls, (ii) interior side of masonry walls where a Unit adjoins a stairwell or elevator and the center line of any walls where a Unit adjoins another unit. Any interior dividing walls within a group or block of Units owned by a Unit Owner shall be part of such Unit Owner’s Units in their entirety.

(b) Second and Third Floor Units

(1) Upper and Lower (Horizontal) Boundaries: The upper and lower boundaries of Second and Third Floor Units shall be the following boundaries, extended to an intersection with the Vertical Boundaries:

(A) Upper Boundary: The horizontal plane of the lower side of the concrete slab and beams above such Unit.

(B) Lower Boundary: The horizontal plane of the underside surface of the subfloor which sits on the concrete slab.

(2) Vertical Boundaries: The vertical boundaries of a Second and Third Floor Units shall be the vertical planes, extended to the intersections with each other and with the upper and lower boundaries, (i) of the interior side of the exterior brick and concrete walls, which do not separate a Unit from any other Unit, (ii) the interior side of the masonry walls where a unit adjoins a stairwell or an elevator and the center line of any wall where a Unit adjoins another Unit. Any interior walls within a group or block of Units owned by a Unit Owner shall be part of such Unit Owner's Units in their entirety.

(c) Fourth Floor Unit(s)

(1) Upper and Lower (Horizontal) Boundaries: The upper and lower boundaries of Second and Third Floor Units shall be the following boundaries, extended to an intersection with the Vertical Boundaries:

(A) Upper Boundary: The horizontal plane of the lower side of the wood flooring, drywall and beams above such Unit.

(B) Lower Boundary: The horizontal plane of the underside surface of the subfloor which sits on the concrete slab.

(3) Vertical Boundaries: The vertical boundaries of a Second and Third Floor Units shall be the vertical planes, extended to the intersections with each other and with the upper and lower boundaries, (i) of the interior side of the exterior brick and concrete walls, which do not separate a Unit from any other Unit, (ii) the interior side of the masonry walls where a unit adjoins a stairwell or an elevator and the center line of any wall where a Unit adjoins another Unit. Any interior walls within a group or block of

Units owned by a Unit Owner shall be part of such Unit Owner's Units in their entirety.

(d) Fifth Floor unit

(1) Upper and Lower (Horizontal) Boundaries: The upper and lower boundaries of the Fifth Floor Unit shall be the following boundaries, extended to an intersection with the Vertical Boundaries:

- a. Upper Boundary: The horizontal plane of the lower side of the metal ceiling and the underside of the sloped roof structure running parallel to the length of the Unit.
- b. Lower boundary: The horizontal plane of the underside surface of the finished oak flooring which sits on the subflooring of the Fifth Floor of the Building.

(4) Vertical Boundaries The vertical boundaries of a Second and Third Floor Units shall be the vertical planes, extended to the intersections with each other and with the upper and lower boundaries, (i) of the interior side of the exterior walls, which do not separate a Unit from any other Unit, (ii) the interior side of the masonry walls where a unit adjoins a stairwell or an elevator. Any interior walls within a group or block of Units owned by a Unit Owner shall be part of such Unit Owner's Units in their entirety.

(e) *Boundaries of a Unit extend to:*

- (A) The unit-side surface of furring around structural columns, utility shafts, and other Common Elements within or passing through such Unit, to include the thickness of the finish material such as plaster or drywall.
 - (B) The unit-side surface of ceilings and furring under and around (i) overhead structural members and (ii) utility lines, ducts, and cables (all of which are Common Elements), to include the thickness of the finish material such as plaster or drywall.
 - (C) The exterior-side surface of the sash of windows that are set in the exterior walls of such Unit, the exterior-side surface of the planes of such windows, and the exterior-side surface of window sills, moldings, trim, and jambs for such windows, to include the thickness of the finish material such as plaster or drywall.
 - (D) The exterior-side surface of doors, and their sills and hardware, and the exterior-side surface of the doorframes in which the doors are set, to include the thickness of the finish material such as plaster or drywall.
- (f) Each Unit is to include the items within the boundaries as described in paragraphs (2) and (3) of section 3202 of the Act, and will have the benefit of the use of all Limited Common Elements described in section 3202 of the Act or designated on

the Plats and Plans and described in Article IV of this Declaration, as being allocated to such Unit.

- (g) Provided that the Declarant may modify the Unit boundaries for the Units located on floors 1-4 by creating a second Unit on each floor with an appropriate description of the vertical boundary created thereby

Section 3.2 Maintenance Responsibilities. The Units and Common Elements must be maintained, replaced, and repaired by each Unit Owner and by the Association in accordance with the provisions of section 3307 of the Act, except as expressly set forth to the contrary in this Declaration. Also, any maintenance, replacement, or repair of the Common Elements arising out of or caused by the willful or negligent act or omission of a Unit Owner, or such Unit Owner's family, guests, invitees, or tenants must be done at the Unit Owner's expense or a Special Assessment for it will be made against the related Unit.

- (a) Limited Common Elements. Ordinary maintenance, repair, replacement, and cleaning of Limited Common Elements, if any, is the responsibility of the Unit Owner to which such Limited Common Element is appurtenant. Structural repairs and/or replacements of such Limited Common Elements is the responsibility of the Unit Owner, provided that the cost of any such structural repair or replacement that was necessitated due to the negligence or misconduct of one or more Unit Owners will be charged to such Unit Owner(s).

ARTICLE IV

DESCRIPTION OF COMMON ELEMENTS

Section 4.1 Common Elements.

- (a) The Common Elements include all real estate not included within the title lines of any Unit (as set forth in Article III hereof) and any improvements on the real estate, including, but not limited to, the following (but excluding any Limited Common Elements):
 - (A) The building stairwell, elevator shaft and all areas located in The Building not within a Unit, other than the Limited Common Elements.
 - (B) The sanitary sewer lines throughout the building that serve the bathroom, laundry and kitchen facilities for each Unit.
 - (C) Elevator and elevator mechanical room.
 - (D) All common structural systems.

- (E) Roofs
- (F) Sidewalks
- (G) Garage building and assigned parking in front of each garage unit.
- (H) Exterior water supply
- (I) Sprinkler system
- (J) All other portions of the Property designated as Common Elements herein or in the Plats and Plans.

(b) The operation of the Common Elements will be conducted by the Association.

Section 4.2 Location and Dimensions. The location and dimensions of the Common Elements are shown on the Plats and Plans, to the extent feasible to do so. The individual residential units on the various floors will have common elements located within their unit and going through the floor and or ceiling of said unit as determined by the fit out plans for each unit as it is developed. Said locations will be determined as soon as practicable and become part of the Condominium as built when construction is complete.

ARTICLE V

DESCRIPTION AND ALLOCATION OF LIMITED COMMON ELEMENTS

Section 5.1 Description of Limited Common Elements. Limited Common Elements means those portions of the Building or Property defined as such pursuant to sections 3202(2) and (4) of the Act or as identified and designated as Limited Common Elements in the Plats and Plans, or Section 5.2 of this Declaration. Those portions of the Limited Common Elements serving only the Unit above, below, or adjacent to the Limited Common Element, as the case may be, are Limited Common Elements allocated to the Unit that they serve. Those portions of the Limited Common Elements serving more than one Unit, but fewer than all Units, are Limited Common Elements allocated to the Units that they serve. Any Limited Common Elements shown and identified as such on the Plats and Plans will be allocated to the Unit or Units indicated.

Section 5.2 Specified Limited Common Elements. The following portions of the Building and Property are hereby designated as Limited Common Elements:

- (a) Doors, window and door sills, frames, and hardware that are not part of the Unit (as set forth in Section 3.1 hereof) but that are adjacent to and serve only such Unit;

- (b) Utility systems that serve a specific unit, including, without limitation, any cable tv distribution system, the electrical system, the water supplies system and the natural gas supply distribution system and related meter that serves each Unit;
- (c) The roof deck located immediately adjacent to the fifth floor residential unit which is reserved for the exclusive use of the fifth floor unit owner, who shall have the sole responsibility for maintaining the same as set forth herein.

ARTICLE VI
ALLOCATION OF PERCENTAGE INTERESTS;
GENERAL COMMON EXPENSES AND VOTING RIGHTS;
SUBDIVISION NUMBER OF UNITS

Section 6.1 Percentage Interests. Each Unit will have the respective Percentage Interest set forth on Exhibit D. Each Unit will bear a share of the General Common Expenses equal to its Percentage Interest, provided, however, that the Unit Owner of a Unit will be solely responsible for the costs associated with the Limited Common Elements as set forth in Section 3.2(a) hereof.

Section 6.2 Allocation of Unit Owner's Voting Rights. Each Unit will have a single vote in the Association. In the case where a Unit is owned by multiple owners there shall only be one vote and no splitting of that vote among said multiple owners. There will be no cumulative voting.

Section 6.3 Subdivision and Combination of Units. The Declarant will have the right to subdivide Units owned by it and to sell such subdivided Units separately, and to combine Units and to sell such combined Units.

Section 6.4 Adjustment of Percentage Interests. If the Declarant subdivides any unit it owns pursuant to Section 6.3 above, that Units percentage interest will be adjusted accordingly.

ARTICLE VII
EASEMENTS; TITLE MATTERS

Section 7.1 Additional Easements. In addition to and in supplementation of the easements provided for by sections 3216, 3217, and 3218 of the Act, the following easements are hereby created:

- (a) The Declarant will have the right of access, for itself, its employees, agents, contractors, guests, and prospective customers, throughout the Property in connection with its efforts to sell or lease Units, and to conduct sales and marketing activities, and may maintain and operate marketing offices and model units and may use space in the lobby and other Common Elements, and in unsold Units, for marketing and sales purposes.

- (b) The Units and Common Elements will be and are hereby made subject to easements in favor of the Declarant, appropriate utility and service companies, and governmental agencies or authorities for any utility and service lines and equipment that may be necessary or desirable to serve any portion of the Property. The easements created in this Section 7.1(b) include, without limitation, rights of the Declarant or the providing utility or service company or governmental agency or authority to install, lay, maintain, repair, relocate, and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electrical wires, conduits and equipment, and ducts and vents over, under, through, along, and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 7.1(b), unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit must be located either in substantially the same location as the facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant or so as not to materially interfere with the use or occupancy of the Unit by its occupants. With respect to any utility lines or equipment serving only the Condominium and located upon the Common Elements, the Executive Board has the right and power to dedicate and convey title to those lines or equipment to any private or public utility company. In addition, the Executive Board has the right and power to convey easements over the Common Elements for the installation, maintenance, repair, and replacement of those lines or equipment to any private or public utility company or governmental agency or authority.
- (c) The Declarant reserves an easement to go upon any and all of the Property for the purposes of construction, reconstruction, maintenance, repair, renovation, replacement, or correction of the Units or Common Elements (including, without limitation, the Limited Common Elements).
- (d) The Declarant has the right to rent any unsold Units.
- (e) The Declarant reserves an easement for itself, its successors and assigns, its employees, agents, contractors, and the Unit Owner and all future Unit Owners of Commercial Unit, and their tenants, to install and maintain signs on the exterior of the Building and to decorate marquees, signs, and doors accessing the lobbies and accessing the Commercial Unit. The Declarant reserves an easement for itself, its employees, agents, contractors, successors, and assigns to install and maintain signs in the lobbies and outside of certain model Units used by the Declarant, its employees, and agents to conduct sales and marketing activities and to decorate doors accessing such model Units. The Executive Board has the right to promulgate Rules and Regulations regarding the use of such Limited Common Elements that are consistent with the provisions of the immediately preceding sentence. In any event, no other surface finish or covering of any portion of any Limited Common Element may be performed without the prior written consent of the Executive Board.

- (f) The Common Elements (other than the Limited Common Elements, if any) are hereby made subject to an easement in favor of the Unit Owners and their invitees, employees, tenants and servants, the Association, and the agents and employees of the Association for access, egress, and ingress on, over, through, and across each portion thereof, and for the enjoyment and use thereof, pursuant to any requirements and subject to any charges that the Executive Board may from time to time prescribe.
- (g) The Common Elements (including, but not limited to, the Limited Common Elements, if any) are hereby made subject to an easement in favor of the Association, and its agents, employees, and independent contractors for the purpose of the inspection, upkeep, maintenance, repair, and replacement of the Common Elements (including, but not limited to, the Limited Common Elements, if any).
- (h) The Common Elements (including, but not limited to, the Limited Common Elements, if any) are hereby made subject to the following easements in favor of the Units benefited thereby and the Association and its agents, employees, and independent contractors:
 - (A) For the installation, repair, maintenance, use, removal, and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables, and all other utility lines and conduits that are a part of or exclusively serve a single Unit and that pass across or through a portion of the Common Elements;
 - (B) For the installation, repair, maintenance, use, removal, and/or replacement of overhead lighting fixtures, electrical receptacles, and the like that are located in a portion of the ceiling, wall, or floor adjacent to a Unit that is a part of the Common Elements; provided that the installation, repair, maintenance, use, removal, or replacement of such fixtures, receptacles, and the like does not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Building;
 - (C) For driving and removing nails, screws, bolts, and the like into the unit-side surface of walls, ceilings, and floors that are part of the Common Elements; provided that such action will not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Building; and
 - (D) For the maintenance or the encroachment of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grilles, and similar fixtures that serve only one Unit but that encroach into any part of any Common Element or Limited Common Element on the date this Declaration is recorded.

- (i) To the extent necessary, each Unit will have an easement for structural support over every other Unit in the Building, the Common Elements, and the Limited Common Elements, and each Unit and the Common Elements will be subject to an easement for structural support in favor of every other Unit in the Building, the Common Elements, and the Limited Common Elements.
- (j) The Units and the Limited Common Elements are hereby made subject to the following easements:
 - (A) In favor of the Association and its agents, employees, and independent contractors, (i) for inspection of the Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance, cleaning, repair, and replacement for which they are responsible, (ii) for inspection, maintenance, cleaning, repair, and replacement of the Common Elements or the Limited Common Elements situated in or accessible from such Units or Limited Common Elements, or both, (iii) for correction of emergency conditions in one or more Units or Limited Common Elements, or both, or casualties to the Common Elements, the Limited Common Elements, and/or the Units, and (iv) for any of the purposes set forth in Section 7.1(h) or Section 7.1(i) hereof. The Association and its agents, employees, and independent contractors will take reasonable steps to minimize any interference with a Unit Owner's use of his or her Unit resulting from the Association's exercise of any rights it may have pursuant to this Section 7.1(k)(A), Section 7.1(k)(B), or both;
 - (B) In favor of the Unit Owner benefited thereby and the Association and its agents, employees, and independent contractors, for the installation, repair, maintenance, use, removal, and/or replacement of pipes, ducts, electrical, telephone, telegraph, or other communication systems and all other utility lines and conduits that are part of the Common Elements and that pass across or through a portion of one or more Units.
- (k) The exclusive easement for use of the Limited Common Elements, if any, and the decoration of doors accessing Units (designated as Limited Common Elements on the Plats and Plans or herein) by the Unit Owners and occupants (and their invitees, employees, tenants, and servants) of the Unit to which such Limited Common Elements are allocated is limited to lawful uses normally associated with residences. The Executive Board has the right to promulgate Rules and Regulations regarding the use of such Limited Common Elements that are consistent with the provisions of the immediately preceding sentence. In any event, no other surface finish or covering of any portion of any Limited Common Element may be performed without the prior written consent of the Executive Board.

- (l) Wherever in this Declaration and the Plats and Plans a title line of a Unit is described as being the unit-side surface of the structural floor (such as the surface beneath any finished flooring), such Unit Owner will have an easement for the purpose of affixing and removing carpeting, wood flooring, and other floor coverings or otherwise decorating, cleaning, and maintaining such surface, all at the sole cost and expense of the Unit Owner. The Association, acting by its Executive Board on behalf of all Unit Owners, will, at all times while this Declaration is in effect, retain the right and duty to maintain, repair, and/or replace the structural wood floors of which the surfaces are a part, although such maintenance, repair, or replacement may temporarily adversely affect the Unit Owner's aforesaid easement and right to use the unit-side surface of such structural wood floor.

- (m) Wherever in this Declaration and the Plats and Plans a title line of a Unit is described as being the unit-side surface of a designated portion of the Building, the Unit Owner of such Unit will have an easement for the purpose of decorating those surfaces and affixing thereto and removing therefrom paint, wallpaper, other decorative material, pictures, mirrors, wall systems, and decorative articles, and (with respect to all such portions of the Building) cleaning and maintaining such surfaces, all at the cost and expense of the Unit Owner of the Unit. Thus, by way of illustration and not limitation, the Unit Owner of a Unit has an easement to paint the unit-side surface of door and window sills. The Association, acting by its Executive Board on behalf of all Unit Owners, at all times while this Declaration is in effect, retains the right and duty to maintain, repair, and/or replace the portions of the Building of which the surfaces are a part, although such maintenance, repair, or replacement may temporarily adversely affect the Unit Owner's easement and right to use the unit-side surface of such portion of the Building.

- (n) All easements, rights, and restrictions described and mentioned in this Declaration are easements appurtenant, running with the land and the Property, including (by way of illustration but not limitation) the Units and the Common Elements, and (unless expressly otherwise provided in the instrument creating them), will continue in full force and effect until the termination of this Declaration, as it may be amended from time to time.

Section 7.2 Title Matters. In addition to those easements described in Section 7.1 above, the Property is submitted under and subject to the matters of record listed on Exhibit C, attached hereto. Only to the extent that such matters continue to affect the Property, the Declarant expressly disclaims any intent to revive or extend any such matters that do not presently affect the Property.

ARTICLE VIII
RESTRICTIONS ON USE; LEASES OF UNITS

Section 8.1 Commercial Use. The following restriction applies to the use of the 1st Floor Commercial Unit.

- (a) The Commercial Unit may be used for a computer parts manufacturing facility. Any other commercial use must be approved by the Declarant or the Association if the Declarant is no longer in control of the Association.

Section 8.2 General Restrictions. The following restrictions apply to the use of the Condominium.

The freight elevator is to be operated by the Unit Owners only.

- (a) No Unit Owner may obstruct the Common Elements in any way. No Unit Owner may store or leave anything in or on the Common Elements without the prior written consent of the Executive Board. The Common Elements may be used only for the benefit or enjoyment of all Unit Owners and all occupants and invitees of the Units.
- (b) Without limiting the previous provisions of this Section 8.2, no Unit Owner may carry on any practice or permit any practice to be carried on that unreasonably interferes with the quiet enjoyment by the occupants of any other Unit. The Property is to be maintained in a clean and sanitary condition. No Unit Owner may place any garbage, trash, or rubbish anywhere on the Property other than in the Unit Owner's Unit and in or on parts of the Common Elements that may be designated for such purpose by the Executive Board.
- (c) No Unit Owner may erect or display any sign, advertising, or other display on or in the Unit Owner's Unit or any Limited Common Element that is visible from outside the Unit or from the Common Elements, without in each instance having obtained the prior written permission of the Executive Board. This does not apply to the Declarant in connection with its marketing, sale, or leasing of any Unit and other signs identifying management or other operation-related functions in the Building. This provision is not intended to prevent the Executive Board from maintaining on the Common Elements a register of Unit occupants, or Unit Owners, or both
- (d) The Executive Board may, from time to time, promulgate reasonable Rules and Regulations that do not conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property. Copies of the then-current Rules and Regulations and any amendments to them must be furnished to all Unit Owners by the Association promptly after the adoption of the Rules and Regulations and any amendments to them.

- (e) Each Unit Owner will be responsible for maintaining his or her Unit in good order and repair, at the expense of the Unit Owner, including, without limitation, cleaning and replacing glass panes in any window serving the Unit.
- (f) Drapes, curtains, shades, and other window coverings may be hung on the interior of the windows of the Units. Any drapes, curtains, shades, or other window coverings that are visible from the outside of the Unit must meet standards of consistency or appropriateness as determined by the Association. Any window coverings deemed inconsistent or inappropriate must be removed by the Unit Owner. Unit Owners must not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of the Building or in the Common Area, except as permitted in writing by the Executive Board, and no sign, awning, canopy, shutter, appliance, radio or television or cable antenna, or other telecommunications receiving or transmission equipment may be affixed to or placed in any window or upon the exterior walls or roof or any part thereof, without the prior written consent of the Executive Board.
- (g) Except by the Declarant in accordance with Section 6.3, none of the Units may be subdivided into two or more Units. Except by the Declarant in accordance with Section 6.3, two or more Units may be combined into one Unit only with the prior written approval of the Executive Board. The Percentage Interest allocated to the new combined Unit will be the aggregate Percentage Interests of the combined Units. In connection with any subdivision or combination of Units, the location of a doorway may not be changed, except (i) by the Declarant in the event a Unit is subdivided or combined in accordance with Section 6.3 in connection with the sale by the Declarant of a Unit or Units, which the Declarant may do without the consent of the Executive Board, and (ii) by a Unit Owner who subsequently combines two Units with prior written permission from the Executive Board. The Executive Board's permission may be conditioned upon, among other things, submission of plans and specifications for review by the Executive Board, architects, and/or engineers and compliance with the Rules and Regulations and all applicable laws.
- (h) Each Unit Owner must maintain the Limited Common Elements allocated to the Unit Owner's Unit in a clean, safe, and attractive condition and in good order, condition, and repair (except to the extent that the repair is the obligation of the Association as provided in this Declaration).
- (i) As determined by the Executive Board in its sole discretion, no noxious, hazardous, excessively noisy, or offensive activity is to be conducted in any Unit or in any Common Element, nor may anything be done or any object placed in any Unit or Common Element that is or may become a nuisance or cause disturbance or annoyance to other Unit Owners.
- (j) No Unit Owner, tenant, occupant, or prospective owner or occupant of a Unit may apply for or obtain any zoning exception, variance, change, or zoning

classification or other relief with respect to a Unit without the prior written approval of the Executive Board.

- (k) Nothing may be done or kept in any Unit or in the Common Elements that will or could increase the rate of insurance on the Property, including, without limitation, any use that would increase the fire insurance premiums for the Property, or its contents, applicable for permitted uses, without the prior written consent of the Executive Board. This consent may be conditioned, among other things, upon the Unit Owner being required to bear the full amount of such increase. No Unit Owner may cause or permit anything to be done or kept in the Unit Owner's Unit or in the Common Elements that could or will violate any law, statute, ordinance, or regulation of any governmental body or that could or will result in the cancellation of any insurance maintained by the Executive Board or the Association.

Section 8.3 Nuisance. No noxious or offensive activity may be carried on by any person or entity in, on, or about the Unit, Limited Common Element, or Common Element, nor may anything be done or permitted to be done that would constitute or create a public nuisance thereon or therein. At no time hereafter may any Unit Owner, his or her family, guests, invitees, or lessees, use any object or thing that creates noise, smoke, odor, soot, or vibrations in such manner as to disturb any other Unit Owner or lawful user of the Common Elements. The Association has the right to determine in accordance with the Bylaws and any Rules and Regulations if any such noise, smoke, odor, soot, or vibration, or any activity producing such outcome, constitutes a nuisance. No Unit Owner may erect, install, or place any awnings, canopies, shutters, signs, flags, banners, pennants, flashing lights, wires, exterior speakers, horns, whistles, bells, or other sound devices (other than security devices used exclusively for security purposes), clothes, or any other object, upon the exterior walls of any Unit, or within any Unit or elsewhere on the Unit in such a manner that they are in any way visible to passersby. However, American flags and flags of other countries will be permitted to be flown or hung on appropriate occasions, and electric lights of a flashing nature will be permitted to be used during the year-end holiday season. No Unit Owner may permit any noxious or offensive activity to be carried on by any person or entity in, on, or about the Unit or permit anything to be done therein or thereon that would constitute or create a public nuisance. No Owner may permit anything to be done or kept in the Unit or the Property that would increase the rate of insurance on the Unit or that would obstruct or interfere with the rights of the Owner of any other Unit.

Section 8.4 No Signs, Fences, Etc. Other than marketing signs used by the Declarant and address signs identifying each Unit, no sign, "for sale" sign, "for rent" sign, poster, display, billboard, or other advertising device of any kind may be displayed to the public view on any portion of the Property or on any Unit. The Association has the power to remove any such sign or device and to charge the costs incurred in their removal to the person responsible for erecting the sign or device.

Section 8.5 The restrictions set forth herein shall apply to the Common Parking Area for the Sterley Street Lofts Condominium (parking area). No Unit Owner may leave any non-operating vehicle or a vehicle not licensed to be operated anywhere on the Parking area. No Unit Owner may park or permit to be parked anywhere on the Parking area any of the following: snowmobiles, recreation vehicles, trailers, boat trailers, boats, jet skis, all-terrain vehicles, golf carts, tractor-trailers, motorcycles, motorbikes, or any other vehicle that does not fit in a standard parking space on the Property. No Unit Owner may operate, or permit to be operated on the Parking Area, any motor vehicles other than automobiles, including, by way of illustration only, all-terrain vehicles, motor scooters, and snowmobiles, regardless of whether such motor vehicles are licensed or not. No Unit Owner may conduct repairs or restorations of any motor vehicle, boat trailer, aircraft, or other vehicle or trailer upon any portion of the Parking Area.

Section 8.6 Animal Restriction. No animals or pets of any kind shall be raised, bred, kept or allowed in any parts of the building or common spaces.

Section 8.7 Outdoor Activities. No garbage, refuse, rubbish, cuttings, or other waste materials may be deposited, kept, or permitted upon or around any Unit or Limited Common Element. Trash must be put out for pickup at the times and in the manner determined by the Association. No decorations outside a Unit will be permitted without the approval of the Committee.

Section 8.8 Construction Materials and Equipment. Except for building materials and equipment of the Declarant, no building materials or equipment of any kind or character may be placed or stored outside of the Units, or on the Limited Common Elements, except within the confines of an enclosed structure, except in connection with construction approved as provided in this declaration. If building materials or equipment are placed in or around the Units in connection with such approved construction, that construction must be promptly commenced and completed with reasonable speed.

Section 8.9 Outside Installations.

- (a) Any exterior lighting installed on the Units or Limited Common Elements must either be indirect or of such controlled focus and intensity that it does not disturb the users of the Property. The source of illumination must be shielded so as not to be visible from any location off the Unit. Except for exterior lighting installed by the Declarant as part of the lighting package provided by it to Unit Owners, no exterior lighting may be installed by Unit Owners.
- (b) No exterior radio antennae, television antennae, satellite dishes, or any other signal receptors of any type may be erected or maintained anywhere on the outside of this building.
- (c) Window replacements must match one of the existing style of windows and must be approved by the Association.

The Association has the right to establish additional rules and regulations as to locations and screening of any externally placed signal receptor not in conflict with FCC regulations.

Section 8.10 Drainage. Unit Owners must not interfere with any drainage systems established within the property.

Section 8.11 Declarant Exemption. The Declarant or its representatives, successors, or assigns will undertake the work of constructing Units and completing the Limited Common Elements and the Common Elements. The completion of that work and the sale, rental, and other disposal of Units is essential to the establishment and welfare of the Property as a commercial office building. As used in this section and its subparagraphs, the words “its representatives, successors, and assigns” specifically do not include purchasers of Units. In order that work may be completed and the Property established as a fully occupied commercial office building as rapidly as possible, no Unit Owner may do anything to interfere with, and nothing in this Declaration will be understood or construed to:

- (a) prevent the Declarant, its representatives, successors, or assigns, or its contractors or subcontractors, from doing on any Unit owned by them whatever they determine to be necessary or advisable in connection with the completion of their work, including, without limitation, the alteration of its construction plans and designs as the Declarant deems advisable in the course of development;
- (b) prevent the Declarant, its representatives, successors, or assigns, or its contractors or subcontractors, from erecting, constructing, and maintaining on any Unit, or portion thereof, owned or controlled by the Declarant or its successors or assigns, any structures that may be reasonably necessary for the conduct of its or their business or completing the work;
- (c) prevent the Declarant, its representatives, successors, or assigns, or its contractors or subcontractors, from conducting on any Unit, or any portion thereof, owned or controlled by the Declarant or its representatives, successors, or assigns, their business of developing, subdividing, grading, and constructing Units and other improvements in the Property;
- (d) prevent the Declarant, its representatives, successors, or assigns, or its contractors or subcontractors, from maintaining any sign or signs on any Unit, or controlled by any of them as may be necessary, including, without limitation, safety and Unit identification signs in connection with construction, sales, leasing, or other marketing of Units in the Property;
- (e) prevent the Declarant, at any time prior to acquisition of title to a Unit by a Unit Owner, from granting any additional licenses, reservations, and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property;

- (f) prevent the Declarant, its representatives, successors, or assigns, from maintaining offices and models on any Unit owned by the Declarant or in the Common Element portion of the Property in connection with the management of or sale or rental of Units owned by the Declarant in the Condominium; or
- (g) prevent the Declarant, its representatives, successors, or assigns, from developing any other property adjacent to or nearby the Property or elsewhere.

Section 8.12 Insurance Rates. Nothing may be done or kept in the Property that will increase the rate of insurance on any property insured by the Association without the approval of the Executive Board, nor may anything be done or kept in the Property that would result in the cancellation of insurance on any portion of the Property or improvements insured by the Association or that would be in violation of any law. Furthermore, the Executive Board has the right to implement any requirements that may be imposed from time to time by underwriters of insurance maintained on any portions of the Property.

Section 8.13 Lease of Units.

- (a) Leasing and subleasing are prohibited for all units and garages.

ARTICLE IX RIGHTS OF MORTGAGEES

Section 9.1 Restrictions on Mortgagees. Every mortgage encumbering a Unit must provide generally, whether or not it so states, that the mortgage and the rights and obligations of the parties thereto will be subject to the terms and conditions of the Act, this Declaration, the Plats and Plans, and any Rules and Regulations, and, specifically but without limitation, that the obligation secured by the mortgage will be prepayable, without premium or penalty, upon the happening of a termination of the condominium form of ownership of the Property, and that the Mortgagee will have no right to:

- (a) participate in the adjustment of losses with insurers or in the decision as to whether or not or how to repair or restore damage to or destruction of the Property; or
- (b) receive or apply the proceeds of insurance to the reduction of the mortgage debt or otherwise, except in the event and to the extent either of a distribution of such proceeds to Unit Owners pursuant to section 3312(g) of the Act, or of insurance proceeds in excess of the cost of repair or restoration being received by the Unit Owner of the Unit encumbered by the mortgage; or
- (c) accelerate the mortgage debt or to be entitled to exercise any other remedies by virtue of waste or alleged waste or other conditions occurring elsewhere in the Property other than within the Unit encumbered by the mortgage.

Section 9.2 Notice of Mortgagees. Every Unit Owner or prospective purchaser of a Unit must, prior to the delivery of any mortgage or obligation to be secured by it, notify the Executive Board in writing of the name and address of its Mortgagee or Mortgagees. When a mortgage is delivered to the Mortgagee, the Unit Owner must simultaneously provide an executed or conformed copy of it to the Executive Board.

Section 9.3 Register. Upon receipt of the copy of the mortgage encumbering a Unit, the Secretary of the Association must instruct the insurer of the Property to add the name of the Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the Property and to provide the Mortgagee with a certificate of insurance showing that the Mortgagee's name has been added. The Secretary must maintain a register of mortgages, showing the name and address of the holder of the mortgage and the amount secured by it.

Section 9.4 Notice of Unit Owner Default. With respect to each Mortgagee registered with the Secretary of the Association pursuant to Section 9.3 above, the Executive Board must:

- (a) give prompt notice to a Mortgagee of any default in the Unit mortgagor's obligations under the Condominium Documents, including failure to pay General Common Expenses or Limited Common Expenses when due and payable, which is not cured within sixty (60) days after the occurrence of such default;
- (b) promptly after the Association has received written notice of any pending acquisition of any portion of the Property by means of eminent domain, give to all Mortgagees written notice of any such proceedings;
- (c) agree in writing to notify the appropriate Mortgagee whenever (i) damage to a Unit covered by the mortgage held by the Mortgagee exceeds Ten Thousand Dollars (\$10,000.00), and (ii) damage to Common Elements, Limited Common Elements, or related facilities exceeds Fifty Thousand Dollars (\$50,000.00);
- (d) give prompt notice to a Mortgagee of any lapse, cancellation, or material modification of any insurance policy maintained by the Association or maintained for the benefit of the Association; and
- (e) give prompt notice to a Mortgagee of any proposed action that requires consent of the Mortgagee Majority.

Section 9.5 Liability for Use and Charges. A Mortgagee who obtains title to a Unit pursuant to the remedies provided in a mortgage for foreclosure of the mortgage will not be liable for the Unit Owner's unpaid assessments or charges that accrue prior to the acquisition of the title to the Unit by the Mortgagee, except to the extent otherwise provided for under section 3315 of the Act and except to the extent that the Mortgagee is liable as a Unit Owner for the payment of the unpaid assessment or charge that is

assessed against the Mortgagee as a result of all Unit Owners being reassessed for the aggregate amount of the deficiency.

Section 9.6 Insurance and Condemnation Rights. No provision of this Declaration will give a Unit Owner, or any other party, priority over any rights of the Mortgagee of a Unit pursuant to its mortgage in the case of distribution to the Unit Owner of insurance proceeds or condemnation awards for loss to or a taking of one or more Units and/or Common Elements.

Section 9.7 Approval of Mortgagees. Except as otherwise provided below, the prior written approval of a Mortgagee Majority must be obtained for the following:

- (a) the abandonment of the condominium status of the Property, except for abandonment permitted by the Act in case of substantial loss to the Units and Common Elements;
- (b) a change in the Percentage Interest allocated to each Unit, other than any amendment made pursuant to Section 12.3 hereof;
- (c) the abandonment, encumbrance, sale, or transfer of the Common Elements; and
- (d) any amendment of any provision contained in the Condominium Documents that would have a material adverse impact upon the Mortgagees;

provided, however, a Mortgagee's consent can be deemed to have been obtained if the Mortgagee fails to submit a response to a request for written approval within sixty (60) days after receipt thereof and the request was delivered via certified or registered mail with return receipt requested.

Section 9.8 Books and Records. Any Mortgagee registered pursuant to Section 9.3 of this Declaration has the right (exercisable by written notice to the Executive Board) to examine the books and records of the Association and to require that they be provided with a copy of each annual report of the Association and other financial data of the Association reasonably requested by the Mortgagee.

Section 9.9 Miscellaneous. The Executive Board may impose reasonable charges on Unit Owners for performing the services described in this Article IX. Failure to comply with the requirements of this Article IX will in no way limit or invalidate otherwise proper actions of the Association or the Executive Board.

ARTICLE X **INSURANCE**

Section 10.1 Types and Amounts. The following types of insurance provided for in this Declaration will be obtained by the Association. Notwithstanding the provisions of section 3314(c) of the Act, the cost of insurance premiums need not be assessed in proportion to risk.

- (a) Property hazard insurance, with an endorsement for extended coverage, or any other fire and casualty insurance that the Executive Board may determine provides equal or greater protection for the Unit Owners and their Mortgagees, if any, in each case complying with the applicable requirements of Section 10.2 hereof. The property hazard insurance will, if and to the extent reasonably available, provide coverage of the Common Elements, the Limited Common Elements, and the Units, exclusive of the improvements and betterments installed in the Units and Limited Common Elements by Unit Owners and exclusive of fixtures, furniture, and furnishings of a Unit and personal property of Unit Owners. The property hazard insurance will insure against all risks of direct physical loss commonly insured against. If the property hazard insurance no longer becomes available in the future, the Association will obtain comparable insurance that is then available. The amount of any such property hazard insurance obtained pursuant to this Section 10.1(a) will be equal to the full insurable replacement value of the insured property, without deduction for depreciation (i.e., 100% of current “replacement cost” exclusive of land, foundation, excavation, and other items normally excluded from coverage, but including all Building service equipment and the like (including, without limitation, boiler and machinery insurance and elevator liability and collision insurance) and any fixtures or equipment within a Unit that is financed using the proceeds of a mortgage), with an “agreed amount endorsement,” if available. However, in no event will the amount of the insurance obtained be less than the aggregate amount of the initial principal sum of all mortgages in effect from time to time. The hazard insurance will afford protection against at least the following:
 - (A) loss or damage caused by fire and other hazards covered by the standard extended coverage endorsement, and caused by vandalism, malicious mischief, wind, storm, and water, and will pay the costs of debris removal and the cost of demolition, in the event it is necessary following such loss or damage;
 - (B) other risks that the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation may require by reason of their holding of one or more mortgages; and
 - (C) other risks that are customarily covered in similar projects.

The property hazard insurance policy may, at the option of the Association, contain a “deductible” provision in an amount to be determined by the Executive Board but not to exceed Twenty-Five Thousand Dollars (\$25,000.00). The proceeds of the policy will be

payable to the Insurance Trustee, if any, otherwise to the Association. The property hazard insurance policy will include a separate “loss payable endorsement” in favor of the holders of mortgages, if any, modified to make the loss payable provisions in favor of the holders of mortgages subject and subordinate to the loss payable provisions in favor of the Association if there is no Insurance Trustee, or if there is an Insurance Trustee, to the Insurance Trustee under the Insurance Trust Agreement. If the Executive Board fails, within sixty (60) days after the date of an insured loss, to initiate a claim for damages recoverable under the policy or policies obtained pursuant to this paragraph, any Mortgagee may initiate a claim on behalf of the Association.

In the event of damage to or destruction of any part of the Common Elements, the Association will repair or replace it from the insurance proceeds available. If the insurance proceeds are insufficient to cover the cost of repair or replacement of the Property damaged or destroyed, the Association may make a Special Assessment against all Unit Owners to cover the additional costs of repair or replacement not covered by the insurance proceeds, in addition to any other Monthly Assessments made against the Unit Owners.

- (b) Comprehensive Liability Insurance policies, complying with the requirements of Section 10.2 hereof, insuring the Unit Owners, in their capacity as Unit Owners, and Association members and any managing agent retained by the Association, against any liability to the public or to other Unit Owners, their tenants, or invitees, relating in any way to the ownership and/or use of the Common Elements and any part thereof. The insurance policy will contain a “severability of interest endorsement” or equivalent coverage that precludes the insurer from denying the claim of a Unit Owner because of the negligent acts of the Association or another Unit Owner. Limits of liability will be at least One Million Dollars (\$1,000,000.00), covering all claims for bodily injury and/or property damage arising out of a single occurrence. The insurance will include protection against water damage liability, liability for property of others, and any other risks that are customarily covered in similar projects. The scope and amount of coverage of all liability insurance policies will be reviewed at least once each year by the Executive Board and may be changed in its discretion, provided that the policies must continue to comply with the requirements of this Section 10.1 and Section 10.2 hereof.
- (c) A fidelity bond or insurance coverage against dishonest acts on the part of persons (including, by way of illustration and not limitation, Association members, officers, directors, trustees, agents, employees, and volunteers) responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance must name the Association as the named insured and must be written in an amount sufficient to provide protection that is in no event less than one and one-half (1-1/2) times the Association’s estimated annual operating expenses including any reserves. However, in the event that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation reduces the required amount of the fidelity bond or insurance that the Association must

maintain to less than the amount set forth in preceding sentence, the Association may decrease the amount of the fidelity bond or insurance to the minimum amount required by such entities. In connection with such coverage, an appropriate endorsement to the policy or bond in order to cover any persons who serve without compensation must be added if the policy would not otherwise cover volunteers.

- (d) Any workers' compensation insurance that applicable laws may require.
- (e) Insurance covering acts of terrorism at the Condominium, if and to the extent reasonably available.
- (f) An ordinance or law coverage endorsement, if reasonably available, if the Condominium or the improvements constructed thereon constitute a legal nonconforming use under applicable building, zoning, or land use laws or ordinances.
- (g) Insurance to satisfy the indemnification obligation of the Association and all Unit Owners set out in Section 10.2 hereof, if and to the extent available.

Section 10.2 Required Provisions. Insurance obtained by the Association will be in accordance with the following provisions:

- (a) All policies must be written with a company licensed to do business in the Commonwealth of Pennsylvania and, for the property hazard insurance policy described in Section 10.1(a) hereof, the company must hold a rating of A/Class VII or better by Best's Insurance Reports, or by an equivalent rating bureau should Best's Insurance Reports cease to be issued.
- (b) Exclusive authority to adjust losses under policies hereafter in force on the Property will be vested in the Executive Board or its authorized representative.
- (c) Each Unit Owner may obtain additional insurance at his or her own expense; provided, however, that: (i) such policies must not be invalidated by the waivers of subrogation contained in this Declaration; and (ii) no Unit Owner will be entitled to exercise his or her right to maintain insurance coverage if such coverage would decrease the amount that the Association may realize under any insurance policy the Association may have in force on the Property at any particular time.
- (d) Any Unit Owner who obtains individual insurance policies covering any portion of the Property other than personal property belonging to the Unit Owner will be required to file a copy of the individual policy or policies with the Association within thirty (30) days after purchase of such insurance.

- (e) With respect to the insurance policies issued to the Association and covering all or any part of the Property, the Association will endeavor to ensure that such policies include the following provisions:
- (A) The enforceability of the policies is not affected by any waiver of subrogation as to any and all claims against the Association, any managing agent, the Unit Owners and their respective tenants, employees, agents, customers, and guests, such subrogation being hereby waived;
 - (B) The policies cannot be cancelled, invalidated, or suspended by means of the conduct of any one or more Unit Owners, all defenses based upon coinsurance or acts of the insured being waived by the insurer, and in no event can cancellation, material modification, invalidation, or suspension for any reason be effected without at least twenty (20) days' prior written notice to each Unit Owner and all Mortgagees whose names and addresses are on file with the insurer;
 - (C) The policies cannot be cancelled, invalidated, or suspended on account of the conduct of any officer or employee of the Association or any managing agent employed by the Association without a prior demand in writing that the Association or the managing agent, as the case may be, cure the defect and without providing a reasonable period of time thereafter in which to cure it;
 - (D) Any "no other insurance" clause in the policies may not prohibit Unit Owners from obtaining insurance on their individual Unit provided that the insurance policy conforms with the requirements of this Article X; and
 - (E) The policies must contain a standard mortgagee clause in favor of each Mortgagee who is registered with the Association.
- (f) The Executive Board will review annually the adequacy of the insurance coverage and report the results of such review at each annual meeting and adjust the insurance coverage accordingly in conformity with the requirements of this Article X.
- (g) The name of the insured under each policy required pursuant to this Article X must be stated in form and substance similar to the following:
- The Condominium Association, for the use and benefit of all of the individual Unit Owners and the members and officers of the Executive Board, and their authorized agents or representatives, of the Units contained in Sterley Street Condominium, as their respective interests may appear.

- (h) Coverage may not be prejudiced by: (i) any act or negligence of one or more Unit Owners when that act or neglect is not within the control of the Association; or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.
- (i) All policies of property insurance must provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such options will not be exercisable (i) without the prior written approval of the Executive Board (or any Insurance Trustee), or (ii) when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party, or with any requirement of law.
- (j) Insurance coverage obtained and maintained pursuant to the requirements of this Article X may not be brought into contribution with insurance purchased by Unit Owners or their Mortgagees.
- (k) Insurance coverage obtained and maintained pursuant to the requirements of this Article X may not provide that contributions may be required for Mortgagees or that assessments may be made against Mortgagees or may become a lien on the Property superior to the lien of any Mortgage.

Section 10.3 No Liability for Failure to Purchase. The Association and its Executive Board members and officers have no liability to any Unit Owner, the Association, or any Mortgagee if, after a good faith effort, the Association or Board is unable to obtain or maintain the insurance required hereunder because the insurance is no longer available or, if available, cannot be obtained because the Unit Owners have failed to fund the insurance premium. In such event, the Executive Board must notify each Unit Owner and any Mortgagee entitled to notice that the insurance will not be obtained, maintained, or renewed.

ARTICLE XI
UNITS SUBJECT TO CONDOMINIUM DOCUMENTS;
EMINENT DOMAIN

Section 11.1 Applicability of Condominium Documents. Each present and future Unit Owner, lessee, occupant, and Mortgagee of a Unit will be subject to and must comply with the provisions of the Act, this Declaration, the Plats and Plans, the Bylaws, and the Rules and Regulations, and with the covenants, conditions, and restrictions as set forth in this Declaration, the Plats and Plans, the Bylaws, the Rules and Regulations, and the deed to the Unit; nothing contained in this Declaration may impose upon any lessee or Mortgagee of a Unit any obligation that the Act or one or more of the documents, or both, make applicable only to Unit Owners (including, without limitation, the obligation to pay assessments for General Common Expenses). The acceptance of a deed or mortgage to

any Unit, or the entering into of a lease or the entering into occupancy of any Unit will constitute an agreement that the provisions of the Act, this Declaration, the Plats and Plans, the Bylaws, the Rules and Regulations, and the covenants, conditions, and restrictions set forth in the deed to the Unit are accepted and ratified by the grantee, Mortgagee, or lessee. All such provisions will be covenants running with the land and will bind any Person having at any time any interest or estate in the Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage, or lease of the Unit.

Section 11.2 Eminent Domain. Whenever all or part of the Common Elements will be taken, injured, or destroyed by eminent domain, each Unit Owner will be entitled to notice of that fact and to participate in the proceedings incident thereto, but in any proceedings for the determination of damages, the damages will be determined for the taking, injury, or destruction as a whole and not for each Unit Owner's interest in it.

ARTICLE XII

EXECUTIVE BOARD OF THE ASSOCIATION

Section 12.1 Members.

- (a) The Executive Board will consist of five (5) members. The Declarant reserves the right to appoint members of the Executive Board during the period of Declarant Control in accordance with section 3303 of the Act. The members of the initial Declarant-controlled Executive Board will be appointed, removed, and replaced from time to time by the Declarant without the necessity of obtaining resignations. The Declarant-appointed members of the Executive Board will be replaced with Unit Owners in accordance with the provisions of paragraphs (b), (c), (d), and (e) of this Section 12.1 and the Bylaws.
- (b) Until the sixtieth (60th) day after the conveyance of either Units 3 or 4 to Unit Owners other than the Declarant, the Declarant will have the right to appoint and remove any and all officers and members of the Executive Board except for any members of the Executive Board elected by Unit Owners other than the Declarant.
- (c) No later than sixty (60) days after conveyance of one Unit other than to the Declarant, 1 member of the Executive Board designated by the Declarant must resign and thereupon a special meeting of the Association will be held at which the Unit Owners, excluding the Declarant, a new member will be elected by Unit Owners of the Units to act in place of the resigning members as representatives of the Units.
- (d) No later than sixty (60) days after conveyance of the second of the Units to an owner other than the Declarant, a second member of the Executive Board designated by the Declarant must resign and thereupon a special meeting of the

Association will be held at which the Unit Owners, excluding the Declarant, will elect a second board member to act in place of the resigning member.

- (e) No later than the earlier of (i) five (5) years after the date of the first conveyance of a Unit to a purchaser other than the Declarant, or (ii) one hundred eighty (180) days after conveyance of the remaining Units to Unit Owners other than the Declarant, a special meeting of the Association will be held at which all of the members of the Executive Board must resign and the Unit Owners, including the Declarant if the Declarant owns one or more Units, will thereupon elect successor members of the Executive Board to act in place of those resigning. Thereafter, the terms of the office of the Executive Board members will be two (2) years.
- (f) The Executive Board will possess all of the duties and powers granted to the Executive Board by the Act.

Section 12.2 Disputes. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions or interpretation or application of the provisions of this Declaration, the Plats and Plans, the Bylaws, or the Rules and Regulations, the determination of the dispute by the Executive Board will be final and binding on all Unit Owners. The Executive Board has the authority to seek a declaratory judgment or other appropriate judicial relief or order to assist it in carrying out its responsibilities under this Section 12.2. All costs of obtaining such a judgment will be borne by the disputants, or in the absence of disputants, by the Association as a General Common Expense.

Section 12.3 Amendments to the Condominium Documents. The Condominium Documents will be amended in accordance with the Act and the Condominium Documents. In the event of an amendment to the Condominium Documents resulting from a permitted relocation of boundaries between adjoining Units undertaken by the Unit Owners as a result of the acquisition of an adjoining Unit or portion of an adjoining Unit, in accordance with and permitted by sections 3213 and 3214 of the Act, the costs associated with any such amendment will be borne by the Unit Owners. Despite any other provisions of this Declaration to the contrary, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provisions of the Condominium Documents that are defective, missing, or inconsistent with any other provisions thereof (including, by way of illustration, changes required to comply with the Americans with Disabilities Act), or if such amendment is necessary to conform to the requirements of any agency or entity that has established national or regional standards with respect to loans secured by mortgages on units in condominium projects (such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation), then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each amendment of the type described in this Section 12.3 will be effective upon the recording of an appropriate

instrument setting forth the amendment and its due adoption, which instrument has been executed and acknowledged by one or more officers of the Executive Board.

Section 12.4 Abating and Enjoining Violations by Unit Owners. The violation of any Rules and Regulations adopted by the Executive Board, the breach of any provision contained in the Bylaws, or the breach of any provision of this Declaration or the Act by any Unit Owner or any tenant of the Unit Owner will give the Executive Board the right, in addition to any other rights to which it may be entitled, to enjoin, abate, or remedy by appropriate legal proceedings, either by law or in equity, the continuance of any such breach.

ARTICLE XII **MANAGEMENT**

During the Period of Declarant Control, the Declarant has the right, itself or through a managing agent, to oversee the daily operation of the Condominium, in accordance with the provisions of the Act, this Declaration, the Bylaws, and the Rules and Regulations. After the Period of Declarant Control, the Association has the right to employ a Manager who will oversee the daily operation of the Condominium, in accordance with the provisions of the Act, this Declaration, the Bylaws, and the Rules and Regulations. Initially the “Manager” will be Sterley Street, L.P. (the Declarant).

ARTICLE XIV **LIMITATION OF LIABILITY**

Section 14.1 Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers, and employees:

- (a) Will not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust, or sand that may leak or flow from the outside or from any part of the Building, or from any of the pipes, drains, conduits, appliances, or equipment, or from any other place unless in each instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;
- (b) Will not be liable to the Unit Owners as a result of the performance of the Executive Board members’ duties for any mistake of judgment, negligence, or otherwise, except for the Executive Board members’ own willful misconduct or gross negligence in the performance of the Executive Board members’ duties;

- (c) Will have no personal liability in contract to a Unit Owner or any other Person under any agreement, check, contract, deed, lease, mortgage, instrument, or transaction entered into by them on behalf of the Executive Board of the Association in the performance of the Executive Board members' duties;
- (d) Will not be liable to a Unit Owner, or the Unit Owner's tenants, employees, agents, customers, guests, or invitees, for loss or damage caused by theft of or damage to personal property left by the Unit Owner or his or her tenants, employees, agents, customers, or guests in a Unit, or in or on the Common Elements or Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence in performance of the Executive Board members' duties;
- (e) Will have no personal liability in tort to a Unit Owner or any other Person, direct or implied, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties; and
- (f) Will have no personal liability arising out of the use, misuse, or condition of the Building, or that might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties.

Section 14.2 Indemnification. Each member of the Executive Board in his or her capacity as an Executive Board member, officer, or both, will be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him or her in connection with any proceeding in which the member or officer may become involved by reason of being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he or she is an Executive Board member, officer, or both at the time such expenses are incurred, except in cases wherein the Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his or her duties. However, in the event of a settlement, this indemnification will apply only if and when the Executive Board (with the affected member abstaining if he or she is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification by the Unit Owners set forth in this Section 14.2 will be paid by the Association on behalf of the Unit Owners and will constitute a General Common Expense and be assessed and collectible as such. This right of indemnification will not be deemed exclusive of any other rights to which the Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.

Section 14.3 Joint and Several Liability of Unit Owners and Lessees. Each Unit Owner will be jointly and severally liable with any lessee or sublessee of the Unit owned by the Unit Owner for all liabilities arising out of the ownership, occupancy, use, misuse, or

condition of the Unit or any portion of the Common Elements or Limited Common Elements.

Section 14.4 Defense of Claims. Complaints brought against the Association, the Executive Board, or the officers, employees, or agents thereof in their respective capacities as such, or the Condominium as a whole, must be directed to the Executive Board of the Association, which will promptly give written notice thereof to the Unit Owners and any Mortgagees, and such complaints will be defended by the Association. The Unit Owners and the Mortgagees have no right to participate other than through the Association in such defense. Complaints against one or more but less than all Unit Owners or Units will be defended by the Unit Owners who are defendants themselves and the Unit Owners will promptly give written notice of the institution of any such suit to the Association and to the holders of any mortgages encumbering the Units.

ARTICLE XV

ASSESSMENTS; LIABILITY OF UNIT OWNERS

Section 15.1 Creation of Lien and Personal Obligation of Assessments. The Declarant for each Unit owned by it within the Property hereby covenants, and each Unit Owner by acceptance of a deed for a Unit, whether or not it is so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) Common Assessments for Common Expenses, and (ii) Special Assessments. Each such assessment, together with interest, costs, and reasonable attorneys' fees (if the assessment is not timely paid), will be the personal obligation of the person who was the Unit Owner of the Unit at the time when the assessment fell due, and if the assessment remains unpaid, the entire outstanding balance of the assessment will become effective as a lien against the Unit from the due date of the delinquent installment pursuant to section 3315 of the Act. Subject to provisions of this Declaration protecting first Mortgagees, the personal obligation for delinquent assessments as disclosed in the Resale Certificate will pass to the successors-in-title of the Unit Owner. The Executive Board will establish one or more separate accounts ("Operating Fund") into which will be deposited all assessments paid to the Association, and from which disbursements will be made, as provided herein, in the performance of functions by the Association under the provisions of this Declaration.

Section 15.2 Power to Assess. The Association, acting through the Executive Board in accordance with the Bylaws, has the power to fix and determine, from time to time, the sum or sums necessary and adequate to provide for the General Common Expenses, including, but not limited to, any amounts that are necessary for uncollectible assessments, budget deficits, any reserves that are hereinafter described, and any additional reserves that the Executive Board may deem necessary or prudent, and any other expenses specifically provided for in the Act, this Declaration, or the Bylaws. The Executive Board will establish one or more separate accounts (each, an "Operating Fund") into which will be deposited all such assessments paid to the Association, and from which disbursements will be made, as provided herein, in the performance of functions by the Association under the provisions of this Declaration. Upon the initial transfer of title from the Declarant to a non-Declarant purchaser of each Unit, the

Association will collect from the purchasers and purchasers will pay to the Association an amount equal to a minimum of two (2) months' estimated General Common Expense liability, which will be deposited into an Operating Fund. No Unit Owner is entitled to a refund of these monies by the Association upon the subsequent conveyance of the Unit or otherwise. The Association also has the right to impose a capital improvement fee on the resale or transfer of Units in any amounts it deems appropriate from time to time, in accordance with and subject to the provisions of section 3302(a)(12) of the Act.

Section 15.3 Date of Commencement of Monthly Assessment. Monthly Assessments provided for herein will commence with the first day of the month after settlement on the first Unit to a non-Declarant purchaser or the first of the month after the first assessment is made by the Association. The Executive Board will arrange for the preparation of an annual balance sheet and operating statement reflecting income and expenditures of the Association for each fiscal year, including deposits in and withdrawals from the Operating Fund, and distribute a copy of each such statement to each Member, and to each first Mortgagee who has filed a written request for copies of it with the Executive Board, in the manner provided in the Bylaws of the Association. At least thirty (30) days prior to the beginning of each fiscal year, the Executive Board will prepare and distribute the Budget to the Unit Owners.

Section 15.4 Surplus. The Budget of the Association will segregate capital expenses from General Common Expenses. Any amounts accumulated from Common Assessments and Special Assessments and income from the operation of the Common Elements to which General Common Expenses pertain in excess of the amount required for actual General Common Expenses will be credited to each Unit in accordance with that Unit's Percentage Interest. Unless the Executive Board provides otherwise, these credits will be applied to the next monthly assessments of General Common Expenses against the Unit under the current fiscal year's Budget and thereafter until exhausted.

Section 15.5 Reserves. The Association will establish an adequate reserve fund for material capital expenditures, and repairs and replacement of those Common Elements that are anticipated to require replacement, repair, or major repair on a periodic basis. There will be no separate reserve for material capital expenditures. The reserve fund will be maintained in an account separate and apart from the Operating Fund. The reserve fund will be funded by monthly payments made as a part of the Common Assessment, and any capital improvement fee that the Executive Board may impose as authorized by the Act.

Section 15.6 Special Assessments. If the Budget proves to be insufficient to cover the actual General Common Expenses for the related fiscal year for any reason (including, by way of illustration and not limitation, any Unit Owner's nonpayment of his or her assessment), the Executive Board has the power, at any time (and from time to time) it deems necessary and proper, to levy one or more Special Assessments against each Unit Owner.

Section 15.7 Payment of Assessments. Each Owner must pay all assessments levied by the Association. Such assessments will be due and payable on a monthly basis as designated by the Executive Board.

Section 15.8 Failure to Fix New Assessments. If the Executive Board fails to fix new Monthly Assessments for General Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, the Unit Owners will continue to pay the same sums they were paying for the Monthly Assessments during the fiscal year just ended and these sums will be deemed to be the new Monthly Assessments for the succeeding fiscal year. If the Executive Board changes the Monthly Assessment at a later date, the new Monthly Assessment will be treated as if it were a Special Assessment under Section 15.6 of this Declaration.

Section 15.9 No Exemption by Waiver. No Unit Owner may exempt himself or herself from liability with respect to the General Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by the abandonment of his or her Unit or otherwise.

Section 15.10 Liability Related to Assessments.

- (a) All sums assessed by the Association as a Monthly Assessment or Special Assessment will constitute the personal liability of the Unit Owner of the Unit so assessed and also will, until fully paid, constitute a lien against the Unit pursuant to section 3315 of the Act. The Association may take action for failure to pay any assessment or other charges pursuant to sections 3314 and 3315 of the Act. Any assessment, or installment thereof, not paid within five (5) days after due will accrue, and any delinquent Unit Owner must pay, a late charge in the amount of five percent (5%) of the overdue assessment or installment in addition to interest at the rate of fifteen percent (15%) per annum or any greater amount permitted by applicable law from the date the assessment was due. In addition to any late charges assessed in accordance with section 3314 of the Act or this Declaration, the delinquent Unit Owner will be obligated to pay (i) any fines that may be assessed for nonpayment of fees and assessments, and (ii) all expenses of the Executive Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (iii) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien. These expenses and amounts, together with accrued interest, will be deemed to constitute part of the delinquent assessment and will be collectible as such.
- (b) Notwithstanding Section 15.10(a) above (but subject to the provisions of section 3407(c) of the Act), upon the voluntary sale, conveyance, or any other voluntary transfer of a Unit or any interest therein, the grantee will be jointly and severally liable with the grantor for all unpaid Monthly Assessments and Special Assessments that are a charge against the Unit as of the date of consummation of the sale, conveyance, or transfer, but such joint and several liability will be

without prejudice to the grantee's right to recover from the grantor the amount of any unpaid Monthly Assessments and Special Assessments that the grantee may have paid, and until any of the Monthly Assessments and Special Assessments are paid, they will continue to be a lien against the Unit, which may be enforced in the manner set forth in section 3315 of the Act.

Section 15.11 Unpaid Assessments Upon Execution Sale Against a Unit. Any unpaid assessments that cannot be promptly collected from the former Unit Owner may be reassessed by the Executive Board as a General Common Expense to be collected from all of the Unit Owners, including (by way of illustration and not limitation) the purchaser who acquired title at the sheriff's sale, his or her successors and assigns, and any holder of a mortgage who comes into possession of a Unit by deed in lieu of foreclosure or assignment in lieu of foreclosure.

Section 15.12 Subordination of Certain Charges. Any fees, charges, late charges, fines, and interest that may be levied by the Association pursuant to sections 3320(10), (11), and (12) of the Act will be subordinate to any first lien Mortgage.

Section 15.13 Acceleration. If a Unit Owner is in default in the payment of the charges or monthly installments of assessments described in this Article XV for sixty (60) days, the Executive Board may, in addition to all other remedies contained in the Act or this Declaration, accelerate all other charges and monthly installments of assessments to become due for the next twelve (12) months on the basis of the Budget for the fiscal year in which the default occurs and assuming the same Budget for the following year; however, a Mortgagee registered with the Secretary of the Association pursuant to Section 9.3 of this Declaration that is foreclosing pursuant to a first lien Mortgage will be entitled to automatic subordination of such sums in excess of the amounts that are prior in lien or payment to mortgage liens under the Act.

Section 15.14 Assignment of Income Rights. The Association may assign its rights to future income, including payments made on account of assessments for General Common Expenses and Limited Common Expenses, to secure any loan obtained by the Association for repairs, replacements, or capital improvements to the Common Elements, provided that any such assignment is authorized by the vote of not less than fifty-one percent (51%) of the members of the Executive Board.

ARTICLE XVI

GENERAL PROVISIONS

Section 16.1 Headings. The headings used in this Declaration and the Table of Contents are inserted solely as a matter of convenience for the readers of this Declaration and should not be relied upon or used in construing the effect or meaning of any of the provisions of this Declaration.

Section 16.2 Severability. The provisions of this Declaration will be deemed independent and severable, and the invalidity or unenforceability of any provision or

portion hereof will not affect the validity or enforceability of any other provision or portion hereof unless such deletions would destroy the uniform plan of development and operation of the condominium project that this Declaration is intended to create.

Section 16.3 Applicable Law. This Declaration will be governed by and construed according to the laws of the Commonwealth of Pennsylvania.

Section 16.4 Interpretation. The provisions of this Declaration will be liberally construed in order to effect the Declarant's desire to create a uniform plan for development and operation of the condominium project and to permit compliance with the requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. Unless the context of this Declaration requires otherwise, (i) references to the plural include the singular, the singular include the plural, the whole includes the part, and the part includes the whole, (ii) references to any gender include all genders, (iii) "include" and "including" have the inclusive meaning frequently identified with the phrase "without limitation" and "but not limited to," and (iv) references to "hereunder," "herein," "hereby," "above," or "below" relate to this Declaration. The headings and subheadings in this Declaration are included for convenience and identification only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Declaration or any provision hereof. Section, subsection, schedule, and exhibit references are to this Declaration unless otherwise specified.

Section 16.5 Effective Date. This Declaration will become effective when it and the Plats and Plans have been recorded.

Section 16.6 Notices. All notices and other communications required or permitted to be given under or in connection with this Declaration must be in writing and will be deemed given when delivered in person or on the second business day after the day on which mailed by certified mail, return receipt requested, addressed at the address maintained in the register of current addresses established by the Association.

Section 16.7 Exhibits. All exhibits attached to this Declaration are hereby made a part of this Declaration.

[signature page immediately follows]

IN WITNESS WHEREOF, the Declarant, intending to be legally bound hereby, has duly executed this Declaration, the day and year first above written.

WITNESS

STERLEY STREET, L.P., a Pennsylvania Limited Partnership
by its General Partner STERLEY STREET, LLC

By: _____

Name: David M. Kleckner

Title: Member

COMMONWEALTH OF PENNSYLVANIA :
 : ss
COUNTY OF BERKS :

ON THIS day of October, 2011, before me, the undersigned officer, personally appeared David M. Kleckner who acknowledged himself to be the Member of the General Partner and that he as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the General Partner of Sterley Street, L.P., himself as such officer.

WITNESS, my hand and official seal in the above County and State.

Notary Public

My Commission Expires: _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

LOFT BUILDING

ALL THAT CERTAIN lot or piece of ground, together with the five (5) story brick and concrete factory building thereon erected, including the entire plan located on the premises described herein, situate on the east side of Sterley Street, between Catherine and Washington Street, in the Borough of Shillington, County of Berks and the State of Pennsylvania, bounded and described as follows, to wit:

BEGINNNING at a point, a corner of Catherine and Sterley Streets, along outside of curblineline; thence eastward along said Catherine Street, 132.00 feet to a 16.00 feet wide alley; thence southward along the west side of said alley, 54.00 feet to a point; thence westward along property now or late of Hain and Hoyer, 132.00 feet to the east side of Sterley Street; thence northward along said Sterley Street, 54.00 feet to the place of beginning.

CONTAINING in front on said Sterley Street, 54 feet and in depth of equal width 132.00 feet.

BEING PIN 4395-07-58-8358

BEING the same premises which Dolfin International Corporation, a Pennsylvania Corporation by Deed dated August 26, 1999 and recorded August 31, 1999 in the office for the Recorder of Deeds in and for Berks County in Record Book Volume 3120, page 209, granted and conveyed unto Michael J. Gallen, in fee.

GARAGE AND PARKING

BEING PARCEL NUMBER 77-4395-07-58-6438

ALL THAT CERTAIN lot or piece of ground together with the several one story frame and galvanized garage situate along the Southerly side of Catherine Street, between South Sterley Street and the 20 feet wide alley East of South Wyomissing Avenue in the Borough of Shillington, Berks County, Pennsylvania, said lot or piece of ground.

BEGINNNING at a point in the Southerly side of said Catherine Street in the center line of a five feet wide right of way 91'6" Northwesterly from the Southwesterly building corner intersection of said South Sterley and Catherine Street, said five feet wide right of way running Southerly along the rear of the properties Nos. 30, 32 and 34 South Sterley Street belonging to George E. Brumbach and Joan K., his wife, Elmer E. McKinney, and Edward M. Squibb, Sr. and Martha R., his wife, respectively; thence in a Southwesterly direction along the center line of said right of way forming an interior angle of 89 degrees 37 minutes with said Catherine Street 43'4" to a point in line of property of George F.

Bare and Jennie M., his wife; thence by same in a Northwesterly direction forming an interior angle of 90 degrees 23 minutes with the center line of said five feet wide right of way 93'6" to a point in the Easterly side of said 20 feet wide alley East of South Wyomissing Avenue; thence along same in a Northeasterly direction forming an interior angle of 89 degrees 37 minutes with the last described line 43' 4" to a point in the said Southerly building line of Catherine Street; thence along same in a Southeasterly direction forming an interior angle of 90 degrees 23 minutes with the Easterly side of said 20 feet wide alley 93'6" to the place of BEGINNING.

CONTAINING 4,051.36 square feet.

BEING the same premises which Brian M Kurczewski by Deed bearing date October 3,2011, and intended to be recorded in the Office of the Recorded of Deeds in and for the County of Berks, Commonwealth of Pennsylvania, granted and conveyed unto the Declarant, Sterley Street L.P., in fee.

EXHIBIT B
PLATS AND PLANS

A complete copy of the Building Plans are available for inspection at the offices of the Declarant located at 18 Catherine Street, Suite 100, Shillington, PA 19607 during normal business hours between 8:15 AM and 5:00 PM.

EXHIBIT C
ADDITIONAL TITLE EXCEPTIONS

LOFT BUILDING

1. Easements, or claims of easements, not shown by the public record.
2. Any variation in location of lines or dimensions or other matters which an accurate survey would disclose.
3. Possible additional tax assessments for new construction and/or major improvements.
4. Acreage content not insured.
5. Restriction as set forth in Deed Book Volume 258, page 161. (Tract A)
6. Restrictions as set forth in Deed Book Volume 413, page 200, recorded April 10, 1913. (Tract A)
7. Restrictions as set forth in Deed Book Volume 401, page 442. (Tract A)
8. Portion of the premises with the bed of public and private roads is subject to rights of others.

GARAGE AND PARKING

1. Any encroachments, overlaps, boundary line disputes, easements, measurements, variation in area or content, party walls or other facts which a correct survey of the premises would show.
2. Rights or claim of parties in possession not shown by public records.
3. Possible additional assessments for taxes for new construction or for any major improvements pursuant to provisions of Acts of Assembly relating thereto.
4. Roads, ways, streams or easements (including utility easements), if any, not shown by the public records, riparian rights and the title to any filled-in lands.
5. Any liens, or right to lien, for services, labor or materials hereto or hereafter furnished, imposed by law and not shown by the public records.
6. Taxes, water/sewer rents, or trash removal for the year 2011, which are not yet due and payable.
7. Easement of party wall(s) (if any).
8. Acreage content not insured.
9. Oil and gas and minerals and all rights incident to the extraction or development of oil and gas and minerals heretofore conveyed, leased, excepted or reserved by instruments of record.
10. Rights of the public and others entitled thereto in and to the use of that portion of the premises within the bounds of Chestnut Street.

EXHIBIT D
PERCENTAGE INTERESTS

Unit 1A	10%
Unit 1B	10%
Unit 2A	10%
Unit 2B	10%
Unit 3	20%*
Unit 4	20%*
Unit 5	20%

To the extent that Units 3 and 4 would be divided into two units each such divided unit would have a 10% interest rather than the current 20% interest.

The foregoing percentages shall apply to the common expenses arising out of the operation of the main condominium building located at 31 S Sterley Street and the common element expenses with regard to the garage building and grounds shall be allocated among the garage unit owners on per unit owned basis. For purposes of illustration each unit owner will have one assigned interior and one stacked parking area and pay based on their percentage of the garage building.

EXHIBIT 4
BYLAWS

BYLAWS

OF

STERLEY STREET LOFTS CONDOMINIUM

Pursuant to the provisions of the
Pennsylvania Uniform Condominium Act,
68 Pa.C.S. § 3101 et seq.

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**BYLAWS
STERLEY STREET LOFTS CONDOMINIUM ASSOCIATION**

**Borough of Shillington, Berks County
Commonwealth of Pennsylvania**

These Bylaws have been adopted this 6th day of October , 2011 by the persons constituting all of the members of the first Executive Board of Sterley Street Lofts Condominium Association (the “**Association**”).

W I T N E S S E T H:

**ARTICLE I
INTRODUCTORY PROVISIONS**

Section 1.1 Applicability. These Bylaws of the Sterley Street Lofts Condominium Association (“**Bylaws**”) will relate solely to the property called Sterley Street Lofts Condominium, located at 31 South Sterley Street, Borough of Shillington, Berks County, Commonwealth of Pennsylvania (the “**Property**”), more fully described in the Declaration of Condominium of Sterley Street Lofts Condominium, dated October 6th 2011, and the Plats and Plans recorded contemporaneously therewith (collectively, the “**Declaration**”) recorded in the Office of Records of Deeds of Berks County in Book _____, Page _____ as it may be amended from time to time.

Section 1.2 Definitions. The capitalized terms used herein without definition have the same definitions as those terms have in the Declaration and the Pennsylvania Uniform Condominium Act, 68 Pa.C.S. § 3101 et seq. (the “**Act**”). Unless otherwise provided in the Act, in the event of inconsistencies in definitions between the Act and the Declaration, the Declaration will control.

Section 1.3 Compliance. Pursuant to the provisions of the Act, every Unit Owner and all persons entitled to occupy a Unit must comply with these Bylaws.

Section 1.4 Office. The office of the Condominium, the Association, and the Executive Board will be located at the Property or at any other place that may be designated from time to time by the Executive Board.

Section 1.5 Incorporation of Statutory Law. Except as expressly provided herein, in the Declaration, or in the Act, the Association will be governed by the provisions of the Nonprofit Corporation Law of 1972 of the Commonwealth of Pennsylvania, 15 Pa.C.S. § 5101 et seq., as amended from time to time hereafter (the “**Corporation Law**”). The Board of Directors described therein will be referred to in these Bylaws and in the Declaration as the “**Executive Board.**”

ARTICLE II

THE ASSOCIATION

Section 2.1 Membership. The Association will be a Pennsylvania nonprofit corporation established on a nonstock basis, all the members of which are the Unit Owners of the Property. The Declarant, being the initial owner of all Units, will initially constitute all of the members of the Association. A person will automatically become a member of the Association at the time he or she acquires legal title to a Unit, and will continue to be a member as long as he or she continues to hold title to the Unit. A Unit Owner will not be permitted to resign from membership in the Association prior to the time at which the Owner transfers title to the Unit to another. No membership may be transferred in any way except as an appurtenance to the transfer of title to the Unit to which that membership pertains. Transfer of membership will be automatic upon transfer of title, but the Association may treat the prior Unit Owner as a member for all purposes until satisfactory evidence of the recording of the instrument transferring title is presented to the Secretary of the Executive Board. The date of recordation of an instrument of conveyance in the Office of the Berks County Department of Records will be determinative of all disputes concerning the date of transfer of title to any Unit or Units. For purposes of exercising the rights of a Unit Owner under these Bylaws or the Declaration, each Unit Owner that is a corporation, partnership, limited liability company, unincorporated association, trust, or other legal entity must designate one person who will have the right to cast the vote of the Unit Owner at any meeting of the Association, whether in person or by proxy. To be effective, the designation must be in writing, addressed to the Secretary of the Association, and will be effective until revoked in writing by the record Unit Owner in accordance with the Unit Owner's governing documents.

Section 2.2 Meetings. Meetings of the Association will be conducted in accordance with the following:

- (a) Annual Meetings.
 - (1) Unit Owners will hold Annual Meetings for the purposes stated in Section 2.2(a)(2) hereof (the "**Annual Meetings**"). The Annual Meetings of Unit Owners will be held on the first Monday of June of each year unless that date is a legal or religious holiday, in which event the meeting will be held on the next following day.
 - (2) The purpose of the Annual Meetings of the Association will be to elect the members of the Executive Board unless that action is being taken pursuant to the provisions of Section 2.2(g) hereof or Section 3.5 hereof, and to conduct other business as may be required or permitted by law, the Declaration, or these Bylaws to be done by a vote of Unit Owners. The Treasurer of the Executive Board will present at each Annual Meeting a financial report (prepared and certified by an independent certified public accountant) of the receipts, Common Expenses, and Limited Expenses (if

any), for the Association's immediately preceding fiscal year (as defined in Section 5.1 hereof), itemizing receipts and expenditures, their allocation to each Unit Owner, and any changes expected for the present fiscal year. A copy of the financial report must be sent to each Unit Owner not less than five (5) days prior to the Annual Meetings.

(b) Special Meetings.

- (1) The President will call a Special Meeting of the Association if so directed by resolution of the Executive Board or upon petition signed and presented to the Secretary by Unit Owners entitled to cast at least twenty-five percent (25%) of the votes in the Association. The notice of any Special Meeting will state the time, the place, and purpose. These meetings will be held within forty-five (45) days after receipt by the President of the resolution or petition; provided, however, that if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 hereof, the meeting will be held within fifteen (15) days after receipt by the President of the resolution or petition. No business will be transacted at a Special Meeting except as stated in the notice.
- (2) Within sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Unit Owners other than the Declarant, a Special Meeting of the Association will be held at which *[number (25%)]* of the *[number]* members of the Executive Board designated by the Declarant will be removed by the Declarant, and the Unit Owners, excluding the Declarant as a Unit Owner, will thereupon elect a successor member of the Executive Board to act in the place of the resigning member. Such successor member will serve until the Annual Meeting of the Association following the meeting at which the successor member was elected.
- [(3) Within sixty (60) days after conveyance of fifty percent (50%) of the Units to Unit Owners other than the Declarant, a Special Meeting of the Association will be held at which *[number (33 1/3%)]* of the *[number]* remaining members of the Executive Board designated by the Declarant will be removed by the Declarant, and the Unit Owners, excluding the Declarant as a Unit Owner, will thereupon elect a successor member of the Executive Board to act in the place of the resigning member. Such successor member will serve until the Annual Meeting of the Association following the meeting at which the successor member was elected.]
- (4) Within sixty (60) days immediately preceding the date by which all members of the Executive Board must resign pursuant to Section 13.1 of the Declaration, a Special Meeting of the Association will be held at which all of the members of the Executive Board will resign and the Unit Owners, including the Declarant if the Declarant owns one or more Units,

will thereupon elect successor members of the Executive Board to act in the place of those resigning. The successor members receiving the highest number of votes will serve until the third Annual Meeting of the Association next following the date of such election, the successor members receiving the next highest number of votes will serve until the second Annual Meeting of the Association next following the date of such election, and the successor members receiving the third highest number of votes will serve until the first Annual Meeting following the date of such election.

- (c) Notice. Notices to Unit Owners of meetings of the Association or meetings of the Executive Board that Unit Owners who are not Executive Board members are entitled or invited to attend pursuant to Section 3.3(e) hereof will be delivered either by hand or by prepaid mail to the mailing address of each Unit or to another mailing address designated in writing by the Unit Owner to the Executive Board. If a notice sent to Unit Owners pursuant to the previous sentence includes an item on the proposed agenda that would require the approval of all holders of mortgages pursuant to Section 10.7 of the Declaration, a copy of that notice will also be sent to the holders of all mortgages. However, copies of notices of impending meetings will be provided to the holders of mortgages strictly as a courtesy and the failure of the Association or the Executive Board to provide any Mortgagee with a copy of such notice will not invalidate any actions taken by the Association or the Executive Board or subject any members of the Association or the Executive Board to any liability whatsoever. All such notices will be delivered to all Unit Owners (and holders of mortgages, if applicable) not less than ten (10) nor more than sixty (60) days in advance of the date of the meeting to which the notice relates and must state the date, time, and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws. The Secretary of the Executive Board must arrange for all notices to be delivered as stated here. Notices sent by mail will be deemed to have been delivered on the second day after the date of mailing in the case of mailed notices, or the date of deposit in the Unit Owner's (or if applicable, in the Mortgagee's) mailbox in the case of hand delivery. No subject may be dealt with at any Annual or Special Meeting of the Association unless the notice for the meeting stated that such subject would be discussed at the meeting.
- (d) Quorum. Except as set forth below, the presence in person or by proxy of Unit Owners authorized to cast forty percent (40%) or more of the votes that may be cast at the commencement of a meeting will constitute a quorum at all meetings of the Association. If a quorum is not present, Unit Owners authorized to cast a majority of the votes represented at the meeting may adjourn the meeting to a time not less than forty-eight (48) hours after the time for which the original meeting was called. If a meeting is adjourned, the quorum at the second meeting will be deemed present throughout any meeting of the Association if persons authorized to cast twenty percent (20%) of the votes that may be cast for the

election of the Executive Board are present in person or by proxy at the beginning of the meeting.

- (e) Voting Unit 1A to have 1 vote. Unit 1B to have 1 vote. Unit 2A to have 1 vote. Unit 2B to have 1 vote. Unit 3 to have 1 vote. Unit 4 to have 1 vote. Unit 5 to have 1 vote. To the extent that units 3 and 4 would be divided into two separate units each such divided unit will have one vote. Where the ownership of a Unit is in more than one person, the person who is entitled to cast the vote of the Unit will be the person named in a certificate executed by all of the Owners of the Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who is entitled to cast the vote of the Unit will be the person owning the Unit who is present. If more than one person owning the Unit is present, then the vote will be cast only in accordance with their unanimous agreement pursuant to section 3310(a) of the Act. There will be deemed to be unanimous agreement if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. The certificate will be valid until revoked by subsequent certificate similarly executed. Subject to the requirements of the Act, the approval or disapproval will be made only by the person who would be entitled to cast the vote of the Unit at any meeting of the Association. Except with respect to the election of members of the Executive Board and except where a greater number is required by the Act, the Declaration, or these Bylaws, the vote of the Owners whose voting interests combine to constitute more than fifty percent (50%) of the possible votes in the Association voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. Those candidates for election receiving the greatest number of votes cast in the elections will be elected and, if the Executive Board members are being elected to unequal terms, the candidates receiving the highest number of votes will be elected to the longest terms. Except as set forth in Section[s] 2.2(b)(2) [and (3)] above, if the Declarant owns or holds title to one or more Units, the Declarant will have the right at any meeting of the Association to cast the votes to which that Unit or those Units are entitled. No votes allocated to a Unit owned by the Association may be cast. There will be no cumulative or class voting.
- (f) Proxies. A vote may be cast in person or by proxy. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. The proxy may be granted by any Unit Owner in favor of only another Unit Owner, the holder of a mortgage on a Unit, or the Declarant. Proxies will be duly executed in writing, will be valid only for the particular meeting designated therein, and must be filed with the Secretary before the appointed time of the meeting. The proxy will be deemed revoked only by actual receipt by the person presiding over the meeting of written notice of revocation from the grantor of the proxy. No proxy will be valid for a period in excess of one (1) year after its

execution. A proxy is void if it is not dated or purports to be revocable without notice.

- (g) Actions of Association Without a Meeting. Any action required or permitted to be taken by a vote of the Association may be taken without a meeting by the written consent, stating the action so taken, of at least that number of Unit Owners whose votes would have otherwise been sufficient to take the action if a meeting had been held at which all Unit Owners were present.
- (h) Conduct of Meetings. The President (or in his or her absence, one of the Vice Presidents) will preside over all meetings of the Association, and the Secretary will keep the Minutes of the meeting and record in a Minute Book all resolutions adopted at the meeting as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then-current edition of Robert's Rules of Order will govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws, or the Act. All votes will be tallied by a teller or tellers appointed by the President.

ARTICLE III **EXECUTIVE BOARD**

Section 3.1 Composition. The affairs of the Association will be governed by the Executive Board. The Executive Board will consist of five members. The Executive Board will be elected at the annual meetings of the Association members as provided in the Bylaws. The first Executive Board will be appointed by the Declarant until their successors are elected pursuant to the provisions of Section 12.1 of the Declaration.

Section 3.2 Election and Term of Office.

- (a) At the Annual Meeting of the Association, subject to Article XII of the Declaration, the election of members of the Executive Board will be held. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.2(b)(2) and (3) and Section 3.5 of these Bylaws) will be fixed at three (3) years. The members of the Executive Board will hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself or herself.
- (b) Persons qualified to be members of the Executive Board may be nominated for election only as follows:
 - (1) Any Unit Owner may seek election by submitting his or her name and a biographical sketch to the Secretary at least thirty (30) days before the meeting at which the election is to be held. The Secretary will mail or

hand deliver the submitted items to every Unit Owner along with the notice of such meeting.

- (2) Nominations may be submitted from the floor at a meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has already submitted his or her name as a candidate for election.

Section 3.3 Meetings. Meetings of the Executive Board will be conducted in accordance with the following:

- (a) Time and Location. The Executive Board will hold an annual meeting within ten (10) days following the Annual Meeting of the Association for the purpose of electing officers to serve for the next ensuing calendar year, as more fully set forth in Article IV hereof, and for any other purpose that may be required or permitted by law, the Declaration, or these Bylaws to be done by a vote of the Executive Board. The Executive Board will hold meetings at the call of the President or upon request to the President of the Executive Board by at least a majority of the members of the Executive Board; provided, however, that:
 - (1) In any event, the Executive Board must meet at least three (3) times each fiscal year (in addition to the annual meeting of the Executive Board), unless all members of the Executive Board waive such requirements as to a particular meeting or meetings;
 - (2) The first Executive Board meeting must be held promptly after the date on which the Declaration is recorded;
 - (3) There must be a meeting of the Executive Board during the second full calendar week of November of each year for the purpose of adopting the Budget of the Association for the next following calendar year of the Association; and
 - (4) The President must call any Executive Board meeting requested by a majority of the members of the Executive Board for a date occurring not less than five (5) nor more than twenty (20) days after receipt of such request.

The President will designate the time and location of Executive Board meetings. No business will be transacted at Executive Board meetings other than as specified in the notice thereof.

- (b) Notice. Not less than forty-eight (48) hours prior to the time of any Executive Board meeting, a written notice stating the date, time, and place of the meeting must be delivered, either by hand or by mail or telegram, to each Executive Board member at the address given to the Executive Board by the Executive Board

member for such purpose. Any Executive Board member may waive notice of a meeting, or consent to any action of the Executive Board without a meeting. An Executive Board member's attendance at a meeting constitutes his or her waiver of notice of the meeting. If all members are present at any meeting of the Executive Board, no notice is required and any business may be transacted at the meeting.

- (c) Quorum of the Executive Board. At all meetings of the Executive Board, a majority of the members will constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present constitutes a decision of the Executive Board. If at any meeting of the Executive Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- (d) Voting. Each Executive Board member is entitled to cast one vote. A vote of more than fifty percent (50%) of the members of the Executive Board present at any meeting at which a quorum is present will bind the Executive Board for all purposes unless otherwise provided in the Declaration or these Bylaws.
- (e) Organization. Executive Board meetings may be held under any reasonable rules consistent with these Bylaws that the Executive Board may determine. The Executive Board is hereby entitled to promulgate such rules. Except for the meeting to approve the Budget of the Association referred to in this Section 3.3(e), Unit Owners who are not Executive Board members will have no right to attend Executive Board meetings, but the Executive Board may, in its sole discretion, elect to allow such Unit Owners to attend a particular meeting or meetings. If the Executive Board does elect to allow Unit Owners who are not Executive Board members to attend a particular meeting or meetings, the Secretary of the Executive Board must give prior notice, in the manner provided in Section 2.2(c) hereof, to all Unit Owners of each meeting at which Unit Owners are entitled or invited to be present; however, the failure to give such notice will neither invalidate any actions taken by the Executive Board at such meeting nor impose any liability on the Executive Board or its officers and/or members for the failure to give such notice. All Unit Owners have the right to attend and be heard, but not the right to vote, at the Executive Board meeting at which the fiscal year Budget of the Association is presented to the Executive Board for adoption. The Secretary of the Executive Board will give Unit Owners notice of such meeting, accompanied by a copy of the proposed Budget, in the manner provided in Section 2.2(c) hereof.

- (f) Conduct of Meetings. The President will preside over all meetings of the Executive Board and the Secretary will keep a Minute Book of the Executive Board meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then-current edition of Robert's Rules of Order will govern the conduct of the meeting of the Executive Board to the extent not in conflict with the Declaration, these Bylaws, or the Act.
- (g) Action without a Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board individually or collectively consent in writing to such action. Any such written consent must be filed with the Minutes of the proceedings of the Executive Board.

Section 3.4 Resignation and Removal. Except with respect to members designated by the Declarant, at any regular or Special Meeting of the Association duly called for such purpose, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association, and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member must give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner must be given at least ten (10) days notice by the Secretary of the time, place, and purpose of the meeting and must be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and will be deemed to have resigned upon transfer of title to his or her Unit. The Declarant has the right to remove and replace any and all members appointed by the Declarant at any time and from time to time until the required resignation date specified in Article XIII of the Declaration.

Section 3.5 Vacancies. Any vacancy or vacancies on the Executive Board, whether caused by resignation, death, or adjudication of incompetency, will be filled by the Executive Board with an interim appointee who will serve until the next Annual Meeting of the Association, at which time such vacancy may be filled by the vote of Owners whose combined Percentage Interests constitute more than fifty percent (50%) of the votes in the Association who are present at such meeting. However, the Declarant has the right to fill any vacancy created by the resignation, death, or adjudication of incompetency of a member who had been appointed by the Declarant and had not been elected by the Unit Owners. If the vacancy results from removal by the Association, the election of a new member or members may be held at the same meeting where such removal takes place and notice of an election for removal will be considered notice of an election to fill each vacancy so caused. The vote of Owners whose combined voting interests constitute more than fifty percent (50%) of the votes in the Association who are present at such meeting in person or by proxy will cause the postponement of the election to a later date, but if such vacancy is not filled within sixty (60) days after it occurs, the Executive Board will promptly thereafter elect a replacement.

Section 3.6 Compensation. No member of the Executive Board may receive compensation from the Association for performing duties as a member of the Executive Board unless such compensation is expressly authorized or approved by the vote of Owners whose combined voting interests constitute more than fifty percent (50%) of the votes in the Association at any Annual or Special Meeting of the Association.

Section 3.7 Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm, or association in which one or more of the Executive Board members are directors or officers, or are financially interested (including the Declarant), will be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board that authorized or approved the contract or transaction or because his, her, or their votes are counted, if the circumstances specified in either of the following subparagraphs exist:

- (a) The fact that an Executive Board member is also a director or officer of or has a financial interest in the other corporation, firm, or association is disclosed or known to the Executive Board and is noted in the Minutes thereof, and the Executive Board authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or
- (b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved, or ratified.

Section 3.8 Inclusion of Interested Executive Members in a Quorum. Any Executive Board member holding a director or officer position or having a financial interest in another corporation, firm, or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof that authorizes, approves, or ratifies a contract or transaction of the type described in Section 3.7 hereof.

Section 3.9 Powers of the Executive Board.

- (a) Enumeration. The Executive Board has all of the powers and duties granted by the Act, the Declaration, and/or the Corporation Law.
- (b) Limitation. Nothing in this section or elsewhere in these Bylaws will be considered to grant to the Executive Board or to the officers of the Association any powers or duties that, by law, are possessed by Unit Owners. Unless otherwise provided herein or in the Declaration, the Executive Board must comply with the instructions of Unit Owners authorized to cast more than fifty percent (50%) of the votes in the Association who are present in person or by proxy, as expressed in the resolution duly adopted at any Annual or Special Meeting of the Association.

- (c) Declaration of Powers, Managing Agent. The Executive Board may employ for the Community a managing agent at a compensation established by the Executive Board. The managing agent will perform any duties and services that the Executive Board authorizes, including, but not limited to, all of the duties listed in the Act, the Declaration, and these Bylaws. However, where a managing agent does not have the power to act under the Act, the Declaration, or these Bylaws, such duties will be performed as advisory to the Executive Board. The Executive Board may delegate to the managing agent all of the powers granted to the Executive Board by the Act, the Declaration, and these Bylaws other than the following powers: (i) to adopt an annual Budget and any amendment thereto or to assess any Common Expenses, (ii) to adopt, repeal, or amend Rules and Regulations, (iii) to designate signatories on Association bank accounts, (iv) to borrow money on behalf of the Association, (v) to acquire or mortgage Units, or (vi) to assign Common Elements as Limited Common Elements. Any contract with the managing agent must provide that it may be terminated with cause on no more than thirty (30) days' written notice and without cause on no more than ninety (90) days' written notice. The term of any such contract may not exceed one (1) year.

ARTICLE IV **OFFICERS**

Section 4.1 Election. At the first meeting of the Executive Board, and at every annual meeting of the Executive Board thereafter, the Executive Board members, if a quorum is present, will elect officers of the Association for the following calendar year; these officers are to serve for a one (1) year term and until their respective successors are elected. The officers to be elected are a President, Secretary, Treasurer, and any other officers that the Executive Board deems, in its judgment, may be necessary. Each officer may serve an unlimited number of terms as long as, if the officer is also a member of the Executive Board, the member continues to be reelected to the Executive Board. Any member may hold two offices simultaneously, except that the President may not hold any other office.

Section 4.2 Duties. The duties of the officers are as follows:

- (a) President. The President is the chief executive officer of the Association and the chairperson of the Executive Board. The President will be responsible for implementing the decisions of the Executive Board and in that capacity will direct, supervise, coordinate, and have general control over the affairs of the Association and the Executive Board, subject to the limitations of the laws of the Commonwealth of Pennsylvania, the Community Documents, and the actions of the Executive Board. The President has the power to sign checks and other documents on behalf of the Association and the Executive Board, or both, with or without the signatures of any other officers as may be determined by the Executive Board. The President will preside at all meetings of either body at which he or she is in attendance and will be a member of all committees. If the

President is absent from such meetings, the Vice President will preside; if both are absent, the senior officer of the Association present at such meeting will preside; and in the absence of any officer, the body holding the meeting will elect a person to preside. If the Executive Board so provides, the President will also have any or all of the powers and duties ordinarily attributable to the chief executive officer of a corporation domiciled in Pennsylvania.

- (b) Vice President. The Vice President will fulfill the functions of the President if the President is unable to do so, and will preside at all meetings of the Association and the Executive Board, if the President is absent from such meetings or is otherwise unable to preside. The Vice President also has any other powers that the Executive Board may grant.
- (c) Secretary. Unless otherwise determined by the Executive Board, the Secretary will keep or arrange for the keeping of all records (or copies thereof if the original documents are not available to the Association) of the Association and the Executive Board and has the authority to affix the seal of the Association to any documents requiring such seal. The Secretary will give or arrange for the distribution of all notices as required by law, the Declaration, or these Bylaws; will take and keep or arrange for the taking and keeping of Minutes of all meetings of the Association, the Executive Board, and all committees; and will take and keep or arrange for the taking and keeping at the Association's office a record of the names and addresses of all Unit Owners, as well as copies of the Declaration, the Plats and Plans, these Bylaws, and the Rules and Regulations, all of which will be available at the office of the Association for inspection by Unit Owners or prospective Unit Owners during normal business hours and for distribution to them at any reasonable charges (if any) that may be set from time to time by the Executive Board. The Secretary will keep or arrange for the keeping of the register of holders of Mortgages. The Secretary will also perform all duties and have any other powers that are ordinarily attributable to the Secretary of a corporation domiciled in Pennsylvania.
- (d) Treasurer. Unless otherwise determined by the Executive Board, the Treasurer will have the charge and custody of, and be responsible for, all funds and securities of the Association; will deposit or arrange for depositing all such funds in such depositories as the Executive Board may direct; will keep or arrange for keeping correct and complete accounts and records of all financial transactions of the Association and the Executive Board; and will submit or arrange for submission to the Executive Board and the Association any reports thereof as the law, the Declaration, the Executive Board, or these Bylaws may from time to time require. The records include, without limitation, chronological listings of all receipts and expenditures on account of the Common Elements, Limited Common Elements, and each Unit, the amount of each assessment for Common Expenses and expenses assessable to individual Units, if any, and the amount paid and the amounts due on such assessments. The records must specify and itemize the maintenance, repair, and replacement expenses relating to the Common Elements

and the Limited Common Elements and any other expenses incurred by the Association. The financial records must be kept at the Association's office and must be available there for inspection by Unit Owners or prospective Unit Owners during normal business hours. The Treasurer will, upon request, provide any person who has entered into a written agreement to purchase a Unit with a written statement of the information required to be provided by the Association pursuant to sections 3315(g), 3407(a), and 3407(b) of the Act. The Treasurer will also perform all duties and have any other powers that are ordinarily attributable to the Treasurer of a corporation domiciled in Pennsylvania.

- (e) Vice President and Assistant Officers. Unless otherwise determined by a resolution of the Executive Board, any Vice President and any assistant officer will have the powers and perform the duties of his or her respective superior officer, the President being any Vice President's superior officer, the Secretary being any Assistant Secretary's superior officer, and the Treasurer being any Assistant Treasurer's superior officer.

Section 4.3 Compensation. The officers of the Executive Board will serve without compensation for their services in such capacity unless such compensation is expressly authorized or approved by a vote of Owners authorized to cast more than fifty percent (50%) of the votes of the Association at any Annual or Special Meeting of the Association.

Section 4.4 Resignation and Removal. Any officer may resign at any time by written notice to the Executive Board; the resignation will become effective at the next Executive Board meeting. Any officer who ceases to be a member of the Executive Board for any reason will also be deemed to have resigned or been removed, *ipso facto*, from any Executive Board office he or she may have held. Any officer may be removed from office at any time by a majority vote of the Executive Board whenever in the judgment of the Executive Board members the interests of the Association will be best served thereby, or by the vote of the Association with or without cause, in the same manner as set forth for the removal of Executive Board members in Section 3.4 hereof.

Section 4.5 Vacancies. Vacancies caused by resignation or removal of officers or the creation of new offices may be filled by a majority vote of the Executive Board members, if the vacancy resulted from action of the Executive Board. If, however, the vacancy resulted from action by the Association, such vacancy will be filled in the same manner as set forth in Section 3.5 hereof for filling Executive Board vacancies.

ARTICLE V

COMMON EXPENSES; BUDGETS

Section 5.1 Fiscal Year. The fiscal year of the Association will be January 1 through December 31 of each year unless otherwise determined by the Executive Board; however, the first fiscal year will begin upon the recordation of the Declaration and expire on December 31 immediately thereafter.

Section 5.2 Preparation and Approval of Budget.

- (a) Adoption. The budget year of the Association will be the calendar year. On or before the first day of November of each year, the Executive Board must adopt an annual Budget for the Association for the next following calendar year containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Executive Board to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws, or a resolution of the Association and that will be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the Property and the rendering to the Unit Owners of all related services. The Budget will also include any reasonable amounts that the Executive Board considers necessary to provide working capital, a general operating reserve, and reserves for contingencies and replacements. The Budget must segregate General Common Expenses and Limited Expenses if and to the extent appropriate.
- (b) Available for Inspection. On or before the next succeeding fifth day of November, the Executive Board must make the Budget available for inspection at the Association office and send to each Unit Owner a copy of the Budget in a reasonably itemized form that sets forth the amount of the Common Expenses. The Budget will constitute the basis for determining each Unit Owner's assessments for General Common Expenses and Limited Expenses of the Association and will automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.
- (c) Reasonable Efforts. The Executive Board will make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines will not be a condition precedent to the effectiveness of any Budget.

Section 5.3 Assessment and Payment of Common Expenses.

- (a) General Common Expenses. The Executive Board will calculate the Monthly Assessments for General Common Expenses against each Unit by multiplying (i) the total amount of the estimated funds required for the operation of the Property set forth in the Budget adopted by the Executive Board for the fiscal year in question, after deducting any Limited Expenses and income expected to be received from sources other than Common Expense assessments and the operation of the Limited Common Elements to which the Limited Expenses pertain, by (ii) the Percentage Interest (expressed in decimal form) allocated to such Unit, and

- (iii) dividing the resultant product by the number of calendar months in the fiscal year. The assessments will be deemed to have been adopted and assessed on a monthly basis and not on an annual basis payable in monthly installments, will be due and payable on the first day of each calendar month, and will be a lien against each Unit Owner's Unit and a payment obligation of each Unit Owner as provided in the Act and the Declaration. Within ninety (90) days after the end of each fiscal year, the Executive Board must prepare and deliver to each Unit Owner and to each record holder of a Mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during the fiscal year, less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of the reserves as the Executive Board may determine, will be assessed promptly against the Unit Owners in accordance with their Percentage Interests and will be payable as a Special Assessment, in whatever manner the Executive Board may determine.
- [(b) Water and Sewer Service Common Assessments. Each Unit Owner must also pay as a Common Assessment all water and sewer charges imposed by the Association, including charges for connection or hook-up fees and ongoing service charges.]
- (c) Limited Common Expenses. The Executive Board will calculate the Monthly Assessments, if any, for Limited Common Expenses against each Unit obligated to pay Limited Common Expenses by multiplying (i) the total amount of the estimated funds required for Limited Common Expenses set forth in the Budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from the operation of the Limited Common Elements to which the Limited Common Expenses pertain other than Limited Common Expense Assessments, by (ii) the share of Limited Common Expenses (expressed in decimal form) allocated to each such Unit, and (iii) dividing the resultant product by the number of calendar months in the fiscal year. The assessments will be deemed to have been adopted and assessed on a monthly basis and not on an annual basis payable in monthly installments, will be due and payable on the first day of each calendar month, and will be a lien against each Unit Owner's Unit and a payment obligation of each Unit Owner as provided in the Act and the Declaration. Within ninety (90) days after the end of each fiscal year, the Executive Board must prepare and deliver to each Unit Owner and to each record holder of a Mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the Common Expenses and funds received during the fiscal year, less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to Limited Common Expenses, after application of the reserves as the Executive Board may determine, will be assessed promptly against the Unit Owners obligated to pay Limited Common Expenses in accordance with their allocable share of Limited Common Expenses and will be payable as a Special Assessment, in whatever manner the Executive Board may determine.

- (d) Reserves. The Executive Board must build up and maintain reasonable reserves for working capital, operations, contingencies, and replacements. Extraordinary expenditures not originally included in the annual Budget that may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including nonpayment of any Unit Owner's assessments, the Executive Board may at any time levy further assessments for General Common Expenses and/or Limited Common Expenses, which will be assessed against the Unit Owners either according to their respective Percentage Interests with regard to General Common Expenses or in accordance with allocable shares of Limited Common Expenses with regard to Limited Common Expenses (whichever is appropriate), and will be payable as a Special Assessment, in whatever manner the Executive Board may determine.

Section 5.4 Further Assessments. The Executive Board must serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3(a), 5.3(b), or 5.3(c) or otherwise as permitted or required by the Act, the Declaration, and these Bylaws by a statement in writing giving the amount and reasons therefor, and any further assessments will, unless otherwise specified in the notice, become effective with the next Monthly Assessment that is due more than ten (10) days after the delivery of the notice of further assessments. All Unit Owners so assessed will be obligated to pay the amount of the Monthly Assessments. The assessments will be a lien as of the effective date as set forth in the preceding Sections 5.3(a), 5.3(b), and 5.3(c).

Section 5.5 Initial Budget. At or prior to the time assessment of Common Expenses commences, the Executive Board must adopt the Budget, as described in this Article, for the period commencing on the date the Executive Board determines that assessments will begin and ending on the last day of the calendar year during which the commencement date occurs. Assessments will be levied and become a lien against the Unit and a payment obligation of the respective Unit Owner(s) during the period provided in Section 5.3 above.

Section 5.6 Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt a Budget for any calendar year will not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided whenever it is determined and, in the absence of any annual Budget or adjusted Budget, each Unit Owner will continue to pay each Monthly Assessment at the rate established for the previous calendar year until the new annual or adjusted Budget has been adopted.

Section 5.7 Accounts; Audits. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association must be kept in accordance with good and accepted accounting practices[, and will be audited at least once each year by an independent accountant retained by the Executive Board].

Section 5.8 Rejection of Budget. Despite any statements in these Bylaws to the contrary, the Association, by the vote of Owners whose combined voting interests constitute more than fifty percent (50%) of the votes in the Association, may reject any budget or capital expenditure approved by the Executive Board within thirty (30) days after approval by the Executive Board.

Section 5.9 Statement of Common Expenses. Upon request, the Executive Board must promptly provide any Unit Owner, a contract purchaser, or proposed Mortgagee so requesting with a written statement of all unpaid assessments for Common Expenses due from the Unit Owner. The Executive Board may impose a reasonable charge for the statement to cover the cost of its preparation, to the extent permitted by the Act.

ARTICLE VI **REPAIR OR RECONSTRUCTION**

Section 6.1 Restoration of Property Out of Common Expense Fund. Damage to or destruction of the Common Elements of the Community will be promptly repaired and restored by the Association in accordance with the provision of section 3312(g) of the Act. The Executive Board will be responsible for accomplishing the full repair or reconstruction that will be paid out of the Common Expense fund. The disbursements of funds for such repair or reconstruction will, at the option of the Executive Board, be made only as the work progresses upon approval of a qualified architect or contractor who has furnished a description satisfactory to the Executive Board of the costs involved and the services and materials to be furnished by the contractors, subcontractors, and materialmen. Unit Owners may apply the proceeds from their individual property insurance policies, if any, to the share of such Common Expense as may be assessed to them. The Executive Board will be responsible for restoring the Property only to substantially the same condition as it was immediately prior to the damage, and each Unit Owner will personally assume the additional expense of any improvements to the Unit that he or she desires, to restore it beyond such condition. If any physical changes are made to any restored Unit or the Common Elements, or any combination of them, that renders inaccurate the Plats and Plans that are then of record, the Executive Board will record amended Plats and Plans showing such changes.

ARTICLE VII **AMENDMENTS**

Section 7.1 General Requirements; Consent of Declarant or Holders of Mortgages; Curative Amendments to Bylaws. Except as otherwise provided in any one or more of these Bylaws, the Declaration, or the Act, the provisions of the Declaration or these Bylaws may be amended by the vote of Owners whose combined voting interests constitute more than sixty-seven percent (67%) of the votes in the Association cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws; however, if such amendment will make any change that would have a material effect upon any rights, privileges, powers, and options of the Declarant, such amendment will require the joinder of the Declarant. Furthermore, no amendment seeking (i) to

abandon, partition, subdivide, encumber, sell, or transfer any portion of the Common Elements, or (ii) to abandon or terminate the planned community form of ownership of the Property except as otherwise provided in the Declaration, will be effective without the prior written approval of the holders of all mortgages. Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing, or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Fannie Mae or the Freddie Mac with respect to planned community projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each amendment of these Bylaws will be effective upon its due adoption as stated herein.

Section 7.2 Amendments to the Declaration. The Declaration may be amended pursuant to the provisions of the Act and the Declaration. The President or any Vice President is empowered to prepare and execute any duly enacted amendments to the Declaration on behalf of the Association, and the Secretary or any Assistant Secretary is empowered to attest, seal with the Association's corporate seal, and record any such amendments on behalf of the Association.

ARTICLE VIII **GENERAL PROVISIONS**

Section 8.1 Severability. The provisions of these Bylaws are deemed independent and severable, and the invalidity, partial invalidity, or unenforceability of any one provision or portion hereof will not affect the validity or enforceability of any other provision or portion hereof unless the deletion of such invalid or unenforceable provision will destroy the uniform plan for development and operation of the Community project that the Declaration (including the Plats and Plans) and these Bylaws are intended to create.

Section 8.2 Conflicts. The Act and the Declaration will control in the case of any conflict between the provisions thereof and the provisions of these Bylaws. The Act, the Declaration, and these Bylaws will control in the case of any conflict between the provisions thereof and the provisions of the Rules and Regulations, if any.

Section 8.3 Notices. All notices or other communications required or permitted under these Bylaws must be in writing and will be deemed to have been given when personally delivered or on the second business day after the day on which mailed by certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner at the single address that the Unit Owner designates in writing and files with the Secretary or, if no such address is designated, at the address of the Unit of the Unit Owner, or (ii) if to the Association, the Executive Board, or to the managing agent, at the principal office of the Association and to the managing agent or at any other address that may be designated by notice in writing to the Unit Owners pursuant to this section. If a

Unit is owned by more than one person, each such person who so designates a separate address in writing to the Secretary is entitled to receive all notices hereunder.

Section 8.4 Headings. The headings preceding the various sections of these Bylaws and the Table of Contents are intended solely for the convenience of readers of these Bylaws and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

Section 8.5 Gender. The use of the masculine gender in these Bylaws is deemed to include the feminine and neuter genders, and the use of the singular is deemed to include the plural, and vice versa, whenever t

EXHIBIT 5
AGREEMENT OF SALE

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (the "Agreement"), made this ____ day of October, 2011, between Sterley Street LP, having an address of 18 Catherine Street, Shillington , Berks County, PA (the "Seller"), and _____, having an address of _____, Pennsylvania (the "Buyer").

WITNESSETH:

WHEREAS, Seller owns two tracts of land located at 31 South Sterley Street and Catherine Street, Shillington PA, 19607 which are more particularly described in Exhibit A, attached hereto and made a part hereof (the "Land") and

WHEREAS, Seller has made certain improvements to the existing former mill building and the garage building upon the Land (the "Buildings"); and

WHEREAS, Seller has declared, pursuant to the Pennsylvania Uniform Condominium Act, the Land and the Buildings to be a condominium known as Sterley Street Lofts Condominium by recording in the Recorder's Office, at Record Book _____, Page _____, a Declaration of Condominium with plats and plans (collectively, the "Condominium Declaration"); and

WHEREAS, Seller has formed an association of the condominium unit owners by filing articles of incorporation with the Department of State of the Commonwealth of Pennsylvania and adopting certain bylaws and rules and regulations (collectively, the "Condominium Association Documents"); and

WHEREAS, Buyer desires to purchase one of the condominium units, and Seller has agreed to sell and convey said units to Buyer pursuant to the terms hereinafter set forth.

NOW, THEREFORE, Seller and Buyer, each intending to be legally bound hereby, covenant and agree as follows:

1. Agreement to Sell and Purchase. Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase, that particular condominium unit (the "Unit") being Unit Number _____ located in the Building (when built) along with its assigned parking areas in the garage building, more particularly described on Exhibit B, together with the common elements pertaining thereto, which shall be constructed in accordance with specifications and standards described on Exhibit C, attached hereto and made a part hereof (collectively, the "Property").
2. Purchase Price. The purchase price for the Property (the "Purchase Price") shall be _____ DOLLARS (\$ xxxxxxxx), which amount is based on the raw space and garage building areas, but does not include interior improvements to the Unit as described in Paragraph 4 hereof.
3. Payment of Purchase Price. The Purchase Price shall be payable by Buyer as follows:

(a) Upon the execution of this Agreement, a sum equal to ten percent (10%) of the Purchase Price referred to as the "Down Payment";

(b) At the Closing (as hereinafter defined), upon delivery of the deed and the performance by the Seller of all of Seller's obligations hereunder, the balance of the Purchase Price by bank cashier's or treasurer's check, by wire transfer of funds, or by payment of other immediate available funds.

(c) The Down Payment shall be held in escrow by the Seller's Agent.

In the event of Buyer's default under this Agreement, Seller shall retain the Down Payment either as liquidated damages or as a payment on account of the Purchase Price.

4. Interior Improvements. Seller is providing this space as unfinished shell space and all Interior Improvements shall be the responsibility of the Buyer. The construction of all interior fit out of the condominium unit shall be the responsibility of the Buyer and the same shall be completed in accordance with a separate contract between the Buyer and its contractor. Once the Buyer has selected its contractor and prepared its Plans and Specifications for the interior fit out of its unit said plans and specifications for said Improvements shall be approved by the Seller in writing prior to the commencement of any work within the Condominium. Said Improvements will be of a high grade fit and finish of premium quality. Seller's approval shall be within fifteen (15) days of submission to Seller of Buyer's proposed plans and specifications. To the extent that Seller reasonably objects to any portion of the plans and specifications, Seller shall provide said written objections to Buyer who shall modify the plans and specifications accordingly and resubmit the revised Plans and Specifications for Seller's approval before proceeding with the work.

5. Conveyance.

(a) Conveyance shall be by special warranty deed to Buyer. Title shall be a good and marketable fee simple title, free and clear of all liens and encumbrances; subject, however, to existing visible easements, easements of record, accuracy of description, location of buildings and improvements, rights of public utilities, building and development restrictions, zoning laws, the Declaration, the POA Articles, the POA Bylaws, the Rules and Regulations, the Condominium Declaration, the Condominium Association Documents, and rules, regulations, laws and directives of federal, state, municipal or other governing authorities, and shall be insurable as such at regular rates by a title insurance company maintaining an office in Berks County, Pennsylvania. Title to the Property shall also be such as will enable Buyer to obtain issuance from its title insurance company of condominium Endorsement TIRBOP-PA Endorsement 810 (ALTA endorsement 4.1). Seller covenants and agrees that prior to Closing it will not, without the prior written consent of Buyer, make any material changes to the Property or the common area of the condominium that would unreasonably interfere with Buyer's intended use of the Property as a medical office.

(b) In the event that a good and marketable title, subject as aforesaid, cannot be given by the Seller to the Buyer, the Seller may, at Seller's option, clear the title or rescind this Agreement and return to the Buyer the Down Payment and reasonable title search charges without interest. In the event Seller fails to either clear title or rescind the Agreement, then buyer shall have the right to terminate the Agreement and receive all of its Down Payment

plus title expenses and be released from all liability under the Agreement. Upon return of the Down Payment, without interest, Seller shall be released from all further liability and this Agreement shall be void and of no further force or effect.

6. Real Estate Taxes, Rent, Utility Charges.

(a) Real estate taxes shall be apportioned equitably between the parties as of the Closing Date on a fiscal year basis.

(b) Sewer and Water rent and other utility charges, if any, shall be apportioned as of the Closing Date on the basis of the current term.

7. Expenses.

(a) Seller agrees to pay for the preparation of the deed, acknowledgment of the deed, federal revenue stamps, if any, and one-half of the Pennsylvania and local real estate transfer taxes.

(b) Buyer shall pay one-half of the Pennsylvania and local real estate transfer taxes.

(c) All other expenses of conveyance shall be paid by the party incurring them.

8. Seller's Representations. To induce Buyer to enter into this Agreement and to complete the Closing, Seller makes the following representations to Buyer, which representations are true and correct as of the date of this Agreement and shall be true and correct at and as of the Closing Date in all respects as though they were made both at and as of the date of this Agreement and at and as of the Closing Date; and which representations are made to the best of Seller's knowledge:

(a) No assessments for public improvements have been made against the Property which remain unpaid, and all such assessments which have been or could be levied for public improvements ordered, commenced or completed prior to the date of Settlement Agreement have been or shall be paid in full by Seller prior to the Closing.

(b) No notices have been issued and served upon the Seller or upon the Property from or by any constituted authority concerning the making of any required alterations, repairs or corrections of any condition or act affecting the Property which remain uncompleted with or unpaid.

(c) There is no action, suit or proceeding pending, or to the knowledge of Seller, threatened against the Property or any portion thereof relating to or arising out of the ownership, management or operation of the Property, in any court or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality.

(d) Seller has not received any notice of any violations of any municipal ordinance, zoning regulations, building code or deed restriction regarding the Property

and Seller has no knowledge of any violations of any municipal ordinances, zoning regulations, building code or deed restrictions during the period that Seller owned the Property.

(e) Execution of all documents relating to this transaction and the full and complete performance of the provisions hereof will not violate or result in any breach of, or constitute a default under any agreement, indenture, mortgage, deed of trust, bank, loan or credit agreement or other instrument to which Seller is a party, or by which Seller is bound. Seller is not in default under any note, evidence of indebtedness, lease, contract, license, undertaking or other agreement where the liability thereunder might adversely affect Seller's ability to perform its obligations under this Agreement.

(f) The Property is not located in any flood plain.

9. Third Party Brokerage. Seller and Buyer hereby represent and warrant to each other that neither Seller nor Buyer has dealt with any broker or finder in connection with the transaction which is the subject of this Agreement, other than Bradley DiFulvio and each party hereby agrees to indemnify, save harmless and defend the other from and against all claims, losses, liabilities and expenses, including reasonable attorneys' fees, arising out of any claim made by any other broker, finder or other intermediary who claims to have dealt with such party in connection with the transaction which is the subject of this Agreement. The provisions of this paragraph shall survive settlement hereunder.

10. Risk of Loss. Seller shall bear all risk of loss until Closing. However, if Seller does not perform the Fit-Up, Seller will not be responsible for loss caused by Buyer's contractor.

11. Closing Date. Seller contemplates that The Declaration of Condominium will be filed in the first week of October 2011 and that the Building will be substantially completed by December 31, 2011, in that the property is ready for Buyer to commence its fit out if the Buyer is performing its own fit out or if Buyer has elected the Seller to perform the fit out then when Seller is prepared to commence the fit out (the "Closing Date"). Closing shall take place in Berks County, PA at a location and time mutually agreeable by Seller and Buyer.

Closing shall be held within fifteen (15) days after Seller gives notice to Buyer that the Building has been substantially completed, that the Property is ready for Buyer to commence its fit out if the Buyer is performing its own fit out or if Buyer has elected to have the Seller perform the fit out then when Seller is prepared to commence the fit out (the "Closing Date").

As used herein, the term "substantial completion" shall mean the construction of the Building is sufficiently complete, in accordance with the specifications and standards described on Exhibit C to the Agreement of Sale, so that the Buyer or the Seller on the Buyer's behalf can commence the fit out work. In the event substantial completion as defined herein does not occur on or before December 31, 2011 Buyer shall be entitled to give a written notice of its intention to terminate the Agreement of Sale within thirty (30) days of said notice if the Seller has not substantially completed the Building as set forth.

Notwithstanding the foregoing:

The date of December 31, 2011 shall be extended by the number of days during which construction is delayed for reasons beyond Seller's control, including (without limitation) acts of God, unavailability of supplies or materials, strikes or other labor disturbances, war, embargo, riot, insurrection, sabotage or other civil unrest, extraordinary weather conditions, rife, explosion, flood or other natural disasters, governmental restraints, or any other matter of "force majeure", or by any act of Buyer or its agents, employees or contractors. Upon the occurrence of any such delay in construction, Seller will give Buyer written notice thereof within ten (10) days of the commencement of such occurrence. In the event that Building completion is delayed as provided herein, the Closing Date shall be extended on a day-for-day basis for each day of delay in Building completion.

12. Delivery of Deed and Possession of Property. The Seller shall deliver the deed and possession of the Property on the Closing Date. Formal tender of deed is hereby waived.

13. Time of Essence. The parties agree that time shall be of the essence of this Agreement, unless extended by mutual consent in writing.

14. Entire Agreement, Modifications. This Agreement constitutes the entire contract between the parties hereto and there are no other understandings, representations or warranties, oral or written, relating to the subject matter hereof This Agreement may not be changed, modified or amended, in whole or in part, except in writing, signed by all parties,

15. Notices. Notices given pursuant to this Agreement shall be in writing, shall be given by actual delivery or by mailing the same to the party entitled thereto at the addresses set forth below or at such other address as any party may designate in writing to any other party pursuant to the provisions of this paragraph. Notices given by mail shall be sent by United States mail, certified or registered, return receipt requested. Notices shall be deemed to be received on the date of actual receipt, in the case of personal delivery, or on the date of mailing, in the case of mailing. Notices shall be served or mailed to the following addresses, subject to change as provided above:

If to the Seller: Sterley Street LP,
 18 Catherine Street,
 Shillington, PA 19607

If to the Buyer:

with a copy to:

16. Construction. Wherever used in this Agreement the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

17. Assignment and Recording. Buyer hereby covenants not to assign or record this Agreement except after first obtaining the written consent of Seller endorsed hereon. Any attempted assignment or recordation of this Agreement by Buyer without such consent may, at the option of the Seller, be deemed a default hereunder.

18. Limited Warranty.

19. Binding Effect. This Agreement and all of its terms and conditions shall extend to and be binding upon the parties hereto and upon their respective heirs, executors, administrators, successors and assigns.

20. **Public Offering Statement**. **Buyer acknowledges that it has received a public offering statement pertaining to the Sterley Street Lofts Condominium more than fifteen (15) days prior to the execution and delivery of this Agreement.**

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this Agreement to be duly executed the day and year first above written,

Sterley Street LP By its General Partner
Sterley Street ,Inc

By: _____
President (SELLER)

Witnesses:

(BUYER)

EXHIBIT 6
RULES AND REGULATIONS

STERLEY STREET LOFTS OWNERS ASSOCIATION

RULES AND REGULATIONS

Each Unit Owner agrees that they shall:

Abide by the following rules and regulations and any subsequent additional or amended rules and regulations adopted by the Declarant or the Homeowners Association

1. Use the Condo Units and Garage Units solely for residential and one for commercial use as currently used by Frozen Q PC Mods and for no other purpose whatsoever without the written consent of Declarant or Sterley Street Lofts Condominium Owner's Association;
2. Use and keep said Condo Units including any assigned parking in garage building or stacked parking area in front of same in a safe and clean manner.
3. Not commit or suffer waste thereon;
4. Fully comply with and obey all laws, ordinances, rules, regulations and requirements of all regularly constituted authorities, in any way affecting Owner's use of the Condo Unit a Garage Common Elements.
5. Not use or occupy said Condo Units, Garage Units or Stacked Parking for any unlawful purpose;
6. Not use or occupy said Condo Units, or permit the same to be used or occupied, for any purpose or business deemed extra hazardous on account of fire or otherwise;
7. Keep said Condo Unit in such repair and conditions may be required by Municipal, state, or federal authorities free of all cost to the Declarant or Sterley Street Lofts.
8. Permit Sterley Street Lofts Condominium Owner's Association and it's agents, upon reasonable notice provided to Owner and as accompanied by Owner or it's designee, to enter upon the Condo Units at all reasonable times to examine the condition thereof;

9. Unit owners shall keep their Units in a good state of preservation and cleanliness;
10. There shall be no obstruction of the Common Elements, nor shall anything be stored outside of the Units without the prior consent of the Executive Board, except as expressly provided;
11. Common Elements shall be used only for the purpose for which they were designed;
12. There shall be no alterations, additions or improvements made to the Common Elements or Limited Common Elements without the prior written consent of the Executive Board
13. No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit, or the Common Elements;
14. No immoral, improper, offensive or unlawful use may be made of the Property;
15. No animals or pets of any kind shall be raised, bred, kept or allowed in any parts of the building or common spaces.
16. Unit Owners shall hold the Association and other Unit Owners and occupants harmless for the actions of their children, tenants, guests, pets, employees, agents, invitees or licensees.
17. Units Owners and occupants shall comply with the rules and regulations contained in any fire and liability insurance policy on the Property.
18. Damage by fire or accident affecting the Property, and persons injured by or responsible for any damage, fire or accident, must be promptly reported to the Association;
19. Trash and recycling pick up is on South Sterley Street and Catherine Street and must comply with the Borough schedules;
20. Trucks, other than those used for personal use and other vehicles having more than four (4) tires, trailers and commercial vehicles are prohibited in the stacked parking area and garages, except for temporary loading and unloading. Licensed vehicles must be able to fit in a 9' x 18' parking space to be allowed in stacked parking area;
21. Each of the residential Units has an allocation of one (1) single car garage and one (1) outdoor parking space in front of the garage. (stacked).The commercial Unit has an allocation of (1) single car garage and one (1) outdoor parking space in front of the garage. (stacked); Each Unit Owner shall only utilize their own

Assigned parking interior or stacked space.

22. No vehicle may be parked in the outdoor parking area unless licensed and equipped for passage on public highways. Except for temporary repairs not involving immobility in excess of ten (10) hours, highway vehicles will not be disassembled, repaired, rebuilt, painted or constructed on the parking area. Following notice and hearing, the Association may remove, at the cost of the Unit Owner, any vehicle remaining immobile in excess of forty-eight (48) hours. Unit owner is also responsible for cost for enforcing;
23. Any consent or approval required by these Rules must be obtained in writing prior to undertaking the action to which it refers;
24. Any formal complaint regarding the actions of other Unit Owners shall be made in writing to the Executive Board.
25. All Rules and Regulations apply to Main Loft Building, Garages and Stacked Parking Areas.
26. Any cost incurred by Association for enforcing these Rules and Regulations shall be charged to the Unit Owner whose actions have caused any such enforcement Action to be taken, including but not limited to costs, expenses and legal fees incurred by the Declarant or Association.

EXHIBIT 7

**STERLEY STREET LOFTS
YEARLY BUDGET**

1.	Condominium Insurance	\$13,200.00
2.	Common Space Electric	\$2,400.00
3.	Elevator Maintenance	\$996.00
4.	Fire Alarm	\$684.00
5.	Water & Sewer	\$276.00
6.	Elevator	\$240.00
7.	Exterminator	\$3,000.00
8.	Exterior Landscaping/Snow Removal	\$840.00
9.	Miscellaneous/Reserve Contribution	\$2,160.00
		<hr/>
		\$23,796/year

Each Unit will be charged an initial monthly sum of \$220.33 for its portion of the estimated yearly expenses.

TITLE INFORMATION

The Condominium Property is subject to the following matters:

- Subject to the public and private utility easements not of record
- Subject to the terms and conditions of any unrecorded leases and agreements
- Subject to all restrictions, reservations, conditions, covenants, etc. as recorded throughout the chain of title

EXHIBIT 9
BUILDER'S REPORT

STERLEY STREET LOFTS
EXHIBIT 9

BUILDERS REPORT

Former factory building to be renovated in 2011.

The following renovations will take place prior to settlement on any condominium or garage:

INCLUDED WITH BASE PRICE OF UNIMPROVED LOFTS AND DETACHED GARAGE AND COMMON STACKED PARKING AREAS.

- 1. UPGRADES TO SPRINKLER SYSTEM INCLUDING FLOW SWITCH AND**
- 2. FIRE ALARM SYSTEM**
- 3. ELECTRIC HEAT FOR STAIRTOWER**
- 4. EXTERIOR LIGHTS AT BOTH STAIRS**
- 5. NEW LOCKS ON MAIN DOORS**
- 6. PAINT STAIRTOWER AND FIRE DOORS**
- 7. PAINT DOWNSPOUTS AND CONCRETE.**
- 8. (3) 4" VERTICAL SANITARY WASTE LINES FROM BASEMENT TO FIFTH FLOOR – VENT THRU CRAWL SPACE ON FIFTH FLOOR. SEWER USAGE FEES TO BE INCLUDED WITH INDIVIDUAL FIT OUT PRICING.**
- 9. NEW WATER SERVICE WITH METER IN THE LOWER LEVEL – LINES FROM LOWER LEVEL TO INDIVIDUAL UNITS INCLUDED WITH FIT-OUT PRICING**
- 10. 200 AMP ELECTRIC SERVICE FOR EACH UNIT – INDIVIDUAL PANELS AND WIRING FROM LOWER LEVEL INCLUDED WITH FIT-OUT PRICING**
- 11. GAS SERVICE FOR EACH UNIT – LINES FROM LOWER LEVEL TO INDIVIDUAL UNITS INCLUDED WITH FIT-OUT PRICING**
- 12. EXTERIOR ELEVATOR ENTRANCE TO INCLUDE NEW RAILING AND STAIRS AT LOADING DOCK AND NEW DOOR AT ELEVATOR. ELEVATOR IS CONSIDERED A FREIGHT ELEVATOR AND MUST ONLY BE OPERATED BY OWNERS OF THE BUILDING. IT IS NOT FOR GENERAL PUBLIC USE.**
- 13. EACH UNIT WILL INCLUDE A SINGLE CAR GARAGE AND A PARKING SPACE IN FRONT OF THE GARAGE. GARAGES LOCATED ONE-HALF BLOCK AWAY ON CATHERINE STREET. GARAGES WILL BE RENOVATED WITH NEW OVERHEAD DOORS AND EXTERIOR SIDING AND WILL BE AVAILABLE AT 8' 4" WIDE OR 12'8" WIDE. ADDITIONAL GARAGES MAY BE AVAIABLE FOR ADDITIONAL COST ON A FIRST COME BASIS.**