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EAST GATE II CONDOMINIUM

PUBLIC OFFERING

STATEMENT

Effective Date: August 27, 1986  
Declarant: MICHAEL, INC.

PURCHASER SHOULD READ THIS DOCUMENT FOR HIS OWN PROTECTION

PUBLIC OFFERING STATEMENT

Name of Condominium: EAST GATE II CONDOMINIUM

Location of Condominium: 3425-3429 Fifth Street, S.E.  
Washington, D.C. 20032

Lots: 6 and 7 Square: 5969

ANC Number: 8C

Name of Declarant: MICHAEL, INC.

Address of Declarant: 1304 G Street, N.W.  
Washington, D.C. 20005

Effective Date of Public Offering Statement: August 27, 1986

District of Columbia law requires that the original seller of condominium units disclose fully and accurately the characteristics of the condominium units being offered for sale. This Public Offering Statement is the means by which such disclosure is made. In the event of any misrepresentations made herein, the purchaser shall notify the Director, Department of Consumer and Regulatory Affairs, 614 H Street, N.W., Room 427, Washington, D.C. 20001.

No Declarant may dispose of any interest in a condominium unit unless there is delivered to the purchaser a current Public Offering Statement by the time of such disposition and such disposition is expressly and without qualification or condition subject to cancellation by the purchaser within 15 days after the contract date of such disposition, or within 15 days after delivery of the current Public Offering Statement, whichever is later. The Purchaser should inspect the condominium unit and all common areas and obtain professional advice. The District of Columbia Government does not warrant the accuracy of the statements made herein, nor has it passed on the merits of the condominium units offered for sale.

PURCHASER SHOULD READ THIS DOCUMENT FOR HIS OWN PROTECTION

AFFIDAVIT

Philip R. Miller, being duly sworn, hereby deposes and says that the statements herein contained and the documents submitted are true and complete, and that he is the agent authorized by Michael, Inc., the developer of the condominium described herein, to complete this questionnaire.

DECLARANT

MICHAEL, INC.

By: Philip R. Miller  
Philip R. Miller  
President

Subscribed and sworn to before me by Philip R. Miller this 21st day of July, 1986.

Steven E. Johnson  
Notary Public

[Notarial Seal]

My commission expires: 7-14-87

**Exhibits:**

- III-A Architect's Report
- III-B Condominium Plat and Plans
- IV-A Condominium Declaration
- IV-B Condominium Bylaws
- V-A Management Agreement
- V-B Initial Capital Contribution and Estimate of  
Initial Condominium Fee
- VI-A Purchase Agreement
- VI-B Loan Application Form
- VI-C Deed
- VI-D Unit Financing Information
- VI-E Estimate of Settlement Charges



## INTRODUCTION

This Public Offering Statement consists of two parts, a narrative portion and an exhibit portion. The narrative portion is intended to summarize significant features of the condominium and also to present other information of interest to the prospective purchaser. The exhibits include legal documents which are required for the creation and operation of the condominium. If there is any inconsistency between the exhibits and the narrative, the exhibits will govern. The Declarant's sales agent and other representatives are prohibited from changing any of the terms and conditions of the legal documents or features of the condominium or attempting to interpret their legal effect.

### I. THE CONDOMINIUM CONCEPT

Condominium ownership is a property right which combines older forms of ownership. The condominium unit owner is not only the sole owner of the portion of the building which comprises his living quarters, but also one of many mutual owners of common facilities which service his and other living quarters and of common areas which the unit owner may use and enjoy along with other unit owners. Each unit owner has an "undivided interest" in the common elements, which means that all unit owners have a share in the ownership of all common elements. An undivided interest gives the unit owner the right to share in the control of all common elements. He must also pay his share of the normal expenses of operating and maintaining all the common elements. It is the ownership of an undivided interest in the common elements which sets condominium ownership apart from other forms of property ownership. This undivided interest in the common elements is stated as a percentage and is referred to in the Declaration and Bylaws as the "percentage interest."

East Gate II Condominium is commonly referred to as a "conversion" condominium. This means that when the units were last occupied prior to the date when the property was submitted to a condominium regime by the recording of the Declaration and the other condominium instruments, they were occupied by persons who were renting from the owner of the Property. After the conversion of the property to condominium status, each unit ultimately will be individually owned.

The Declarant originally contemplated including the two buildings which comprise the condominium as part of the East

Gate Condominium located at 3415-3423 Fifth Street, S.E., which was created as a condominium regime in 1980. The Declarant created the East Gate Condominium as an expandable condominium reserving the right to include the buildings located at 3425-3429 Fifth Street, S.E. in that condominium. The Declarant subsequently decided to create a separate condominium regime for 3425-3429 Fifth Street, S.E. and those buildings may no longer be added to the East Gate Condominium.

II. THE DECLARANT

A. Applicant

1. Name: Michael, Inc.
2. Address: 1304 G Street, N.W.,  
Washington, D.C. 20005
3. Organization:
  - a. Form: Corporation
  - b. Date Created: May 9, 1979
  - c. Jurisdiction in which created: District of Columbia

B. Directors and Owners of 10% or More of the Stock in Declarant

<u>Name and Address</u>	<u>Position</u>
Philip R. Miller 1304 G Street, N.W. Washington, D.C. 20005	President and Director Sole Shareholder
Ruth Miller 1304 G Street, N.W. Washington, D.C. 20005	Vice President and Director
Judith S. Miller 1304 G Street, N.W. Washington, D.C. 20005	Secretary-Treasurer and Director

C. Applicant's Attorney

1. Name: Pohoryles & Greenstein, P.C.
2. Address: 1920 N Street, N.W., Suite 800  
Washington, D.C. 20036-1601

D. General Contractor

1. Name: MDC Land, Inc.
2. Address: 1304 G Street, N.W.  
Washington, D.C. 20005

E. Subcontractors

1. Type: Electrical  
Name: Collins and Cross  
Address: 7890 Cryden Way  
Forestville, Maryland 20028
2. Type: Heating, Ventilating and Air  
Conditioning  
Name: General Heating and Plumbing Co.  
Address: 5919 Central Avenue  
Capital Heights, Maryland 20027
3. Type: Plumbing  
Name: George F. Warner & Co.  
Address: 101 Q Street, N.E.  
Washington, D.C. 20001
4. Type: Painting  
Name: MDC Land, Inc.  
Address: 1304 G Street, N.W.  
Washington, D.C. 20005
5. Type: Roofing  
Name: MDC Land, Inc.  
Address: 1304 G Street, N.W.  
Washington, D.C. 20005

F. Architect

1. Name: Abba I. Polangin, AIA
2. Address: 7411 Riggs Road  
Adelphi, Maryland 20783

G. Surveyor

1. Name: VIKA
2. Address: 4701 Sangamore Road  
Bethesda, Maryland 20816

III. DESCRIPTION OF THE CONDOMINIUM

The condominium consists of two (2) four-story buildings, each containing seventeen (17) residential units and the land on which the building are located at 3425 and 3429 Fifth Street, S.E. The condominium also includes thirty-five parking spaces, which will be available for use by the owners of units in the condominium and their guests, tenants, licensees and invitees on a first-come, first-served, unassigned basis.

A. The Units

Each building will contain seventeen (17) units which will consist of eight (8) two bedroom units and nine (9) one bedroom units. Some of the units have a balcony or patio appurtenant to the unit as shown on the Condominium Plans.

Each unit can be individually utilized and has its own exit to the common elements of the condominium. Each unit consists of the space enclosed horizontally by the outermost surface of the drywall which comprises the perimeter walls enclosing the unit and vertically by the lowermost surface of the lowest wooden floor or subfloor in the unit, and by the uppermost unexposed surface of the lath or drywall ceiling in the unit.

In addition, each unit contains: (i) all nonstructural interior partition walls located within the boundaries of the unit excepting such part as may comprise part of the common elements; (ii) the decorated surfaces of all boundary walls, ceilings and floors, including all wallpaper, paint, interior brick surface, lath, wallboard, plaster, carpeting, floor and wall tiles, hardwood flooring, other floor coverings, and all other finishing materials, as applicable; (iii) hot water heater, washer, dryer, and all immediately visible fixtures and appliances, and kitchen cabinets; (iv) all

mechanical and electrical systems and equipment, heating and air conditioning systems serving the unit, commencing at the point of disconnection from the structural body of the building and from utility lines, and the air conditioning refrigerant lines, air handling unit, compressor, condenser, cooling coil, heat pump, and thermostat serving the unit; (v) water and sewage pipes located within the boundaries of the unit and serving only that unit; and (vi) those portions, lying within the designated boundaries of a unit, of any ducts, conduits, wires, bearing walls, bearing columns, or any other apparatus lying partially within and partially outside of the designated boundaries of a unit, but serving only that unit (any portion thereof serving more than one unit or any portion of the common elements is deemed a part of the common elements). Mechanical equipment and appurtenances located outside of a unit, but designed to serve only that unit, such as heating equipment or air conditioning equipment including, but not limited to, compressor, condenser, air conditioning refrigerant lines and the like, shall be considered a part of the unit and not a part of the common elements. Each unit shall also have an undivided interest in the common elements.

B. The Common Elements

The general common elements consist of all common elements other than limited common elements, and include, without limitation: (i) the land; (ii) the foundations, roofs, slabs, structural interior walls, columns, hallways, stairs, landings, corridors, passageways, walkways, entrance stairs and stoops, meter rooms, storage areas, pipes (except water and sewage pipes located within the boundaries of a unit and serving only that unit), water mains, wires or conduits which are utilized for or serve more than one unit, laterals serving stacks, public utility lines and meters not owned by the utility suppliers, other service installations regardless of location; (iii) all central and appurtenant installations, if any, for services such as power, light, heating, telephone, water, sewage (including all air shafts, pipes, plumbing fixtures, ducts, wires, cables, and conduits used in connection therewith whether located in common elements or in units); and (iv) common parking spaces and access aisles, stairs, steps, trees, shrubbery, and exterior lighting devices of common use or necessary to the existence, upkeep, use and safety of the building and other condominium property.

The limited common elements are those parts of the common elements which are reserved for the exclusive use of a specific unit or units. The patios appurtenant to Units 3425-12 and 3429-12 are limited common elements for the exclusive use of Units 3425-12 and 3429-12, respectively, to

which such patios are assigned as shown on the Condominium Plans. The balconies appurtenant to Units 3425-21, 3429-21, 3425-22, 3429-22, 3425-24, 3429-24, 3425-25, 3429-25, 3425-31, 3429-31, 3425-32, 3429-32, 3425-34, 3429-34, 3425-35, 3429-35, 3425-41, 3429-41, 3425-42, 3429-42, 3425-44, 3429-44, 3425-45 and 3429-45 are limited common elements for the exclusive use of the respective units to which such balconies are assigned, as shown on the Condominium Plans.

The units and the common elements are shown on the Condominium Plat and Plans, which are included in this Public Offering Statement as Exhibit III-B.

Each unit has an undivided interest in the common elements. This undivided interest is stated as a percentage and is referred to in the Declaration and Bylaws as the "percentage interest." The percentage interest of each unit is proportionate to the "par value" of the unit and is set forth in Exhibit B to the Declaration. The Declarant established the percentage interest of each unit on the basis of the approximate relative square footage thereof and other characteristics thereof.

The Bylaws provide that liability for common expenses will be assessed against each unit in proportion to its "percentage interest." The percentage interest of a unit is set forth in Exhibit B to the Declaration. The liability of the unit owner for common expenses is discussed under "Management of the Condominium" on page 17.

Information concerning the extent and estimated completion date of the renovation of the units and the common elements is discussed under "Renovation of the Buildings and Condition of the Converted Structures" on page 12.

### C. Warranties

Each of the units will be warranted by the Declarant against structural defects for one year from the date each is conveyed, and all common elements are warranted against structural defects for two years from the date that they are completed or from the date that the first unit is conveyed, whichever is later. Structural defects covered by the warranty are only those defects in components constituting any of the units or common elements which reduce the stability or safety of the structure below acceptable standards or restrict the intended use of all or part of the structure and which require repair, renovation, reconstruction or replacement. The Declarant reserves the right at its option and at any time (either before or after the sale of a unit) to grant additional

warranties or to eliminate any limitations on existing warranties with respect to any unit or the common elements. The Declarant will transfer to purchaser all manufacturers' warranties on new kitchen appliances. The warranty provided by the Declarant is a limited warranty. The Declarant has set forth in the warranty that it will not be liable thereunder for any of the following:

1. loss or damage with respect to any claim unless written notice of the defect causing the loss or damage shall have been given by a representative of the unit owners association or by the unit owner to Declarant within the warranty period as prescribed by the Act (see warranty);
2. loss or damage caused by defective design or materials supplied by any unit owner or installed under the unit owner's direction;
3. any incidental or consequential damage or injury caused by any defect;
4. normal wear and tear;
5. dampness or condensation or damage or loss caused by the failure of any unit owner or the unit owners association to maintain adequate ventilation;
6. loss or damage caused by the negligence, improper maintenance, repair, or operation, or alteration by persons other than the Declarant, its subcontractors or agents, with respect to the systems, appliances, equipment or fixtures in the condominium, including the unit;
7. accidental loss or damage; loss or damage caused by roof leaks, fire, explosion, smoke, or water escape; changes, not reasonably foreseeable in the level of underground water table; glass breakage; windstorm; hail or lightning; falling trees; aircraft; vehicles; flood; earthquake; soil movement; insects; civil commotions; or any other act of God;
8. loss or damage caused by the failure of the unit owner or the association to keep and maintain the condominium, including the unit, in good repair and condition, including but not limited to the changing of air conditioning filters, the lubrication of air conditioning and heating equipment, and the draining of the hot water heater, all as necessary;

9. stoppage in the plumbing system caused by misuse by unit owners, their tenants or guests;
10. defects or smudges in painted surfaces, including cracks or peeling paint, chipping of porcelain in any item of equipment, chipping of tile, excess grouting on tiles, torn or defective screens or broken glass, defects in operating plumbing fittings on plumbing fixtures, hardware, shades, blinds, awnings, kitchen equipment (including appliances), electrical switches or outlets;
11. loss or damage to carpet, walls, wall coverings, or light fixtures caused by move-ins, move-outs, or heavy traffic by potential purchasers;
12. loss or damage caused by air infiltration around windows and doors;
13. noise between units and floors;
14. defects in floors, including squeaks, cracks or gaps;
15. defects resulting from the shrinking or swelling of wood surfaces, including molding and caulking.

There are no other warranties and none should be implied. No action to enforce the statutory warranty in connection with the structural defects to the units may be brought after one year from the date the warranty period has expired, except for structural defects occurring within the warranty period but which are latent and undetected in fact. In the case of such latent defects, no action shall be brought after six months from the date such defect is detected.

D. Compliance with Zoning, Housing and Building Codes

The parcel of land upon which the condominium is located is zoned R-5-A. The Declarant is aware of no current violations of any District of Columbia codes or regulations affecting the property.

E. Renovation of the Buildings and Condition of the Converted Structures

The Declarant estimates that the cost of renovation of the buildings (including the units), exclusive of professional fees, financing expenses, and carrying charges, will be approximately \$510,000. Renovation began in May 1985 and is anticipated to be completed by the end of May 1987.



The existing two buildings have been or will be substantially renovated. Kitchens and bathrooms will be renovated with new fixtures and appliances and with new countertops, vanities and cabinets except for bathtubs which are being replaced or repaired as required. New vinyl floors are being installed in the kitchens and the existing ceramic bathroom floors are being repaired or replaced with new vinyl flooring. Wall-to-wall carpeting is being installed in the other areas of the units. A washer and dryer will be included in each unit. New plumbing fixtures, except for those existing drain waste and vent pipes which are in good condition, will be installed throughout the buildings and individual heating and cooling systems will be installed in each unit. Separate electric meters have been installed in each unit. The existing roof on one building has been repaired and a new roof was installed on the other building.

The approximate age, estimated remaining life, and estimated replacement cost of major components of the buildings which have an estimated remaining useful life that is considered to be less than the estimated remaining useful life of the overall structures, are summarized in the Architect's Report. Lives listed in that report are estimated average lives. For each item category, it is anticipated that individual failures may occur before the life term indicated in the Architect's Report. No expressed or implied guarantee shall be inferred from the schedule of estimated lives and the Declarant does not warrant or represent the years of useful life remaining or that any of the items will have the useful life listed in the Architect's Report. Replacement costs are based on current prices and do not include extensive removal, demolition, or general construction that may be required. In addition, all estimates assume proper repair and routine preventive maintenance.

#### IV. THE DECLARATION AND BYLAWS

##### A. Description of the Declaration and Bylaws

The Condominium Declaration, the Condominium Bylaws, and the Plat and Plans of Condominium Subdivision are the legal documents necessary to create the condominium and are referred to collectively as the condominium instruments. Condominium instruments are recorded among the land records of the District of Columbia.

Essentially, the Declaration is viewed as being a deed which establishes and defines the condominium and which recites the manner in which the Declarant desires to submit the property to a condominium regime. The Declaration describes

the property which is being submitted to a condominium regime, the boundaries of the units, the elements that comprise the common elements, a determination of the percentage interest of each unit, the purposes and restrictions on the use of the property, provisions for easements and provisions concerning assessments and liens against the units and the liability of the unit owners for payment of the common expenses.

The Bylaws contain the rules for the self-government of the condominium by an association of the unit owners. The Bylaws provide for the creation of the board of directors, which directs the affairs of the condominium, administers policies outlined in the Bylaws and generally oversees the upkeep and administration of the condominium. The Bylaws also cover such matters as the composition of the board of directors, requirements for meetings, voting, the manner in which the condominium budget should be prepared, the determination and handling of assessments, including special assessments and the filing of assessment liens, the nature of insurance coverage, and restrictions on the use of the units and the common elements.

The Bylaws provide that the board of directors has the power to establish rules and regulations governing the use of the condominium.

B. Encumbrances

A unit owner's use and enjoyment of his unit is restricted by the Condominium Declaration and Bylaws (see "Restrictions on Use" and "Restraints on Alienation and Leasing" below).

The condominium property is currently encumbered by a Deed of Trust dated June 26, 1984 and recorded July 19, 1984 among the Land Records of the District of Columbia as Instrument No. 25408 securing Savings Associations Financial Enterprises, Inc. in the amount of \$958,800. The condominium property is also subject to an easement for ingress to and egress from the property line dividing the condominium property from the adjoining property (Lots 9 and 10, Square 5970), and there exists an easement across that adjoining property for the benefit of the condominium property for ingress to and egress from Fifth Street, S.E.

entering

leaving

At the time of the conveyance of a unit to a purchaser, the Declarant will have such unit promptly released of record from every mortgage, deed of trust, any other perfected lien, and any mechanic's or materialman's lien affecting the unit, except the lien of the unit purchaser's

mortgage, if any, and the encumbrance of the condominium instruments of record, general real estate taxes for the current year not then due, and easements, rights-of-way, covenants, and other conditions and restrictions.

C. Secondary Mortgage Market

The condominium instruments and certain related documents have been drafted with the intention of satisfying the condominium documentation requirements of the Federal Home Loan Mortgage Corporation, as well as those of the Federal National Mortgage Association. The Declarant has reserved the right to amend the instruments and documents if they must be revised to satisfy any such requirements.

D. Restrictions on Use

The Condominium Bylaws set forth restrictions on the use of the units. These restrictions relate to such matters as the leasing of units, posting of advertisements, keeping of pets, hanging items such as laundry from the windows, excess noise, nuisances, and installation of additional wiring. In addition, the board of directors may adopt rules and regulations restricting or regulating the use of the condominium. The Declarant and its agents have the right to post signs and advertisements on the condominium property for the purpose of selling the units. Each unit is intended to be used as a private residence.

E. Restraints on Alienation and Leasing

Sections 402(a) and 402(b) of the Condominium Act of 1976 prohibit the Declarant from offering or disposing of a condominium unit until the condominium is registered with the Government of the District of Columbia and a purchaser has received a current Public Offering Statement. The Declarant knows of no other restraints which would preclude the free transferability of legal title to the units pursuant to the terms of a binding purchase agreement. The condominium instruments do not grant to the Declarant, the association, lenders or any other person a right of first refusal to purchase a unit from a unit owner.

The Bylaws provide that a unit owner may not lease his unit for a term of less than 6 months and, in addition, that (i) a copy of the lease must be delivered to the board of directors within 7 days after its execution; (ii) the terms of such lease must be consistent with the provisions of the Condominium Declaration and Bylaws of the condominium; and (iii) the board of directors has the power to terminate such

lease or bring summary proceedings to evict a tenant in the event of default by the tenant under the terms of the lease and the unit owner's failure to cure such default within ten days following issuance of a notice to do so by or on behalf of the board of directors. These and other restrictions are set forth in Section 6.8 of the Bylaws.

The Condominium Declaration and Bylaws, attached as Exhibits IV-A and IV-B, respectively, should be carefully reviewed by each prospective purchaser of a unit.

## V. OPERATION OF THE CONDOMINIUM

### A. The Unit Owners Association

1. Self-Government of the Condominium. The Condominium Bylaws provide for the self-government of the condominium by a unit owners association. All of the unit owners collectively constitute the association. Membership in the association is an incident of ownership of a unit. Therefore, every unit owner is automatically a member of the association and remains a member until his ownership of a unit ceases.

*assessment = condo fees*

2. Delegation of the Powers and Responsibilities of the Unit Owners Association. The Bylaws provide that the powers and responsibilities of the unit owners association are delegated to the condominium's board of directors, some of which in turn may be delegated to the managing agent. Basically, the board of directors has the powers and responsibilities in administering the condominium to: (a) prepare the annual budget; (b) make and collect assessments against the unit owners for common expenses; (c) provide for the upkeep, maintenance and care of common elements; (d) designate, hire and dismiss the personnel necessary for the maintenance of the condominium; (e) make rules and regulations concerning the use of the condominium; (f) establish a bank account on behalf of the association; (g) make alterations to the condominium; (h) enforce by legal means the provisions of the condominium instruments; (i) obtain necessary insurance; (j) pay the cost of services rendered to the condominium; and (k) keep the books of account of the condominium.

3. Allocation of Voting Power. Each unit is allocated a number of votes in the unit owners association equal to the percentage interest assigned to that unit in Section 7 of the Declaration and as set forth in Exhibit B to the Declaration. An owner is entitled to cast the votes allocated to his unit.

4. Transfer of Control. The Bylaws authorize the Declarant (or the managing agent or some other person selected by the Declarant) to appoint and remove a majority of members of the board of directors and all officers of the association until the earlier of (i) two years after the date on which the first unit in the condominium is conveyed or (ii) ninety (90) days from the date on which units to which 75% of the percentage interests in the common elements appertain have been conveyed. The Declarant, at its option, can relinquish this authority at any time. However, the Bylaws and the Condominium Act require that: (i) at the time units to which 25% of the percentage interests appertain have been conveyed, the association shall hold a special meeting at which not less than 25% of the members of the board of directors shall be elected by unit owners other than the Declarant; and (ii) at the time units to which 50% of the percentage interests appertain have been conveyed, the association shall hold a special meeting at which not less than 33-1/3% of the members of the board of directors shall be elected by unit owners other than the Declarant.

B. Management of the Condominium

The Declarant, on behalf of the unit owners association, expects to execute a management agreement with a professional management agent to manage, operate and maintain the condominium for the benefit of the unit owners. The management agreement shall be cancellable with or without cause by either the condominium association or the managing agent upon not more than 30 days advance written notice and without payment of a termination fee. The management agreement shall provide that the managing agent has the authority, subject to certain limitations, to enter into contracts necessary for the effective and safe operation of the condominium. The form of management agreement which the Declarant anticipates using is Exhibit V-A to this Public Offering Statement.

The Declarant, on behalf of the unit owners association, may enter into certain other contracts relating to various aspects of the property.

The Bylaws contain provisions for reserves for capital expenditures. Article VI of the Bylaws requires the establishment of a reasonable reserve fund for capital improvements, replacements and major repairs. The Bylaws also provide that if for any reason such reserve fund is inadequate to defray the cost of a required capital improvement, replacement or major repair, the board of directors may levy a further assessment against the unit owners in proportion to the percentage interest of their respective units.

NOTE: A unit owner will be personally liable for all lawful assessments levied against his condominium unit which become due while he is the owner of a unit. In addition, common expenses assessed against the unit owner will give rise to a lien on the owner's condominium unit, which lien, if unsatisfied, may be enforced by foreclosure or other legal remedies.

The Bylaws provide that the unit owners association shall be responsible for the maintenance, repair and replacement of the patios and balconies which are limited common elements appurtenant to certain units; however, the cost thereof shall be assessed by the board of directors against the unit owners of the individual units for the benefit of which the cost was incurred. The respective unit owners shall be responsible for the maintenance, repair and replacement of the compressor, condensor, and air conditioning refrigerant lines, air handling unit, hot water heater, and all mechanical equipment and appurtenances, whether located within or outside the designated boundaries of a unit, but designed to serve only that unit.

The purchase agreement is Exhibit VI-A to this Public Offering Statement. It requires the purchaser to pay at settlement an initial capital contribution in an amount equal to two months' estimated condominium fees (in addition to any regular condominium fee). This initial capital contribution will be allocated to the condominium's working capital.

The purchase agreement and Bylaws also provide for operation of the condominium by the Declarant, and reimbursement to the Declarant for providing such services, during the "Initial Operating Period." The "Initial Operating Period" is defined as the date that the condominium is created and ending ninety days following the date that condominium units to which 75% of the percentage interests appertain have been conveyed by the Declarant or on such earlier date as the Declarant in its sole discretion may determine. During the Initial Operating Period, (i) the Declarant shall pay the costs of operating the condominium, and (ii) each unit owner, in lieu of a condominium assessment against the unit for common expenses, shall pay the Declarant a fee in an amount equal to 87% of the unit's estimated monthly condominium fee for each month (or portion of a month on a pro rata basis) during the Initial Operating Period that the unit owner owns the unit. The Declarant shall not be obligated to fund or otherwise contribute to any capital or other reserve for the condominium during the Initial Operating Period.

The percentage interest in the common elements of the condominium, the amount of the initial capital contribution, and the amount of the estimated monthly assessment (condominium fee) for condominium expenses for each unit are set forth in Exhibit V-B to this Public Offering Statement. The condominium fee is based on the percentage interest of the unit. The percentage interest of the unit is set forth in Exhibit B to the Declaration and is equivalent to the unit's percentage interest in the common elements.

C. Financial Matters.

A proposed budget for the first 12 months of the condominium's operation appears on the following two pages.

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

Proposed Budget (Estimated)  
for the First Twelve (12) Months  
of the  
Condominium's Operation

Administrative

Legal/Audit Fees	\$ 500.00	
Management Fees	<u>6,100.00</u>	
		<u>\$ 6,600.00</u>

Operating and Maintenance Expenses

Trash Removal	\$1,200.00	
Common Area Repairs	1,200.00	
Common Area Maintenance	6,700.00	
Extermination	300.00	
Miscellaneous	<u>300.00</u>	
		<u>\$ 9,700.00</u>

Utilities

Electricity	\$1,200.00	
Water and Sewer	<u>2,600.00</u>	
		<u>\$ 3,800.00</u>

Property Insurance \$ 1,900.00

Replacement Reserves \$ 3,300.00

TOTAL EXPENSES \$25,300.00



Replacement Reserves

<u>Description</u>	<u>1986 Replacement Cost</u>	<u>Estimated Life</u>	<u>Annual Escrow</u>
Roofing	\$24,000	20 years	\$1,200.00
Concrete	4,000	20 years	200.00
Painting (Exterior and Interior Common Areas)	500	5 years	100.00
Parking Lot (resurfacing)	4,000	10 years	400.00
Carpet (common areas)	500	5 years	100.00
Electrical Systems (Distribution Panels and Fire Alarm System)	10,000	50 years	200.00
Soil, Waste, Vent and Storm Water Piping	21,000	30 years	700.00
Domestic Water Piping	16,000	40 years	400.00
Total Annual Replacement Reserves			\$3,300.00

NOTE: Prior to the establishment of the fiscal year and payment of full condominium fees, the Declarant will pay for deficits in operating the condominium during the Initial Operating Period, but the Declarant will not be obligated to fund or otherwise contribute to any capital, operating, or other reserves for the condominium.

## VI. UNIT PURCHASE

The Declarant has not received any commitments for permanent loans on the units and is not at this time offering any such financing. The Declarant will, however, assist prospective unit purchasers in seeking individual commitments for financing. The usual conditions for loan commitments for prospective condominium unit purchasers are:

1. The maximum loan-to-value ratio is 95% of the lower of the selling price or the appraised value.
2. All loans in excess of 80% loan to value ratio must be insured by a private mortgage insurance company.
3. The interest rate on a loan will be established at the time an individual loan commitment is made. The interest rate may be one which is adjustable or variable, requiring adjustment, upwards or downwards, at specified times or upon the occurrence of specified events.
4. No loan on any unit may be greater than the amount acceptable to the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC") for purchase under their respective programs. The maximum permissible loan term is 30 years, but loans may have shorter terms.
5. Qualifications of purchasers, insurance policies, deeds of trust, condominium documents and all other necessary papers must conform to the underwriting and documentation standards of FNMA or FHLMC, or both.

Because of changes which are evolving in mortgage financing programs, modifications in some of these conditions may occur.

Purchaser's Right to Cancel. The purchaser has a period of 15 days within which to review the condominium documents made available to him pursuant to the Condominium Act and applicable regulations. The purchaser, at his election, by written notice to the Declarant sent by registered mail (or by personal delivery to the Declarant's office during business hours) at any time prior to midnight local time of the 15th day following the acceptance of the purchase agreement by the Seller, or receipt by purchaser of a current Public Offering Statement, whichever is later, may terminate the purchase agreement and the entire deposit shall be refunded. The purchase agreement is included as Exhibit VI-A to this Public Offering Statement.

Purchaser's Right to Cancel [Spanish equivalent]. El vendedor permitira al comprador un periodo de 15 dias para revisar los documentos referente a las leyes y regulaciones en el este acuerdo, el comprador, podra a su eleccion, responder al vendedor por medio de una carta registrada (o entregarlo personalmente a la oficina del vendedor durante las horas del trabajo) en cualquier momento antes de la medianoche del decimoquinto dia que sigue la fecha senalada en el contrato firmado por el comprador, o, que el comprador haya recibido un Anuncio de Oferta Publica corriente, lo que suceda ultimamente, podra terminar el acuerdo, y el comprador recibira su deposito y no habra ninguna obligacion entre las personas dentro de este acuerdo.

The following documents, which relate to the purchase of a unit, are exhibits to this Public Offering Statement:

1. Purchase Agreement and Receipt of Public Offering Statement: Exhibit VI-A.
2. Residential Loan Application Form: Exhibit VI-B.
3. Sample form of deed of conveyance to unit purchaser: Exhibit VI-C.
4. Unit financing information: Exhibit VI-D.
5. Estimate of settlement charges: Exhibit VI-E.

STRUCTURAL REPORT AND OUTLINE SPECIFICATIONS

EAST GATE II CONDOMINIUM

LOTS 6 AND 7  
SQUARE 5969

WASHINGTON, D.C.

ABBA I. POLANGIN AIA AICP  
7411 Riggs Road  
Adelphi, MD 20783  
(301)445-3700

I. H.V.A.C.

A. Heating and Air Conditioning

1. Remove existing heating system in all condominium units, to include all components of said system within each condominium unit.

B. Install new electric heat pump type forced air heating and cooling system within each condominium unit.

1. System will be designed to heat to 70° with 0° outside temperature.
2. System will be designed to cool to 78° with 95° outside temperature (based on Manual "J").
3. Heating and air conditioning to meet F.H.A. M.P.S.
4. Heating and air conditioning to be installed in conformance with applicable codes.

C. Equipment Schedule (per condominium unit)

1. Heat Pump, Bryant or equal 18,500 BTU - 10 - 15KW.
2. Metal Duct System - supply and returns (insulate as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations).
3. Refrigeration piping.
4. Low voltage wiring.
5. Approved type registers and grills.

II. Plumbing.

- A. Existing sewer, waste and vent stacks to be utilized, after repairs and replacements, as may be necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations. All such systems shall be "Wet Tested".

- B. Provide new SWV for washing machines, as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations.

- C. Remove all domestic water systems.

- D. Install all new water systems (hot and cold) utilizing copper distribution piping, with appropriate valving as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations.

E. Install new electric hot water heater in each condominium unit (with appropriate drain pan in upper floors).

F. Provide new garbage disposal (G.E., G.F.C. 300 or equal) for each condominium unit.

G. Provide condensate drains for heat pumps.

H. Plumbing Fixtures.

1. Replace existing water closets with new water closet and seat (American Standard Cadet or equal).
2. Replace existing lavatory with new vanity with "Cultured Marble" tops, and new faucets.
3. Retain existing bathtubs and install new shower heads, overflows, faucets, and tub diverters.
4. Provide new stainless steel kitchen sinks and faucets.

I. All plumbing to be to code, and shall be inspected by the appropriate District of Columbia Inspectors prior to close-in.

III. Electrical.

A. Existing electric service is inadequate, and shall be replaced as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations.

B. Existing copper wiring shall be retained or replaced as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations.

C. New electric services are to be provided to each condominium unit, 125 amps, with new feeders and individual electric meters.

D. All switches, receptacles and devices shall be new, and placed in accord with the applicable codes.

E. Bathrooms shall have ground-fault interrupter receptacles.

F. Each condominium unit shall have one 120 volt approved type smoke detector.

- G. Each condominium unit shall be prewired for telephone installation.
- H. Building fire alarm shall be repaired or replaced as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations.
- I. Entry door communications/door release system shall be provided from each unit to the foyer entry.
- J. Common areas shall have new services, and be metered individually.
- K. Common area interior lighting shall be provided. Exterior lot lighting shall be provided.
- L. All electric is to be to code, and shall be inspected by the appropriate District of Columbia Inspectors prior to close-in.

#### IV. Roofing Systems.

- A. The existing built-up roofing system shall be repaired or replaced, as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations, utilizing "Hot Tar".
- B. All flashing, gutters, and downspouts shall be repaired or replaced as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations, and primed and painted.

#### V. Structure.

- A. The structure of each building consists of a masonry wall bearing structure on normal spread footings, and a slab-on-grade for the lowest level. The first floor level is a precast plank floor consisting of an 8 inch deep precast unit with a 2 inch topping slab that provides a minimum 2 hour rating through the floor.

The upper floors consist of wood framing with a plywood subfloor. The roof framing is also a wood framing system.

The stairs consist of a basic steel frame with a concrete "fill".

The exterior lintels supporting masonry are steel angles or beams with hung plates.

The exterior masonry walls consist of good quality brick facing with 4" or 8" C.M.U. backup for both the bearing and non-bearing walls.

All above mentioned items will, in the judgment of the Declarant, meet acceptable engineering standards and codes. The District of Columbia Government shall inspect the buildings for conformance to the District of Columbia Code.

- B. Repaint steel lintels as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations. Paint shall be over zinc chromate primer.
- C. The structure should have an expected life span of not less than 40 years, after it is renewed and properly maintained.

#### VI. Site.

- A. Repair parking lot base, as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations, and install 1-1/2" of asphalt topping.
- B. Replace all exterior walks, stoops, and entries.
- C. Clean, and repair, as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations, all storm sewers and catch basins.
- D. Building is constructed on original grade, on soils of acceptable characteristics for this type of structure. Surface erosion shall be corrected by landscaping, and insuring that all areas are protected with ground cover, as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations.

#### VII. Drywall/Finishes.

- A. Inspect all drywall for delamination, deterioration, and secureness to wall systems. Inspect all joints for tightness and finish.



- B. Repair or replace drywall, as necessary in the judgment of the Declarant to satisfy the requirements of applicable District of Columbia laws and regulations, including taping (or retaping) of joints to insure conformity to accepted trade practices and finishes.
- C. All living areas to be painted latex flat.
- D. Kitchens and baths to be painted latex enamel.

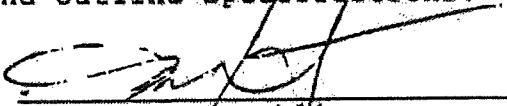
The estimated useful life and estimated replacement cost of major components of the building are summarized in the following table. Replacement costs are based on current prices and do not include extensive removal, demolition or general construction that may be required.

<u>ITEM</u>	<u>APPROXIMATE AGE (YEARS)</u>	<u>ESTIMATED YEARS USEFUL LIFE REMAINING</u>	<u>ESTIMATED REPLACEMENT COST</u>
Bathroom Water Closets and Lavatories	New	30	\$32,000
Bathtubs	14	25	17,000
Kitchen Sink and Disposal	New	20	6,000
Dishwasher	New	12	17,000
Soil, Waste, Vent and Storm Water Piping	14	30	22,000
Domestic Water Piping	New	40	16,000
Air Handlers	New	25	30,000
Apartment Heat Pumps	New	12	37,000
Water Heaters	New	15	14,000
Lighting Fixture, Apartments	New	30	12,000
Lighting Fixture, Stairwells	New	30	2,000
Wiring Devices	New	30	12,000
Wiring Feeders	New	25	8,000
Apartment Panels	New	30	6,000
Fire Alarm System	14	20	3,000
Distribution Panels	New	50	10,000
Roofing	New (one building only)	20	24,000

Note: Life estimates of mechanical and electrical equipment as based upon careful and competent maintenance in strict accordance with manufacturer maintenance schedules and recommendations and predicated on typical life cycles of said equipment.

In Witness Whereof, the undersigned has executed the foregoing Structural Report and Outline Specifications.

  
Abba I. Polangin, D.C. Arch. Reg 1808

  
Notary Public

Subscribed and sworn to before me this 31<sup>st</sup> day of July, 1986.

  
Notary Public

[Notarial Seal]

My commission expires: 7/1/90

EXHIBIT L to Application

EXHIBIT III-B to POS

CONDOMINIUM PLATS AND PLANS

The Condominium Plat and Plans will be reduced in size before the POS is given to the public. Exhibit L to the Application is Exhibit III-B to the Public Offering Statement.

**EAST GATE II CONDOMINIUM**

**CONDOMINIUM DECLARATION**

THIS DECLARATION is made pursuant to the District of Columbia Condominium Act of 1976 (the "Act") by MICHAEL, INC., a District of Columbia corporation (hereinafter called the "Declarant").

1. Submission of Property. The Declarant hereby submits the Land located in the District of Columbia and more particularly described in Exhibit A to this Declaration, together with the Buildings and improvements thereon, and owned by the Declarant in fee simple (hereinafter called the "Property"), to the provisions of the District of Columbia Condominium Act of 1976, to create a plan of condominium ownership of the Property. The Property is shown on the Condominium Plat and Plans Recorded in the Office of the Surveyor of the District of Columbia in Condominium Book \_\_\_\_\_ at page \_\_\_\_\_.

2. Name and Address of Condominium. The name of the Condominium is: East Gate II Condominium. The address of the Condominium is: 3425-3429 Fifth Street, S.E., Washington, D.C.

3. Definitions. The following terms used in this Declaration and in the other documents constituting the Condominium Instruments are intended to be consonant with the meanings ascribed to them by the Condominium Act and are defined as follows:

"Association" or "Unit Owners Association" means all of the Unit Owners acting as a group in accordance with the Bylaws.

"Board of Directors" means the executive and administrative entity established by the Bylaws to act for the Association in governing the Condominium.

"Buildings" means the structures designed for residential use, as shown on the Condominium Plat, as amended from time to time, and containing Units which comprise part of the Condominium.

"Bylaws" means the set of Bylaws recorded simultaneously with this Declaration, providing for the self-government of the Condominium by the Association in accordance with Section 301 of the Condominium Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Condominium Act.

"Common Elements" means all portions of the Property other than the Units, as more fully set forth in Section 6.

"Common Expenses" means all lawful expenditures made or incurred by or on behalf of the Association, together with all lawful assessments for the creation and maintenance of reserves made pursuant to the provisions of the Condominium Instruments.

"Common Profits" means all income collected or accrued by or on behalf of the Association, other than income derived by assessment pursuant to Section 312 of the Condominium Act.

"Condominium" means the Property and any incident thereto or interest therein which is more particularly described in Section 1 and which is being submitted to the provisions of the Condominium Act by the Recording of this Declaration and the other Condominium Instruments.

"Condominium Act" or "Act" means the District of Columbia Condominium Act of 1976, as amended from time to time.

"Condominium Instruments" means this Declaration, the Bylaws, the Condominium Plat and the Condominium Plans, and any and all exhibits, schedules or certificates thereto, and all amendments thereto which are Recorded pursuant to the provisions of the Condominium Act.

"Condominium Plat" means one or more plats of survey of the Condominium, and any amendments thereof, made and Recorded in accordance with Section 214(a) of the Condominium Act.

"Condominium Plans" means the plans of the Buildings showing each Unit, and any amendments thereof, made and Recorded in accordance with Section 214(b) of the Condominium Act.

"Condominium Unit" means a Unit together with the Percentage Interest(s) in the Common Elements appertaining to that Unit.

"Declarant" means Michael, Inc., a District of Columbia corporation.

"Declaration" means this instrument and such amendments thereof as may be Recorded from time to time.

"First Mortgagee" means the holder of any first mortgage or the beneficiary under any first deed of trust encumbering a Unit. The term "mortgage" is deemed to include the term "deed of trust."

"Identifying Number" means one or more letters or numbers, or both, that identifies only one Unit in the Condominium.

"Land" means the real property described in Exhibit A to this Declaration, inclusive of the Buildings, and all easements and rights appurtenant thereto.

"Limited Common Elements" means a portion of the Common Elements reserved for the exclusive use of those entitled to the use of one or more, but less than all, of the Units.

"Par Value" means the number of dollars (or points) assigned to each Unit by this Declaration, as set forth in Exhibit B to the Declaration. The allocation of an undivided interest in the Common Elements to each Unit is expressed as a decimal and may be referred to as either Par Value or Percentage Interest.

"Percentage Interest(s)" means the undivided interest (stated as a decimal) of each Unit in the Common Elements, as set forth in Exhibit B to this Declaration.

"Person" means a natural person, corporation, partnership, association, trust or other entity capable of holding title to real property, or any combination of any of the foregoing.

"Record" or any form of the verb "to record" means recordation in substantial accordance with the provisions of those laws codified in Title 45 of the District of Columbia Code or in substantial accordance with the requirements of the Office of the Surveyor of the District of Columbia.

"Rules and Regulations" means those rules and regulations adopted from time to time by the Board of Directors that are deemed necessary for the enjoyment of the Condominium, provided they are not in conflict with the Condominium Act or the Condominium Instruments.

"Unit" means a portion of the Condominium designed and intended for individual ownership and residential use as described in Section 5 of this Declaration, and consists of any one of those portions of the Condominium which is separately identified by an Identifying Number and separately shown on the Condominium Plans.

"Unit Owner" means one or more persons who own a Condominium Unit in fee simple, including the Declarant or the Association.

4. Buildings. The location and dimensions of the Buildings on the Land are shown in general fashion on the Condominium Plat. The Buildings consist of two (2) four-story structures, each containing seventeen (17) Units.

5. Description and Dimensions of Units.

5.1 Identifying Number, Par Value and Percentage Interest. The Identifying Number, Par Value and Percentage Interest of each Unit are set forth in Exhibit B to this Declaration.

5.2 Dimensions of Units. Each Unit consists of the volumes or cubicles of space which are enclosed by the lower, upper and lateral or perimetrical boundaries described as follows:

A. Lower and Upper Boundaries of Residential Units.

First Floor. In the case of a Unit which is located on the first floor, the lower boundary is a horizontal plane, the elevation of which coincides with the lowermost surface of the lowest wooden floor or subfloor in the Unit, extended to intersect the lateral or perimetrical boundaries thereof, and the upper boundary is a horizontal plane, the elevation of which coincides with the uppermost unexposed surface of the lath or drywall ceiling separating the first floor from the second floor, extended to intersect the lateral or perimetrical boundaries thereof.

Second Floor. In the case of a Unit which is located on the second floor, the lower boundary is a horizontal plane, the elevation of which coincides with the unfinished lowermost surface of the wooden floor dividing the second floor from the first floor, extended to intersect the lateral or perimetrical boundaries thereof, and the upper boundary is a horizontal plane, the elevation of which coincides with the uppermost unexposed surface of the lath or drywall ceiling separating the second floor from the third floor, extended to intersect the lateral or perimetrical boundaries thereof.

Third Floor. In the case of a Unit which is located on the third floor, the lower boundary is a horizontal plane, the elevation of which coincides with the unfinished lowermost surface of the wooden floor dividing the third floor from the second floor, extended to intersect the lateral or perimetrical boundaries thereof, and the upper boundary is a horizontal plane, the elevation of which coincides with the uppermost unexposed surface of the lath or drywall ceiling separating the third floor from the fourth floor, extended to intersect the lateral or perimetrical boundaries thereof.

Fourth Floor. In the case of a Unit which is located on the fourth floor, the lower boundary is a plane, the



elevation of which coincides with the unfinished lowermost surface of the wooden floor dividing the fourth floor from the third floor, extended to intersect the lateral or perimetrical boundaries thereof, and the upper boundary is a horizontal plane, the elevation of which coincides with the uppermost unexposed surface of the lath or drywall ceiling separating the fourth floor from the roof, extended to intersect the lateral or perimetrical boundaries thereof.

B. Lateral or Perimetrical Boundaries of Units.

The lateral or perimetrical boundaries of each Unit are vertical planes which coincide with the outermost surfaces of the drywall which comprises the perimeter walls enclosing the Unit, including all windows and doors, extended to intersect the upper and lower boundaries of the Unit and to intersect the other lateral or perimetrical boundaries thereof.

5.3 Additional Items Included in a Unit.

In addition, each Unit contains: (i) all nonstructural interior partition walls located within the boundaries of the Unit excepting such part as may comprise part of the Common Elements; (ii) the decorated surfaces of all boundary walls, ceilings and floors, including all wallpaper, paint, interior brick surface, lath, wallboard, plaster, carpeting, floor and wall tiles, hardwood flooring, other floor coverings, and all other finishing materials, as applicable; (iii) hot water heater, washer, dryer, and all immediately visible fixtures and appliances, and kitchen cabinets; (iv) all mechanical and electrical systems and equipment, heating and air conditioning systems serving the Unit, commencing at the point of disconnection from the structural body of the building and from utility lines, and the air conditioning refrigerant lines, air handling unit, compressor, cooling coil, heat pump, and thermostat serving the Unit; (v) water and sewage pipes located within the boundaries of the Unit and serving only that Unit; and (vi) those portions, lying within the designated boundaries of a Unit, of any ducts, conduits, wires, bearing walls, bearing columns, or any other apparatus lying partially within and partially outside of the designated boundaries of a Unit, but serving only that Unit (any portion thereof serving more than one Unit or any portion of the Common Elements is deemed a part of the Common Elements). Mechanical equipment and appurtenances located outside of a Unit, but designed to serve only that Unit, such as heating equipment or air conditioning equipment including, but not limited to, compressor, condenser, air conditioning refrigerant lines and the like, shall be considered a part of the Unit and not a part of the Common Elements. Each Unit shall also have an undivided interest in the Common Elements.

*Condense*

5.4 Items Excluded from Units. A Unit shall be deemed not to include: any pipes, wires, conduits, and utility lines, ventilation or other ducts, bearing walls and structural portions of the Buildings running through a Unit which are utilized for or serve more than one Unit, and all other property and fixtures of any kind which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the Condominium.

6. Common Elements.

The Common Elements consist of all portions of the Property other than the Units. The Common Elements are classified either as General Common Elements or Limited Common Elements.

6.1 General Common Elements. The General Common Elements consist of all Common Elements other than Limited Common Elements, and include, without limitation: (i) the Land; (ii) the foundations, roofs, slabs, structural interior walls, columns, hallways, stairs, landings, corridors, passageways, walkways, entrance stairs and stoops, meter rooms, storage rooms, pipes (except water and sewage pipes located within the boundaries of a Unit and serving only that Unit), watermains, wires or conduits which are utilized for or serve more than one Unit, laterals serving stacks, public utility lines and meters not owned by the utility suppliers, other service installations regardless of location; (iii) all central and appurtenant installations, if any, for services such as power, light, heating, telephone, water, sewage (including all air shafts, pipes, plumbing fixtures, ducts, wires, cables, and conduits used in connection therewith whether located in common elements or in Units); and (iv) common parking spaces and access aisles, stairs, steps, trees, shrubbery, and exterior lighting devices of common use or necessary to the existence, upkeep, use and safety of the building and other condominium property.

6.2 Limited Common Elements. The Limited Common Elements are those parts of the Common Elements which are reserved for the exclusive use of a specific Unit or Units. The patios appurtenant to Units 3425-12 and 3429-12 are Limited Common Elements for the exclusive use of Units 3425-12 and 3429-12, respectively, to which such patios are assigned, as shown on the Condominium Plans. The balconies appurtenant to Units 3425-21, 3429-21, 3425-22, 3429-22, 3425-24, 3429-24, 3425-25, 3429-25, 3425-31, 3429-31, 3425-32, 3429-32, 3425-34, 3429-34, 3425-35, 3429-35, 3425-41, 3429-41, 3425-42, 3429-42, 3425-44, 3429-44, 3425-45 and 3429-45 are Limited Common Elements for the exclusive use of, and are assigned to, the respective Units to which such balconies are assigned as Limited Common Elements as shown on the Condominium Plans.

7. Ownership and Use of the Common Elements.

7.1 Allocation of Percentage Interests. Each Unit is allocated an undivided interest in the Common Elements equal to the Par Value assigned to that Condominium Unit and set forth in Exhibit B to this Declaration. The undivided interest in the Common Elements shall not be separated from the Unit and shall be deemed to be conveyed or encumbered with the Unit even though such undivided interest is not expressly mentioned or described in the document of conveyance or encumbrance.

7.2 Use of Common Elements. The use of the Common Elements shall be limited to the Unit Owners, to their tenants in residence and to their guests, invitees and licensees and shall be governed by the Condominium Instruments and the Rules and Regulations.

7.3 No Revocation, Abandonment or Partition. The Common Elements shall remain undivided and no Unit Owner may bring an action for partition or division of the Common Elements unless and until the Condominium is terminated.

7.4 Common Expenses. No Unit Owner may exempt himself from liability with respect to the Common Expenses by waiver of the enjoyment or the right to use of any of the Common Elements or by abandonment of his Unit or otherwise.

7.5 Suspension and Limitation of Use. The Board of Directors may suspend or limit the right of any Unit Owner or other person to use any part of the Common Elements upon failure of such Unit Owner or other person to observe the provisions of the Condominium Instruments and the Rules and Regulations governing the use of the Common Elements.

8. Common Elements Located Inside of Units. Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Unit Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Directors and its designees shall have the right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Buildings.

9. Alterations Within and Between Units. If any Unit Owner (including Declarant) is the owner of two or more adjoining Units, then such Unit Owner shall have the right to remove all or any part of any intervening partition or to create doorways or other apertures therein, notwithstanding the fact that such partition may in whole or in part be a General Common Element, so long as no portion of any bearing wall or bearing column is weakened or removed, and no portion of any General Common Element other than that partition is damaged, destroyed or endangered. Notwithstanding anything to the contrary in this Declaration, so long as the Declarant is the owner of any two or more adjoining Units, it shall have the right, with the written approval of the mortgagee(s) holding a mortgage(s) on the Units affected, to modify or amend this Declaration and the Condominium Plat and Plans to subdivide the Unit or to combine two or more Units owned by Declarant into a single Unit, to combine more than two adjoining Units owned by Declarant into one or more Units, to relocate the boundaries between adjoining Units owned by Declarant and to make any reallocation of the Percentage Interests of the Units affected to effectuate such combination or subdivision provided that such modification or amendment shall not effect the dimensions or Percentage Interests of any Unit owned by any other Unit Owner. No such amendment shall be effective until the appropriate instruments are executed and recorded in accordance with applicable law, it being understood however, that no Unit Owner's consent is needed to such amendment other than the Unit Owner of the Units affected.

10. Easements.

10.1 Easements for Encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Condominium Plat and Condominium Plans in the construction, repair, renovation, restoration or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement shall exist for the encroachment and for the maintenance of the same, so long as the encroaching Unit, or Common Element, stands. A valid easement shall not relieve an Owner of a Unit, of liability for his or his agent's negligence or intentional acts in cases of willful and intentional misconduct by him or his agents or employees. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements upon any Unit or any Unit upon any other Unit or Common Elements resulting from such reconstruction, construction or repair shall be permitted, and

valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

10.2 Easement to Facilitate Sales. The Declarant and the Declarant's authorized agents, representatives and employees shall have an easement to use any Units owned by the Declarant as sales offices, management offices and model Units in the Condominium, and Declarant shall have the right to relocate from time to time such sales offices, management offices and model Units to any other Units; provided, however, this easement shall cease upon Declarant's ceasing to be a Unit Owner.

10.3 Easement of Support. Each Unit and the Common Elements shall have an easement of support from every other Unit and the Common Elements.

11. Use of Units and Compliance with Condominium Instruments. A Unit shall be used only as a private residence. All present and future Unit Owners, tenants and occupants of Units and any person who uses any part of the Condominium in any manner, are subject to, and shall comply with, the provisions of the Condominium Instruments and the Rules and Regulations. The acquisition, rental or occupancy of a Unit or the use of any part of the Condominium by any person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Instruments and the Rules and Regulations, and such provisions shall be deemed to be enforceable equitable servitudes and covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof. Failure to comply with any of such provisions shall be grounds for legal and equitable relief, maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Unit Owner.

12. Alterations. A Unit Owner may make any improvements or alterations within his Unit that do not impair the structural integrity of any structure or otherwise lessen the support of any portion of the Condominium; but no Unit Owner shall do anything (including painting) which would change the exterior appearance of his Unit or entrance doors or of any other portion of the Condominium (including Limited Common Elements) without the express written consent of the Board of Directors.

13. Amendment.

13.1 Reservation of Right to Amend. The Declarant reserves the right to amend the Condominium Instruments as long as there is no Unit Owner other than the Declarant.

13.2 Approval and Recordation Required. At such time as there is a Unit Owner other than the Declarant, this Declaration may be amended by agreement of Unit Owners of Units to which two-thirds of the votes in the association appertain; provided, however, that any such amendment shall have been approved in writing by the First Mortgagees holding mortgages encumbering two-thirds or more of the Units encumbered. No such amendment shall become effective until it is Recorded. At such time as there is a Unit Owner other than the Declarant, no amendment to the Condominium Instruments shall change the Percentage Interests, the liability for Common Expenses, the rights to Common Profits or the votes in the Association appertaining to any Unit, except to the extent expressly permitted or expressly required by the Condominium Act.

13.3 Amendments to Comply with Requirements of FHLMC, FNMA, VA, FHA. Notwithstanding anything contained in either the Declaration or the Bylaws, this Declaration and Bylaws may be amended by the affirmative vote of a majority of the Board of the Directors of the Unit Owners Association at any regular or special meeting of the Board of Directors without further action by the Unit Owners or First Mortgagees where such amendment is necessary in order to comply with the requirements of the Federal National Mortgage Association (hereinafter referred to as "FNMA"), or the Federal Home Loan Mortgage Corporation (hereinafter referred to as "FHLMC") or the Veterans Administration (hereinafter referred to as "VA") or the Federal Housing Administration (hereinafter referred to as "FHA"), (the Board of Directors being hereby designated as attorney-in-fact for all of the Unit Owners and First Mortgagees to adopt such amendments and to authorize one or more of the officers of the Unit Owners Association to execute any and all documents necessary and proper to accomplish such amendment); provided, however, that where such an amendment in any way abridges the rights granted to any First Mortgagees by this Declaration or by the Bylaws, the concurrence of all such affected First Mortgagees to such an amendment shall be required.

14. No Revocation or Partition. The Common Elements shall remain undivided and no Unit Owner or any other person shall bring any action for partition or division thereof, nor shall the Common Elements be abandoned by act or omission, unless the Condominium regime is terminated by agreement of Owners of Units to which four-fifths of the votes in the Association appertain and the First Mortgagees holding mortgages encumbering two-thirds or more of the Condominium Units encumbered.

15. Unpaid Assessments.

15.1 Mortgagee Obtaining Title. A mortgagee or other purchaser who obtains title to a Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall not be liable for such Unit's unpaid assessments which accrued prior to the acquisition of title to such Unit by the mortgagee or purchaser (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units, including the mortgaged Unit). It is understood, however, that the above shall not be construed to prevent the Association from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment liens shall be subordinate to such mortgage or security interest.

15.2 Liability for Unpaid Assessments. As provided in Section 6.4 of Article VI of the Bylaws, in a voluntary conveyance of a Unit, the grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his share of the Common Expenses for which a lien has been Recorded as provided by the Act up to the time of the grant or conveyance without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

16. Priority of First Mortgages. No provision of this Declaration, Bylaws or the Rules and Regulations, shall be construed to grant to any Unit Owner, or any other party, any priority over any rights of First Mortgagees of the Condominium Units pursuant to their first mortgages in the case of the distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units or the Common Elements or any portions thereof.

17. Changes by Declarant. Nothing contained in this Declaration shall be deemed to impose upon the Declarant or its successors or assigns any obligation of any nature to build, construct or provide any additions to the Condominium regime hereby created, except as specifically set forth in this Declaration.

18. Captions. The captions herein are used solely as a matter of convenience and shall not define or limit any of the terms or provisions hereof.

19. Gender. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural, and any gender shall be deemed to include all genders.

20. Invalidity and Severability. It is the intention of the Declarant that the provisions of this Declaration are severable so that if any provision is invalid or void under any applicable Federal, state or local law or ordinance, the remainder shall be unaffected thereby.

21. Rights of Declarant to Inure to Certain Successors or Assignees. All rights reserved to the Declarant by the terms of this Declaration and the Bylaws shall also inure (i) to any mortgagee, successor or assignee of the Declarant who acquires title from Declarant by foreclosure, (ii) to any assignee of such mortgagee, successor or assignee of Declarant to whom such successor or assignee shall specifically assign the rights that are reserved in said documents to the Declarant, and (iii) to any assignee of Declarant to whom Declarant shall specifically assign such rights.

IN WITNESS WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 1986, Michael, Inc. has caused this Condominium Declaration to be executed by Philip R. Miller, its President, attested by Judith S. Miller, its Secretary, and its corporate seal to be affixed hereto, and does hereby appoint Philip R. Miller as its true and lawful attorney-in-fact to acknowledge and deliver this Condominium Declaration as its act and deed.

ATTEST:  
[Corporate Seal]

MICHAEL, INC.

\_\_\_\_\_  
Judith S. Miller  
Secretary

By: \_\_\_\_\_  
Philip R. Miller  
President



\_\_\_\_\_) ss:  
\_\_\_\_\_)

I, \_\_\_\_\_, a Notary Public in and for the jurisdiction aforesaid do hereby certify that Philip R. Miller, who is personally well known to me as the person named as attorney-in-fact for Michael, Inc., the Declarant, in the foregoing Condominium Declaration bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, personally appeared before me in the jurisdiction aforesaid and as attorney-in-fact as aforesaid and by virtue of the authority vested in him, acknowledged said instrument to be the act and deed of said Michael, Inc.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 1986.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission Expires: \_\_\_\_\_

The undersigned Trustees under that certain Deed of Trust dated June 26, 1984 and recorded July 19, 1984 as Instrument No. 25408 among the Land Records of the District of Columbia, hereby consent to the within Declaration and hereby consent to the legal effect and operation of said Declaration.

WITNESS:

\_\_\_\_\_  
Abraham J. Greenstein (SEAL)

\_\_\_\_\_  
Gilbert E. DeLorme (SEAL)

District of Columbia: to wit

I, \_\_\_\_\_, a Notary Public in and for said jurisdiction aforesaid, hereby certify that on the \_\_\_\_ day of \_\_\_\_\_, 1986, before me, personally appeared Abraham J. Greenstein and Gilbert E. DeLorme, who are personally well known to me as the Trustees as aforesaid and as the persons who executed the foregoing Condominium Declaration bearing date on the \_\_\_\_ day of \_\_\_\_\_, 1986 as Trustees as aforesaid, and acknowledged the same to be their act and deed as Trustees and that the same was executed for the purposes therein contained.

WITNESS my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 1986.

\_\_\_\_\_  
Notary Public, D.C.

[Notarial Seal]

My Commission Expires: \_\_\_\_\_

EXHIBIT A TO DECLARATION

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

LEGAL DESCRIPTION

All that piece or parcel of improved land situate, lying and being in the District of Columbia described as follows:

Lots numbered Six (6) and Seven (7) in Square numbered Fifty-Nine Hundred Sixty-Nine (5969) in the subdivision made by Richard H. Rubin and Kenneth P. Druskin, as per plat recorded in the Surveyor's Office for the District of Columbia in Liber 145 at folio 39. \_\_\_\_\_

EXHIBIT B TO DECLARATION

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

PERCENTAGES OF UNDIVIDED INTEREST OF EACH  
UNIT IN THE COMMON ELEMENTS

<u>Identifying Unit Number or Letter</u>	<u>Par Value</u>	<u>Percentage of Undivided Interest</u>
<u>3425 Fifth Street, S.E.</u>		
Unit 3425-11	3.526	3.526%
3425-12	3.529	3.529%
3425-21	3.529	3.529%
3425-22	2.419	2.419%
3425-23	2.419	2.419%
3425-24	2.419	2.419%
3425-25	3.529	3.529%
3425-31	3.529	3.529%
3425-32	2.419	2.419%
3425-33	2.419	2.419%
3425-34	2.419	2.419%
3425-35	3.529	3.529%
3425-41	3.529	3.529%
3425-42	2.419	2.419%
3425-43	2.419	2.419%
3425-44	2.419	2.419%
3425-45	3.529	3.529%
<u>3429 Fifth Street, S.E.</u>		
Unit 3429-11	3.526	3.526%
3429-12	3.529	3.529%
3429-21	3.529	3.529%
3429-22	2.419	2.419%
3429-23	2.419	2.419%
3429-24	2.419	2.419%
3429-25	3.529	3.529%
3429-31	3.529	3.529%
3429-32	2.419	2.419%
3429-33	2.419	2.419%
3429-34	2.419	2.419%
3429-35	3.529	3.529%
3429-41	3.529	3.529%
3429-42	2.419	2.419%
3429-43	2.419	2.419%
3429-44	2.419	2.419%
3429-45	3.529	3.529%
		100.000%

BYLAWS

EAST GATE II CONDOMINIUM

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# EAST GATE II CONDOMINIUM

## BYLAWS

### ARTICLE I

#### IDENTIFICATION OF THE CONDOMINIUM AND DEFINITIONS

##### 1.1 Identification of the Condominium

A. The name of the Condominium is: East Gate II Condominium. The address of the Condominium is: 3425-3429 Fifth Street, S.E., Washington, D.C.

B. East Gate II Condominium (hereinafter called the "Condominium") is being constituted and established under the District of Columbia Condominium Act of 1976 by a Condominium Declaration executed simultaneously herewith. As of the date of the recording of these Bylaws there is no Unit Owner other than the Declarant. These Bylaws of the Condominium (hereinafter called the "Bylaws") are adopted pursuant to the District of Columbia Condominium Act of 1976 and provide for the self-government of the Condominium.

##### 1.2 Definitions

Each of the following terms, as used in these Bylaws, shall have the same meaning as the meaning ascribed to it in Section 3 of the Condominium Declaration: "Act"; "Association"; "Unit Owners Association"; "Board of Directors"; "Buildings"; "Bylaws"; "Common Elements"; "Common Expenses"; "Common Profits"; "Condominium Instruments"; "Condominium Plat"; "Condominium Plans"; "Condominium Unit"; "Declarant"; "Declaration"; "First Mortgagee"; "General Common Elements"; "Identifying Number"; "Land"; "Limited Common Elements"; "Par Value"; "Percentage Interest"; "Person"; "Record"; "Rules and Regulations"; "Unit"; "Unit Owner."

### ARTICLE II

#### ADMINISTRATION: APPLICABILITY

##### 2.1 Administration

The administration and management of the Condominium and the actions of the Unit Owners and the Unit Owners Association and its Board of Directors and officers shall be governed by these Bylaws.



## 2.2 Applicability

All present and future Unit Owners and their tenants, licensees, invitees, servants, agents, employees and any other person or persons who are permitted to use the Condominium shall be subject to these Bylaws and the other Condominium Instruments and to the Rules and Regulations of the Association. Acquisition, rental or occupancy of a Unit shall constitute the Unit Owner's, tenant's or occupant's acceptance and ratification of, and the agreement to comply with, these Bylaws and other Condominium Instruments, and any Rules and Regulations now existent or hereafter adopted.

## ARTICLE III

### UNIT OWNERS ASSOCIATION

#### 3.1 Qualification

All Unit Owners in the Condominium, acting as a group in accordance with the Act and the Condominium Instruments, shall constitute the Unit Owners Association. Any Unit Owner, upon acquiring title to his Unit, shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Association shall automatically cease. A person who holds any interest in a Unit solely as security for the performance of an obligation shall not be a member of the Association.

#### 3.2 Powers and Responsibilities

Pursuant to Subsection 301(b) of the Act, and except as otherwise expressly provided in these Bylaws or in the Declaration, the powers and responsibilities assigned by the Act to the Unit Owners Association are delegated to the Board of Directors, as more particularly set forth in Article IV.

#### 3.3 Place of Meetings

Meetings of the Association shall be held at such place as may be designated by the Board of Directors and stated in the notice of the meeting.

#### 3.4 Annual Meetings

The first annual meeting of the Association shall be held at a time and place to be designated by the Board of Directors: (i) within two years from the date that the first Unit is conveyed or (ii) within 90 days after Units to which

75% of the Percentage Interests appertain have been conveyed, whichever date first occurs, or (iii) on such earlier date as may be established by the Board of Directors. Thereafter an annual meeting of the Association shall be held on a date to be established by the Board of Directors. The annual meeting of the Association shall be held for the election of directors and the conduct of such other business as may be properly brought before the meeting.

### 3.5 Special Meetings

A. Not later than the time that Units to which 25% of the Percentage Interests appertain have been conveyed, a special meeting of the Association shall be held at which not less than 25% of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant, to serve until the date of the first annual meeting of the Association.

B. Not later than the time that Units to which 50% of the Percentage Interests appertain have been conveyed, a special meeting of the Association shall be held at which not less than 33-1/3% of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant, to serve until the date of the first annual meeting of the Association.

C. The President shall call a special meeting of the Association upon the request of the Board of Directors or upon the written request of Unit Owners owning Units to which 25% or more of the Percentage Interests appertain.

### 3.6 Notices

The Secretary shall send a notice of meeting of the Association to each Unit Owner at least 21 days in advance of an annual meeting and at least 7 days in advance of any other meeting. The notice shall state the time, place and purposes of the meeting. The notice shall be sent by United States mail to all Unit Owners of record at the address of their respective Units or to such other addresses as any of them may have designated to the Secretary in writing or hand-delivered by the Secretary, provided the Secretary obtains a receipt of acceptance of such notice from the Unit Owner. The mailing or hand-delivery of a notice of meeting in the manner provided herein shall constitute service of notice.

### 3.7 Voting

Each Unit is allocated a number of votes in the Association equal to the Percentage Interest assigned to that Unit in Section 7 of the Declaration. A Unit Owner is entitled

to cast the votes allocated to his Unit. Since an Owner of a Unit may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the votes allocated to that Unit. But if more than one of such persons is present, the votes allocated to that Unit shall be cast only in accordance with the agreement of a majority of them, and such agreement shall be conclusively presumed if any one of them purports to cast the votes allocated to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Except where a greater number is required by the Condominium Act, the Declaration, or these Bylaws, decisions or actions of the Association shall be taken by a majority of the votes present (in person or by proxy) at a meeting. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which each such Unit is entitled.

### 3.8 Proxies

The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or in the cases where the Unit Owner is more than one Person, by or on behalf of all such Persons. No such proxy shall be revocable except by actual notice to the officer presiding over the meeting, given by the Unit Owner, that it be revoked. Any proxy shall be void if it is not dated. The proxy of any Person shall be void if not signed by a person having authority to execute deeds on behalf of the Person. A proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy. A Unit Owner may appoint any other Unit Owner, the Declarant, or the Managing Agent as his proxy, except that no Person other than the Declarant or Managing Agent shall cast votes as a proxy for more than two Units in addition to his own.

### 3.9 Quorum

The presence in person or by proxy of Unit Owners entitled to cast more than 25% of the votes in the Association shall constitute a quorum for the conduct of business. A quorum shall be deemed to be present throughout a meeting of the Association until adjournment if Persons entitled to cast more than 25% of the votes are present in person or by proxy at the beginning of such meeting. If a meeting cannot be organized because a quorum has not attended, those present may recess the meeting from time to time until a quorum is present, when any business may be transacted at the meeting as originally called.

### 3.10 Order of Business

The order of business at a meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) proof of quorum; (iii) reading of minutes of preceding meeting; (iv) election of inspectors of election, if applicable; (v) election of directors, if applicable; (vi) reports of officers and committees; (vii) unfinished business; and (viii) new business.

### 3.11 Conduct of Meeting

The President shall preside at meetings of the Association and the Secretary shall keep the minutes of meetings. Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Condominium Instruments.

## ARTICLE IV

### BOARD OF DIRECTORS

#### 4.1 Powers and Duties

The Board of Directors is the executive and administrative entity designated to act for the Association in governing the Condominium, and is an "Executive Organ" within the meaning of Section 102(m) of the Act. The affairs and business of the Association shall be managed by the Board of Directors. In addition to other powers and duties granted or imposed by these Bylaws or by resolution of the Association, the Board of Directors shall have the power and duty to:

A. Prepare and adopt an annual budget for the Condominium.

B. Make and collect assessments against the Unit Owners to defray the Common Expenses, establish the method of collecting such assessments from the Unit Owners, establish the period of the installment payments of the annual assessment. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month.

C. Provide for the operation, care, upkeep, maintenance and surveillance of the Common Elements and for services to the Condominium.

D. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacements of the Common Elements, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be property of the Association.

E. Make and amend Rules and Regulations respecting the use of the Condominium.

F. Establish bank accounts for the Association.

G. Contract for the repair, additions, and improvements to, or alterations of, the Condominium and for the restoration of the Condominium, in accordance with the other provisions of these Bylaws.

H. Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations and institute, maintain and defend proceedings and actions brought on behalf of or against the Association.

I. Maintain insurance required by Article VII of these Bylaws.

J. Pay the cost of services rendered to the Condominium for which the Association, as distinct from individual Unit Owners, is liable.

K. Keep the books of the Association with detailed accounts of the receipts and expenditures affecting the Condominium, specifying all expenses incurred, including prepaid expenses. The books and supporting vouchers and records shall be available for examination by the Unit Owners, their duly authorized agents or accountants or attorneys, during regular business hours at the time and in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, and shall be audited at least once a year by an outside independent public accountant employed by the Board of Directors, who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

L. Do such things and acts (not inconsistent with the Condominium Act and with the Condominium Instruments) which may be authorized by the Association.

M. Furnish the statement required by Section 411 of the Act, within the time period prescribed by the Act, after the receipt of a written request therefor from any Unit Owner.

#### 4.2 Managing Agent

The Board of Directors may employ for the Association a professional Managing Agent, at a compensation fixed by the Board of Directors, to perform such duties as the Board of Directors may authorize, including, but not limited to, the duties listed in paragraphs A, C, D, F, G, I, J, K, L, and M of Section 4.1. The Board of Directors may delegate to the Managing Agent all of the powers and duties delegated to the Board of Directors by these Bylaws other than the powers and duties set forth in paragraphs B, E, and H of Section 4.1. Any agreement with the Managing Agent shall be in writing and shall provide that it may be terminated without payment of a termination fee, with or without cause, upon not more than thirty (30) days prior written notice. The term of any such agreement shall not exceed one year but may be renewable, by agreement of the parties, for successive one-year terms. The Declarant, or an affiliate of the Declarant, may be employed as Managing Agent. After the initial Managing Agent has been named, the Board of Directors shall not employ any new Managing Agent without thirty (30) days' prior written notice to the First Mortgagees. The Managing Agent shall at all times be a professional management company, with expertise and experience in the operation of condominiums and the Board of Directors or Association shall not undertake self-management without the written approval of First Mortgagees holding mortgages encumbering at least two-thirds (2/3) of the residential Units encumbered.

#### 4.3 Number of Directors and Initial Selection of Board

The number of directors which constitutes the initial Board of Directors is three. The initial Board of Directors shall be comprised of three persons appointed by the Declarant and shall serve (i) until the election of directors at the first annual meeting of the Association or (ii) until a special meeting is held for the purpose of electing directors as provided in Article III. No Director need be a resident of the Condominium. Directors, other than Declarant's appointees, must be Unit Owners or, in the case of a Unit Owner who is not an individual person or persons, a designee of such a Unit Owner. The Declarant's appointees need not be Unit Owners of the Condominium, and the Declarant shall have the right in its sole discretion to replace such directors and to designate their successors if vacancies occur for any reason.

#### 4.4 Election and Term of Office

The Board of Directors shall be elected at the annual meeting of the Association, to serve until the next annual meeting of the Association and until their successors have been elected and qualified. Notwithstanding anything contained in

these Bylaws to the contrary, until the first annual meeting of the Association the Declarant shall have the right to select a majority of the Board of Directors and to fill any vacancy occurring from the death, resignation or removal of a director by the Declarant or the Association, except directors elected by the Unit Owners pursuant to Section 3.5. of these Bylaws. At the first annual meeting, the term of office of the director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the director receiving the second greatest number of votes shall be two (2) years, and the term of office of the other director shall be fixed for one (1) year. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years. In the alternative, the Unit Owners may by resolution duly made and adopted at an annual meeting, resolve to fix the term of each director elected at any such meeting at two (2) years. Directors shall hold office until their successors have been elected and hold their first regular meeting. There shall be no cumulative voting.

#### 4.5 Annual Meeting

An annual organizational meeting of the Board of Directors should be held within 10 days after the annual meeting of the Association. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the entire Board is present at the meeting.

#### 4.6 Regular Meetings

Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one meeting shall be held in each quarter of each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail or telegraph, at least 72 hours prior to the time of the meeting.

#### 4.7 Special Meetings

Special meetings of the Board of Directors may be called by the President on 72 hours notice to each director. Such notice shall be given personally or by mail or telegraph, and shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two directors.

#### 4.8 Waiver of Notice

Notice of a meeting of the Board of Directors may be waived in writing by a director either before or after the meeting. Attendance at a meeting constitutes waiver of notice of that meeting.

#### 4.9 Quorum

A majority of the entire Board of Directors shall constitute quorum for a meeting of the Board of Directors. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If less than a quorum is present at a meeting, the majority of those present may adjourn the meeting to a designated time and place. An adjourned meeting may be held as designated without further notice, and when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

#### 4.10 Vacancies

Except as provided in Section 4.3 or 4.4, a vacancy on the Board of Directors caused by any reason, other than removal of a Director by a vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though they constitute less than a quorum; and each person so elected shall serve until the next annual meeting of the Association and until his successor is elected. Except as provided in Section 4.3 or 4.4, a vacancy occurring on the Board of Directors by reason of the removal of a director by a vote of the Association shall be filled by the Association at an annual meeting or at a special meeting called for that purpose.

#### 4.11 Removal of Directors

Except as provided in Section 4.3 or 4.4, a director may be removed with or without cause, and his/her successor elected, at a meeting of the Association at which a quorum is present, by a plurality of the votes cast. Any director whose removal has been proposed shall be given at least 10 days notice of the calling of the meeting and the purpose thereof, and opportunity to be heard at the meeting.

#### 4.12 Compensation

A director shall not receive compensation from the Condominium for serving on the Board of Directors.



#### 4.13 Conduct of Meeting

The President shall preside at meetings of the Board of Directors and the Secretary shall keep the minutes of the proceedings.

#### 4.14 Annual Report of the Board of Directors

The Board of Directors shall present at each annual meeting of the Association, and when called for by vote of the Association at any special meeting of the Association, a complete statement of the operations and financial condition of the Condominium.

#### 4.15 Fidelity Bonds

The Board of Directors shall require that all directors, officers, trustees, volunteers, agents (including the Managing Agent and its employees), and employees of the Association handling or responsible for funds furnish adequate fidelity bonds or insurance. The fidelity bonds or insurance shall designate the Association as a named insured and, if obtainable, shall be written in an amount sufficient to comply with the requirements of the Federal Home Loan Mortgage Corporation, Federal Housing Administration, Veterans Administration and the Federal National Mortgage Association then obtaining. The premiums on such fidelity bonds or insurance shall constitute a Common Expense.

#### 4.16 Liability of the Board of Directors

Every member of the Board of Directors and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may become involved, by reason of his being or having been a member of the Board of Directors or officer of the Association or any settlement thereof, whether or not he is a member of the Board of Directors or officer at the time such expenses are incurred, except in such cases wherein such member or officer is found by a court of competent jurisdiction to have acted with willful misconduct or in bad faith, or willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. In addition, every such member or officer shall, in the first instance, not be liable to the Association for any conduct, omission or matters upon which they are entitled to be indemnified herein. The foregoing right of indemnification

shall be in addition to and not exclusive of all other rights to which such member or officer may be entitled. Members of the Board of Directors or officers of the Association shall not be personally liable for contracts made by them on behalf of the Association or the Unit Owners unless their conduct in such matters would not otherwise entitle them to indemnification under this Section 4.16.

## ARTICLE V

### OFFICERS

#### 5.1 Designation

The principal officers of the Association are a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may appoint assistant secretaries and an assistant treasurer. With the exception of the President, no officer need be a member of the Board of Directors. Two or more offices may be held by the same person, except that the President shall not hold any other office.

#### 5.2 Election of Officers

The officers of the Association shall be elected annually by the Board of Directors at its annual meeting and shall hold office at the pleasure of the Board of Directors.

#### 5.3 Removal of Officers; Vacancies

An officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors.

#### 5.4 President

The President is the chief executive officer of the Association. He shall preside at meetings of the Association and the Board of Directors and shall be an ex officio member of all committees. He shall have general and active management of the business of the Association, subject to the control of the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President must be a member of the Board of Directors.

#### 5.5 Vice President

The Vice President shall perform the duties and exercise the powers of the President in the absence or disability of the President and shall perform such other duties as the Board of Directors may prescribe.

### 5.6 Secretary

The Secretary shall attend all meetings of the Board of Directors and the Association, and shall record the voting and the minutes of all proceedings in a book to be kept by him for that purpose. He shall give notice of meetings of the Association and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall compile and keep current at the principal office of the Condominium a complete record of the Unit Owners and their last known post office addresses. This record of Unit Owners shall be open to inspection by all Unit Owners at reasonable hours during regular business days. The Secretary shall also keep current and regular custody of the minute books of the proceedings of the Association and the Board of Directors. An Assistant Secretary shall perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

### 5.7 Treasurer

The Treasurer shall have custody of all funds and securities except those funds which are placed under the control of the Managing Agent, and, with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board of Directors. He shall disburse funds as ordered by the Board of Directors or President, subject to all of the provisions of the Condominium Instruments, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at the regular meetings of the Board of Directors, or whenever they may require, an account of all of his transactions as Treasurer and of the financial condition of the Association. The Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer in the absence or disability of the Treasurer and shall perform such other duties as the Board of Directors may prescribe.

### 5.8 Agreements, Contracts, Deeds, Checks

All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$2,000 shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors. All instruments for expenditures or obligations of \$2,000 or less may be executed by any one officer of the Association or by such other person as may be designated by the Board of Directors.

## ARTICLE VI

### OPERATION OF THE CONDOMINIUM

#### 6.1 Determination of Common Expenses and Assessments Against Unit Owners

A. Fiscal Year. The fiscal year of the Condominium is the calendar year; provided that the fiscal year may be changed by the Board of Directors at their discretion.

B. Annual Budget. On or before a date which is not less than 15 days prior to the end of each fiscal year, the Board of Directors shall adopt an annual budget for the Condominium for the succeeding fiscal year containing an estimate of the total amount necessary to pay the cost of maintenance, management, operation, repairs and replacement of the Common Elements, and those parts of the Units as to which it is the responsibility of the Board of Directors 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, Condominium Instruments or by a resolution of the Unit Owners' Association and which 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 annual budget shall contain an estimate of the amount necessary to pay the Common Expenses for the applicable fiscal year in a reasonably itemized form and a statement of the amount of the Common Expenses payable by each Unit Owner. Common Expenses shall include the amounts necessary to create and maintain the reasonable reserves authorized by Section 6.1. The Board of Directors shall send to each Unit Owner, at least ten (10) days prior to the commencement of each fiscal year, a copy of the annual budget for the fiscal year.

C. Assessment and Payment of Common Expenses. The total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the annual budget adopted by the Board of Directors for the fiscal year shall be assessed against each Unit in proportion to the Percentage Interest of the Unit, and shall be a lien against such Unit as of the first day of the fiscal year to which such annual budget applies. A Unit Owner shall be personally liable for all lawful assessments, or installments thereof, levied against his Condominium Unit which become due while he is the owner of a Unit, and this liability of the Unit Owner is in addition to the lien for assessments in favor of the Association on the

Condominium Unit created by the Act. On or before the first day of each fiscal year, and on the first day of each of the succeeding 11 months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth of the assessment for such fiscal year. Within 90 days after the end of each fiscal year, the Board of Directors shall send to each Unit Owner an itemized accounting of the Common Expenses actually incurred for such fiscal year, together with an itemized statement of the amounts collected pursuant to the assessment adopted by the Board of Directors for such fiscal year, any delinquencies in payment of assessments, the amount of any surplus or deficit and the amount of the reserves. Income derived by assessment pursuant to these Bylaws in excess of Common Expenses (including reserves) as at the end of a fiscal year shall be returned to the Unit Owners or credited to the assessments due under the annual budget for the next succeeding fiscal year, as may be determined by the Board of Directors, in proportion to the Percentage Interest of their respective Units. The initial capital contribution by each Unit Owner equal to two months' assessments and paid by the Unit Owner upon the purchase of his Unit from the Declarant shall be deemed to be funds obtained by assessment under this Paragraph C.

D. Reserve Fund for Capital Improvements, Replacements and Major Repairs. The Board of Directors shall establish and maintain a reasonable fund for capital improvements, replacements and major repairs by providing for reserve fund(s) in the annual budget, segregating such reserve fund(s) on the books of the Condominium, and allocating and paying monthly to such reserve fund(s) one-twelfth of the total amount budgeted for such reserve fund(s) for the current fiscal year. The portion of the Unit Owners' assessments paid into such reserve fund(s) shall be conclusively deemed to be contributions to the capital of the Condominium by the Unit Owners. Such reserve fund may be expended for the purposes of capital improvements, replacements, and major repairs. If for any reason, including nonpayment of any Unit Owner's assessment, any such reserve fund is inadequate to defray the cost of a required capital improvement, replacement or major repair, the Board of Directors may at any time levy an additional assessment against the Unit Owners responsible for the funding of such reserves in proportion to the respective Percentage Interests of their units, payable into such reserve fund in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall give notice of any such further assessment on the Unit Owners by a statement in writing giving the amount and reasons therefor, and such additional assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly

assessment payment which is due more than 10 days after the delivery or mailing of such notice of additional assessment. All Unit Owners, except as otherwise provided in Section 6.1C hereof, shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

E. Special Assessments. In addition to the assessments authorized above, the Board of Directors may levy a special assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any deficiencies occurring from time to time. The fund resulting from such special assessment shall be segregated on the books of the Condominium and expended solely for the purposes for which it was assessed. Any such special assessments shall be assessed in the manner set forth in Paragraph D of this Section 6.1 with respect to additional assessments payable to the reserve fund for capital improvements, replacements and major repairs.

F. Initial Operating Period. The phrase "Initial Operating Period," as used in these Bylaws, means the period of time commencing on the date that the Condominium is created and ending ninety days following the date that Condominium Units to which 75% of the Percentage Interests appertain have been conveyed by the Declarant or on such earlier date as the Declarant in its sole discretion may determine. During the Initial Operating Period, (i) the Board of Directors shall not levy an assessment against any Unit, (ii) the Declarant shall pay the costs of operating the Condominium, and (iii) each Unit Owner and his successors in interest, other than the Declarant, shall pay the Declarant a fee in an amount prescribed in a separate contract between the Declarant and the Unit Owners. The Declarant shall not be obligated to fund or otherwise contribute to any capital or other reserve for the condominium during the Initial Operating Period.

G. Effect of Failure to Prepare or Adopt Annual Budget. The failure or delay of the Board of Directors to adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, wherever the same shall be determined, and in the absence of an annual budget or adjusted annual budget, each Unit Owner shall continue to pay a monthly assessment at the rate established for the preceding fiscal year until a monthly assessment is adopted under such new annual budget or adjusted annual budget and notice thereof has been sent to the Unit Owner.

## 6.2 Payment of Common Expenses

All Unit Owners shall be obligated to pay the assessment for the Common Expenses adopted by the Board of Directors pursuant to Section 6.1. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Board of Directors or the Managing Agent or the Manager, setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if the First Mortgagee of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure or deed (or assignment) in lieu of foreclosure of a first mortgage, such purchaser, its successors and assigns shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to a foreclosure sale, conveyance or assignment. Such unpaid share of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment shall be collectible from all Unit Owners, including the purchaser, in proportion to the Percentage Interest of their respective Units. No amendment to this Section shall affect the rights of any First Mortgagee holding a mortgage recorded prior to recordation of such amendment unless the First Mortgage joins in the execution of such amendment.

## 6.3 Collection of Assessments

The Board of Directors shall take prompt action to collect any assessments for Common Expenses not later than 30 days after the due date for the payment thereof.

## 6.4 Statement of Unpaid Assessments

A. Upon written request to the Board of Directors by a Unit Owner or purchaser of a Unit, the Board of Directors, or

a duly designated agent thereof, or the Managing Agent, shall furnish (within the time period prescribed by the Act) a recordable statement setting forth the amount of unpaid assessments levied against such Unit. The statement shall be binding on the Association.

B. The Board of Directors may impose a reasonable fee not to exceed \$30 for each such statement requested and payment thereof shall be a prerequisite to the issuance of a statement.

#### 6.5 Maintenance and Repair

A. By the Association. The Association, acting through the Board of Directors, shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) The General Common Elements, whether located inside or outside of the Units.

(2) All portions of the Units which contribute to the support of the Buildings, excluding, however, the surfaces of all walls, floors, ceilings, entrance doors and windows of a Unit.

(3) Incidental damage caused to a Unit by such work done by the Association.

The Association shall also be responsible for the maintenance, repair and repaving of the patios and balconies which are Limited Common Elements assigned to specific Units, the cost of which shall be assessed by the Board of Directors against the Units for the benefit of which the cost was incurred. In addition, in the event the Board of Directors, the Managing Agent or any other person authorized by the Board of Directors corrects, or causes to be corrected, any conditions existing with respect to any portions of any Unit pursuant to Section 6.9 hereof, the cost of such corrections shall be charged to the Unit Owner of the Unit in which such corrections were made.

All such assessments shall be assessed in the manner set forth in paragraph D of Section 6.1 of this Article VI with respect to additional assessments payable to the reserve fund for capital improvements, replacements, and major repairs. All such assessments shall constitute liens in favor of the Association and shall be enforceable in the manner provided for the enforcement of liens for assessments in favor of the Association under the Act.



This section 6.5A shall not relieve a Unit Owner of liability for damage to the Common Elements caused by the Unit Owner's negligence or intentional torts.

B. By the Unit Owner. Except for the portions of his Unit required to be maintained, repaired or replaced by the Association, each Unit Owner's responsibility shall include, but not be limited to, the maintenance, repair and replacement, at his own expense, of the following: all drywall walls; all finishing materials affixed to the concrete slab which is the ceiling in the Unit; tile, carpeting, other floor coverings, hardwood floor, and subflooring, if any, above the concrete slab upon which all flooring rests; door locks and hardware; entrance doors; windows; lighting fixtures; kitchen and bathroom fixtures, appliances and equipment; hot water heater and pipes for water and sewer which are located within the boundaries of the Unit and serving only that Unit; the heat pump, air conditioning refrigerant lines, air handling unit, compressor, cooling coil and thermostat serving the Unit. Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the Unit. In addition, each Unit Owner shall be responsible for all damage to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs to be made by him by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors, the Managing Agent or Manager any defects or need for repairs for which the Board of Directors is responsible.

C. Manner of Repair and Replacement. All repairs and replacements shall be of substantial quality and as nearly as practicable similar to the character of the construction or installation that existed immediately prior to the occasion that necessitated the repairs or replacements. Repairs and replacements may be done with contemporary building materials and equipment.

#### 6.6 Additions, Alterations or Improvements by the Association

Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of \$5,000 during any period of 12 consecutive months, and the making of such additions, alterations or improvements shall have been approved by the Unit Owners of Units to which a majority of the votes in the

Association appertain, the Board of Directors shall proceed with such additions, alterations or improvements and shall levy assessments therefore as a Common Expense. Any additions, alterations or improvements costing \$5,000 or less during any period of 12 consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if, in the opinion of not less than 80% of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owner or Unit Owners shall be assessed therefor, in such proportion as they jointly approve, if more than one Unit Owner, or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

#### 6.7 Structural Additions, Alterations or Improvements by Unit Owners

No Unit Owner shall make any structural addition, alteration or improvements in or to his Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter the exterior of the Buildings, including the doors and windows or the exterior of the Unit's entrance doors without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement (by painting or otherwise) in such Unit Owner's Unit within 45 days after such request, and its failure to do so within the stipulated time shall constitute a consent of the Board of Directors to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim or injury to a person or damage to property arising therefrom. The provisions of this Section 6.7 shall not apply to Units owned by the Declarant until such Units have been initially sold by the Declarant and paid for.

#### 6.8 Restrictions on Use of Units and Condominium

A. The Board of Directors is authorized to promulgate, amend and enforce Rules and Regulations concerning the operation and use of the Condominium; provided, that such Rules and Regulations are not contrary to or inconsistent with the Act, the Declaration or these Bylaws. A copy of the Rules

and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time the same become effective.

B. The use of the Condominium is subject to the following restrictions:

(1) Residential Use of Units. Except for such temporary nonresidential uses as may be permitted by the Board of Directors from time to time, all Units shall be used for private residential purposes exclusively. Nothing in this Section, or elsewhere herein, shall be construed to prohibit the Declarant and its duly authorized agents, representatives and employees from the use of any Unit or Units which the Declarant owns for promotional or display purposes, as "model units," a sales or rental office or the like, except that the Declarant shall nevertheless be bound by the provisions of Section 2 of this Article. The use of any Unit or Units which the Declarant owns for promotional or display purposes as "model units", a sales office or the like shall not be subject to any limitations whatsoever.

(2) Leasing. No portion of any Unit (other than the entire Unit) shall be leased for any period. No Unit within the Buildings shall be rented for transient or hotel purposes. Any owner of any Unit who shall lease such Unit, shall promptly, following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. No lease shall be for a term of less than six (6) months; provided, however, that corporate owners may permit executives to use or occupy Units. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Unit shall be subject and subordinate in all respects to the provisions of the Declaration, these Bylaws, the Rules and Regulations and to such other reasonable rules and regulations relating to the use of the Common Elements, or other "house rules", as the Board of Directors may from time to time promulgate, and all leases shall further provide that any failure by the tenant to comply strictly with the provisions of such documents shall be a default under the lease. The provisions and limitations of this Section shall not apply to any institutional First Mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

(3) Prohibited Uses and Nuisances. Except for the activities of the Declarant and its duly authorized agents, representatives and employees in connection with the renovation

of the Condominium, and except as may be reasonable and necessary in connection with the maintenance, improvement, replacement, repair, reconstruction or warranty administration of any portion of the Condominium by the Declarant or the Unit Owners Association, or except as may be permitted in writing by the Board of Directors of the Unit Owners Association:

(a) No noxious or offensive trade or activity shall be carried on within the Buildings or within any Unit, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other Unit Owners. No nuisances shall be permitted within the Condominium, nor shall any use or practice be permitted which is or becomes a source of annoyance to the Unit Owners or which interferes with the peaceful use and possession thereof by the Unit Owners.

(b) There shall be no obstruction of any of the Common Elements and nothing shall be stored upon any of the General Common Elements.

(c) Nothing shall be done or maintained in any Unit or upon the Common Elements which would be in violation of any law. No activity shall be done or maintained in any Unit or upon any Common Elements which will increase the rate of insurance on any Unit or the Common Elements or result in the cancellation of insurance thereon. No waste shall be committed upon any of the Common Elements.

(d) No structural alteration, construction, addition or removal of any of the Common Elements shall be commenced or conducted except in strict accordance with the provisions of these Bylaws.

(e) ~~The maintenance, keeping, breeding, boarding or raising of animals, reptiles, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon any of the Common Elements, except that this shall not prohibit the keeping of small orderly domestic pets not exceeding 25 lbs. (e.g., dog, cat, or caged bird, such pets not to exceed one per Unit without the approval of the Board of Directors) provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the General Common Elements of the Condominium unless accompanied by a responsible person and unless they are carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Condominium shall be deemed to have indemnified and agreed to hold the Unit Owners Association, each of the Unit Owners and the Declarant and Managing Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason~~

of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered, inoculated and tagged as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the premises and the Board of Directors, after affording the right to a hearing to the Unit Owners affected, shall have the exclusive authority to declare any pet a nuisance.

(f) Except for such signs as may be posted by the Declarant or the Unit Owners Association for promotional or marketing purposes, traffic control or the like, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or the Common Elements without the prior consent in writing of the Board of Directors and under such conditions as they may establish. The provisions of this subsection shall not be applicable to any institutional First Mortgagee which comes into possession of any Unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or other proceeding, arrangement, assignment or deed in lieu of foreclosure.

*→ this pertains to Unit 42*  
(g) No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used materials, or trash of any other kind shall be permitted within any Unit or upon any of the Common Elements. All refuse shall be deposited with care in containers or trash chutes designated for such purpose during such hours as may from time to time be designated by the Board of Directors.

(h) No structure of a temporary character shall be maintained upon any Common Elements at any time. Outdoor clothes dryers or clotheslines shall not be maintained upon any of the Common Elements at any time. No clothing, laundry or the like shall be hung from any part of any Unit which may be visible from the exterior of the Unit or upon any of the Common Elements or from or upon any deck or patio.

*→ Satellite Dishes*  
(i) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, or other equipment which protrudes through the walls or the roofs of the Buildings, shall be maintained upon the exterior of any Unit or upon any of the Common Elements without the prior written consent of the Board of Directors.

(j) Passenger automobiles shall be parked only in the parking spaces designated therefor. No trailer, truck, boat, camper, house trailer or similar types of vehicles shall be parked or stored on the Property. No inoperable, unlicensed or abandoned motor vehicle of any type shall be

parked or stored upon the Property, and no portion of the Property shall be used for the repair, overhaul, painting or work of a similar nature of any motor vehicle. Any such vehicle may be towed from the Condominium at the offending Unit Owner's risk and expense.

(k) No unlawful or improper use shall be made of any Unit or any portion of the Common Elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

(l) No Unit Owner shall engage or direct any employee of the Unit Owners Association or the Managing Agent on any private business of the Unit Owner during the hours such employee is employed by the Unit Owners Association or the Managing Agent nor shall any Unit Owner direct, supervise or in any manner attempt to assert control over any such employee.

(m) There shall be no violation of any rules for the use of the Common Elements, or other "house rules", which may from time to time be adopted by the Board of Directors and promulgated among the Unit Owners by the Board of Directors in writing, and the Board of Directors is hereby and elsewhere in these Bylaws authorized to adopt and promulgate such rules.

#### 6.9 Right of Access

Each Unit Owner grants a right of access to his Unit to the Board of Directors, the Managing Agent and to any other person authorized by the Board of Directors for the purpose of making inspections and for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Element or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.

#### 6.10 Limitation of Liability

The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements

or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any Condominium Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of Common Expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements, or to any Condominium Unit, or from any action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority or for the dispossession of the Unit Owner by reason of fire or other casualty, except to the extent covered by insurance.

## ARTICLE VII

### INSURANCE, DESTRUCTION, RESTORATION, CONDEMNATION AND DISTRIBUTION

#### 7.1 Authority

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but in no event less than the amount required by Section 7.2 hereof. The insurance premiums paid by the Board shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgagee endorsements to all first Mortgagees of the Units, if requested. Such insurance coverage shall be written on the Condominium and shall provide for the insurance proceeds covering any loss to be payable to the Board of Directors as Insurance Trustee for the benefit of each Unit Owner and his mortgagee according to his Percentage Interest.

#### 7.2 Coverage

The Condominium shall be insured, to the extent available, against casualty in a minimum amount equal to the maximum insurable replacement value (i.e., 100% of replacement costs based upon the value of replacing the Buildings and all improvements of the Condominium utilizing contemporary building materials and technology) thereof (exclusive of excavations and foundations) as determined annually by the Board of Directors with assistance of the insurance company affording such coverage. The policy shall cover all the improvements of the Condominium except those made by a Unit Owner at his expense and shall contain a "condominium replacement cost" endorsement. Such coverage shall afford protection against:

A. loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard extended coverage endorsement; and

B. such other risks as shall customarily be covered with respect to projects similar in construction, location and use as the Directors in their sound discretion may deem advisable.

Such coverage shall insure the Buildings (including all of the Units and the bathroom, laundry and kitchen equipment, fixtures and cabinets, and electrical fixtures, together with all air-conditioning, heating and other equipment, but not including furniture, furnishings or other personal property supplied or installed by Unit Owners), and other Condominium property including all personal property included in the Common Elements. The Condominium shall be insured against liability for personal injury and property damage in such amounts and in such forms as shall be required by the Board, which, however, in no event shall be less than \$1,000,000 with respect to any one occurrence. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association as a group, the Board and each individual Unit Owner. The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association, except that if the claim relates to any item that as a component of the Unit, the deductible shall be paid by the Owner of said Unit. Worker's compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board of Directors may obtain such additional insurance coverage it may deem advisable and appropriate or it may be requested from time to time by a majority of the Unit Owners.

### 7.3 Limitations

Insurance obtained pursuant to the requirements of this Article VII shall be subject to the following provisions:

A. Each policy shall be written with a company or companies which are licensed to do business in the District of Columbia and which holds a rating of "A-X" or better in the current edition of Best's Key Rating Guide.

B. No insurance coverage obtained and maintained pursuant to the requirements of this Article VII shall be brought into contribution with insurance purchased individually by any of the Unit Owners or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Article shall exclude such policies from consideration.



C. Each policy shall provide that it may not be cancelled or substantially modified or reduced without at least 30 days' prior written notice to all insured named thereon, including all named First Mortgagees.

D. Each policy of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore or repair damage or reconstruct in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors.

E. Each policy shall contain a waiver of subrogation by the insurer as to any and all claims against the Unit Owners, the Association, the Board of Directors, the Managing Agent, and their respective agents, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

F. Each policy shall contain provisions (i) that its coverage shall not be prejudiced by any act or neglect of any occupants or Unit Owners of the Condominium when such act or neglect is not within the control of the insured, or the Unit Owners collectively; and (ii) that it shall not be prejudiced by failure of the insured, or the Unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the Unit Owners collectively, have no control.

#### 7.4 Notice of Insurance Coverage

The Board of Directors shall promptly furnish to each Unit Owner written notice of the procurement, subsequent changes, or termination of each insurance policy obtained on behalf of the Association, is requested.

#### 7.5 Individual Policies

Each Unit Owner or any mortgagee may obtain at his own expense additional insurance, including a "condominium unit owner's endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Unit Owner.. Such insurance should contain the same waiver of subrogation provision as that required by Section 7.3E hereof. It is recommended that each Unit Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Association, a "Condominium Unit Owner's Policy" or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should

include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expense of the Unit Owner. No Unit Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force at any particular time. The Board of Directors may require that each Unit Owner shall file with the Managing Agent a copy of each individual policy of insurance purchased by the Unit Owner within 30 days after its purchase. The Board of Directors may also require that each Unit Owner shall notify the Board of Directors of all improvements made by him to his Unit having a value in excess of \$1,000.

#### 7.6 Insurance Trustee

The Board of Directors shall serve as the Insurance Trustee. All insurance policies purchased by the Association shall be for the benefit of the Association, each Unit Owner and his First Mortgagee, as their respective interests may appear, and shall provide that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee. All policies shall provide that adjustment of loss shall be made by the Board of Directors.

#### 7.7 Covenants for Benefit of Mortgagees

Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Unit Owner entitled thereto, after first paying or making provision for the payment of the expenses of the Insurance Trustee, in the following manner:

A. Proceeds are to be paid first to repair or restore damage or construction, as elsewhere provided herein. After defraying the cost of the repair or restoration, all remaining proceeds shall be payable jointly to the Unit Owners and First Mortgagees, if any, entitled thereto. This covenant is for the benefit of any First Mortgagee and may be enforced by such mortgagee.

B. If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be reconstructed or repaired, then and in that event, the Condominium shall be deemed to be owned in common by the Unit Owners and shall be subject to an action for partition upon the suit of any Unit Owner or mortgagee, in which event the net proceeds of sale together with the net proceeds of any insurance shall be distributed pro rata to the Unit Owners, after first paying off, out of the share of each Unit Owner, to the extent sufficient for that purpose, all liens, including

mortgage liens, on the Unit of such Unit Owner. This is a covenant for the benefit of any mortgagee and may be enforced by such mortgagee.

#### 7.8 Reconstruction

If any part of the Condominium shall be damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows, subject to the provisions of the Condominium Declaration:

A. Where there is a partial destruction, which shall be deemed to mean destruction which does not render two-thirds or more of the residential Units untenable, there shall be compulsory reconstruction or repair.

B. Where there is total destruction, which shall be deemed to mean destruction which does render two-thirds or more of the residential Units untenable, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within 90 days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within 120 days after the occurrence of the casualty, at least eighty percent (80%) of the Unit Owners vote in favor of such reconstruction or repair.

C. If any Buildings or improvements standing or erected upon the Condominium shall be destroyed or damaged by some casualty and such destroyed or damaged property is to be reconstructed or repaired, the reconstruction or repair thereof shall, at least, be to the extent of the replacement value of the property destroyed damaged; and as nearly similar as practicable to the character of the Buildings or improvements existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with the outstanding building code requirements of the District of Columbia and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.

If the damage is only to those parts of one Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty and shall be entitled to apply, with the assistance of the Board of Directors, for the applicable insurance proceeds. In all other instances the responsibility of reconstruction and repair after casualty shall that of the Board of Directors.

### 7.9 Condemnation

A taking of, injury to, or destruction of part or all of the property by the exercise of the power of eminent domain shall be considered to be included in the term damage or destruction as provided in Section 7.7A and 7.7B hereof, and the award or settlement may, or any other compensation arising out of any taking or condemnation shall, be treated in the same manner as insurance proceeds arising from a casualty loss.

### 7.10 Assessments if Insurance is Inadequate

Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires. If the proceeds of insurance are not sufficient to defray such estimated costs, a special assessment shall be made against all the Units in proportion to the Percentage Interest of the Units, in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all of the Units in proportion to their respective Percentage Interests in sufficient amounts to provide funds for the payment of such costs.

### 7.11 Disbursements

Any and all disbursements of funds, whether such funds consist of insurance proceeds, special assessments, sales proceeds, or any combination thereof, to be made by the Insurance Trustee for any purpose whatsoever, shall be made pursuant to and in accordance with a certified statement of the Association or the Board of Directors.

### 7.12 Notification

The Board of Directors shall notify: (a) the mortgagee of the Unit whenever damage to the Unit covered by the mortgage exceeds \$1,000; and (b) all mortgagees whenever damage to the Common Elements exceeds \$10,000.

### 7.13 Premiums and Deductibles

Premiums and deductibles upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

## ARTICLE VIII

### MORTGAGEES

#### 8.1 Notice to Board

A Unit Owner who mortgages his Unit shall notify the Board through the Managing Agent of the name and address of his mortgagee. The Board shall maintain such information in a book entitled "Mortgagees of Units."

#### 8.2 Notice of Unpaid Assessments

The Board, whenever so requested in writing by a mortgagee, shall promptly report any then unpaid assessments due from, or any other default by, the owner of the mortgaged Unit.

#### 8.3 Notice of Default

The Board shall give written notice to a Unit Owner of any default by the Unit Owner in the performance of any obligations under the Act or Condominium Instruments, and, if such default is not cured within 60 days, shall promptly send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

#### 8.4 Examination of Books

Each Unit Owner and each First Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times and upon reasonable notice, on a business day, but not more often than once a month.

#### 8.5 Notice of Termination of Management Contracts

The Board of Directors shall notify all first mortgagees in writing of the termination of any management contract within ten (10) days of receipt or issuance of any notice of such termination by either the Association or the Managing Agent.

#### 8.6 Rights of First Mortgagees

Unless at least two-thirds (2/3) of the First Mortgagees (based upon one vote for each first mortgage owned) have given their prior written approval, the Association shall not:

A. change any Unit's Percentage Interest except as permitted by the Declaration;

B. partition or subdivide any Unit or that Unit's Percentage Interest of the Condominium nor abandon, partition, subdivide, encumber, sell or transfer the Common Elements of the Condominium (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause) except as may be permitted by the Declaration;

C. by act or omission seek to abandon or terminate condominium status of the project except as provided by statute in case of substantial loss to the Units and Common Elements of the Condominium;

D. modify the method of determining and collecting assessments; nor

E. use the proceeds of casualty insurance for any purpose other than replacement, repair or reconstruction of the Units or Common Elements except as permitted by the Act.

#### 8.7 "Mortgagee" and "Mortgage"

As used in this Article and generally in the Declaration and Bylaws, the term "mortgagee" includes the holder of a note secured by a deed of trust or mortgage encumbering a Unit and recorded among the land records of the District of Columbia, and the term "mortgage" includes any deed of trust recorded among the said land records.

### ARTICLE IX

#### NOTICE

##### 9.1 Manner of Notice

Unless specified otherwise in other sections of these Bylaws, whenever any notice is required to be given under the provisions of the Act or of the Condominium Instruments to any mortgagee, director or Unit Owner, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, director or Unit Owner at such address as appears on the books of the Condominium, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

## 9.2 Waiver of Notice

Whenever any notice is required to be given under the provisions of the Act or the Condominium Instruments, a Waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

## ARTICLE X

### AMENDMENT OF BYLAWS

#### 10.1 Amendment of Bylaws

These Bylaws may be amended at a meeting of the Association called for that purpose by the affirmative vote of Unit Owners representing at least two thirds of the votes in the Association. No amendment to the Bylaws shall become effective until Recorded. The Declarant reserves the right to amend these Bylaws so long as there is no Unit Owner other than the Declarant.

#### 10.2 Approval of Mortgagees

These Bylaws contain provisions concerning various rights, priorities, remedies and interests of the First Mortgagees of Units. Such provisions in these Bylaws are to be construed as covenants for the protection of the First Mortgagees on which they may rely in making loans secured by mortgages of the Units. Accordingly, all First Mortgagees shall be given 30 days' notice of all proposed amendments, and no amendment or modification of these Bylaws impairing or affecting the rights, priorities, remedies or interests of a First Mortgagee shall be adopted without the prior written consent of such mortgagee. If there is more than one First Mortgagee holding mortgages on the Units, it shall be sufficient for this purpose to obtain the written consent of the First Mortgagees holding mortgages on at least two-thirds of the Units encumbered by mortgages.

#### 10.3 Amendments by Declarant

Notwithstanding the provisions of Section 10.1 and 10.2, the Declarant reserves the right to amend the Condominium Instruments in accordance with the provisions of the Act.

## ARTICLE XI

### COMPLIANCE AND DEFAULT

#### 11.1 Relief

Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Rules and Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Association acting through the Board of Directors, Managing Agent or the Manager, to the following relief:

A. Legal Proceedings. Failure to comply with any of the terms of the Condominium Instruments and the Rules and Regulations shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Manager or Managing Agent, or, if appropriate, by an aggrieved Unit Owner.

B. Additional Liability. Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his tenants, employees, agents, or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

C. Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court.

D. No Waiver of Rights. The failure of the Association, the Board of Directors or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors or any Unit Owner to enforce any right, provision, covenant or condition of the



Condominium Instruments or the Rules and Regulations in the future. All rights, remedies and privileges granted to the Association, Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Condominium Instruments or Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Condominium Instruments or the Rules and Regulations, or at law or in equity.

E. Interest. In the event of a default by any Unit Owner which continues for a period in excess of 15 days, such owner may at the discretion of the Board of Directors be obligated to pay interest on the amounts due at the lesser of twenty percent (20%) per annum or the maximum permissible rate of interest, from the due date thereof.

F. Abatement and Enjoinment of Violations by Unit Owners. The violation of any Rule or Regulation adopted by the Board of Directors, or the breach of any Bylaw contained herein, or the breach of any provision of the Condominium Instruments, (after due notice to the Unit Owner that said violation or breach constitutes an immediate danger to the Condominium and Unit Owners) shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

#### 11.2 Lien for Assessments

A. The total annual assessments against each Unit Owner for the Common Expenses levied pursuant to these Bylaws is hereby declared to be a lien levied against the Unit of such Unit Owner within the purview of the Act, which lien shall be effective as of the first day of each fiscal year of the Condominium. The Board of Directors, or Managing Agent, may file or Record such other or further notice of lien, or such other or further document as may be required by the then laws of the District of Columbia to confirm the establishment of such lien.

B. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for 10 days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full together with interest thereon at the lesser of twenty (20) percent per annum or the maximum rate of interest permitted to be charged to natural persons in the District of Columbia with respect to first mortgage loans at the time such installment or assessment became due, and the cost of collection thereof, by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or Managing Agent. The Board of Directors may post a list of Unit Owners who are delinquent in the payment of any assessment or other fees which may be due the Association, including any installment thereof which becomes delinquent, in any prominent location within the Condominium. The Unit Owner who is delinquent shall be prohibited from voting at any meeting of the Unit Owners Association until the amount necessary to release the lien has been paid.

C. The lien for assessments may be foreclosed in the manner provided by the laws of the District of Columbia by suit brought in the name of the Board of Directors, acting on behalf of the Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment of order of any court having jurisdiction over such sale. The plaintiff in such proceedings shall have the right to the appointment of a receiver, if available under the then laws of the District of Columbia.

D. The lien for assessments shall be prior to all other liens and encumbrances except: (i) liens and encumbrances Recorded prior to the recordation of the Declaration; (ii) liens of any first priority mortgage or deed of trust on such Unit Recorded prior to the due date of such assessment or the due date of the first installment payable on such assessment; and (iii) liens for real estate taxes and municipal assessments or charges against the Unit..

## ARTICLE XII

### MISCELLANEOUS

#### 12.1 Compliance

These Bylaws are set forth in compliance with the requirements of the Act.

## 12.2 Conflict

These Bylaws are subordinate and subject to the Act, the Declaration and the Condominium Plat and Condominium Plans. In the event of any conflict between these Bylaws and the other Condominium Instruments, the provisions of the other Condominium Instruments shall control.

## 12.3 Severability

These Bylaws are adopted to comply with the laws and regulations of the District of Columbia. If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions of these Bylaws are declared to be severable.

## 12.4 Waiver

No restriction, condition, obligation or provision of these Bylaws shall be deemed to be abrogated or waived by reason of any failure to enforce the same.

## 12.5 Captions

The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

## 12.6 Gender, etc.

Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

## 12.7 Notice of Loss to or Taking of Common Elements

The Board of Directors shall give written notice to the mortgagees of all of the units of any loss to or taking of the Common Elements of the Condominium, if such loss or taking exceeds Ten Thousand Dollars (\$10,000) or, with respect to a Unit, the Board of Directors shall give written notice to the mortgagee of such unit if the loss or taking exceeds One Thousand Dollars (\$1,000).

IN WITNESS WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 1986, Michael, Inc. has caused these Condominium Bylaws to be executed by Philip R. Miller, its President, attested by Judith S. Miller, its Secretary, and its corporate seal to be affixed hereto, and does hereby appoint Philip R. Miller as its true and lawful attorney-in-fact to acknowledge and deliver these Condominium Bylaws as its act and deed.

ATTEST:  
[Corporate Seal

MICHAEL, INC.

\_\_\_\_\_  
Judith S. Miller  
Secretary

By: \_\_\_\_\_  
Philip R. Miller  
President

\_\_\_\_\_, ss:

I, \_\_\_\_\_, a Notary Public in and for the jurisdiction aforesaid do hereby certify that Philip R. Miller, who is personally well known to me, the Declarant, as the person named as the attorney-in-fact for Michael, Inc. in the foregoing Condominium Bylaws bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, personally appeared before me in the jurisdiction aforesaid and as attorney-in-fact as aforesaid and by virtue of the authority vested in him, acknowledged said instrument to be the act and deed of said Michael, Inc.

WITNESS my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 1986.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires: \_\_\_\_\_

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

LEGAL DESCRIPTION

All that piece or parcel of improved land situate, lying  
and being in the District of Columbia described as follows:

Lots numbered Six (6) and Seven (7) in Square numbered  
Fifty-Nine Hundred Sixty-Nine (5969) in the subdivision made by  
Richard H. Rubin and Kenneth P. Druskin, as per plat recorded  
in the Surveyor's Office for the District of Columbia in Liber  
145 at folio 39.

MANAGEMENT AGREEMENT

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 198\_, between UNIT OWNERS ASSOCIATION OF EAST GATE II CONDOMINIUM (hereinafter called the "Condominium"), organized and established in accordance with the Declaration executed and duly recorded in the office of the Recorder of Deeds in the District of Columbia, and \_\_\_\_\_ (hereinafter called the "Agent").

W I T N E S S E T H

In consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto mutually agree as follows:

FIRST:

(a) The Condominium hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive managing agent of East Gate II Condominium, located at 3425-3429 Fifth Street, S.E., Washington, D.C., and consisting of thirty-four (34) dwelling units (hereinafter called the "Property").

(b) The Agent acknowledges that it has read, and is familiar with the Declaration and the Bylaws of East Gate II Condominium, and particularly with the duties and obligations of the Association, the Board of Directors and the Managing Agent as therein provided. The Agent agrees, notwithstanding the authority given the Agent in this Agreement, to confer fully and freely with the Board of Directors in the performance of its duties as herein set forth and, with reasonable prior notice, to attend one meeting of the Association and/or Board of Directors each month, if requested. It is further understood and agreed that the authority and duties conferred upon the Agent hereunder are confined to the Common Elements (as defined in the Declaration). Such authority and duties do not and shall not include supervision of management of the exclusive elements in individual dwelling units, except as authorized by the Condominium documents in emergency cases.

SECOND: In order to facilitate efficient operation, the Condominium shall furnish the Agent with a complete set of the plans and specifications of the Property, if available.

**THIRD:** The Agent shall hire in its own name off-site managerial personnel necessary for the efficient discharge of the duties of the Agent hereunder. Compensation for the services of such employees shall be the responsibility of the Agent. Those employees of the Agent who handle or are responsible for the handling of the Condominium's monies shall be bonded by fidelity bond or insured as required by the Declaration and Bylaws.

**FOURTH:** Under the supervision of one of its property managers, the Agent shall render services and perform duties as follows:

(a) On the basis of an operating schedule, job standards and wage rates previously approved by the Condominium on the recommendations of the Agent, investigate, hire, pay, train, supervise and discharge the personnel necessary to be employed in order to properly maintain and operate the Property, including an on-site manager, if required. Such personnel shall, in every instance, be in the employ of the Condominium; and compensation for the services of such employees (as evidenced by payroll documents) and worker's compensation and all other benefits, and direct overhead attributable to such employment shall be considered an expense of the Condominium.

(b) Use its best efforts to collect all monthly or other assessments due from unit owners. The Condominium hereby authorizes the Agent to request, demand, collect, receive and give receipts for any and all charges which may at any time be or become due to the Condominium and to take such action in the name of the Condominium by way of legal process or otherwise as may be required for the collection of delinquent monthly assessments, it being understood that such legal costs shall be borne by the Condominium. As a standard practice, the Agent shall furnish the Board of Directors of the Condominium with a list of all delinquent accounts on or about the fifteenth (15th) day of each month.

(c) Use its best efforts to cause the buildings, appurtenances and grounds of the Property to be maintained and repaired according to standards acceptable to the Condominium. For any one item of repair or replacement over and above the budgeted amount, the expense incurred shall not exceed the sum of \$500.00 unless specifically authorized by the Condominium; excepting, however, that emergency repairs, involving manifest danger to life or property, or immediately necessary for the unit owners, or required to avoid suspension of any necessary

service to the Property, may be made by the Agent irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs, it is understood and agreed that the Agent will, if at all possible, confer immediately with the Condominium regarding every such expenditure. The Agent shall not incur liabilities (direct or contingent) which will at any time exceed the aggregate of \$2,000.00, or any liability maturing more than one year from the creation thereof, without first obtaining the approval of the Board of Directors of the Condominium.

(d) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal or municipal authority having jurisdiction thereover, and others of the Board of Fire Underwriters or other similar bodies, subject to the same limitation contained in Paragraph (c) of this Article Fourth in connection with the making of repairs and alterations. The Agent, however, shall not take any action under this paragraph so long as the Condominium is contesting, or has affirmed its intention to contest, any such order or requirement. The Agent shall promptly notify the Condominium in writing of all such orders and notices of requirements. It is understood and agreed between both parties that this Agreement may be terminated by the Agent without notice in the event that the Condominium fails to comply with regulations of appropriate governmental departments which regulate housing or the licensing or inspection thereof, and that in such event the Condominium will save the Agent harmless or indemnify the Agent against any and all consequences of such failure to comply.

(e) Subject to approval by the Condominium, make contracts for necessary services or such of them as the Condominium shall deem advisable. Also, place orders for such equipment, tools, appliances, materials and supplies as are necessary to properly maintain the Property. All such contracts and orders shall be made in the name of the Condominium and shall be subject to the limitations set forth in Paragraph (c) of this Article. When taking bids or issuing purchase orders, the Agent shall act at all times under the direction of the Condominium, and shall be under a duty to secure for and credit to the latter any discounts, commissions or rebates obtainable as a result of such purchases.

(f) When authorized by the Condominium in writing, cause to be placed and kept in force all forms of insurance needed to adequately protect the interests of the Condominium, the Agent,



the unit owners and mortgagees holding mortgages encumbering units, as their respective interests appear (or as required by law) and required by the Declaration and the Bylaws, including but not limited to worker's compensation insurance, public liability insurance, fire and extended coverage insurance and burglary and theft insurance. All of the various types of insurance coverage required shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Condominium, to the Agent and to mortgagees holding mortgages encumbering the units. The Agent shall promptly investigate and make a full written report as to all accidents or claims for damages relating to the management, operation and maintenance of the Property, including any damage or destruction to the Property, and the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith, and otherwise perform all of the obligations of the Condominium and Board of Directors with respect to insurance as required by the Declaration and the Bylaws.

(g) From the funds collected and deposited in the special account hereinafter provided, cause to be disbursed regularly and punctually (1) salaries and any other compensation due and payable to the employees of the Condominium, and the taxes payable under paragraph (h) of this Article; (2) fire and other insurance premiums; and (3) sums otherwise due and payable by the Condominium as operating expenses authorized to be incurred under the terms of this Agreement, including the Agent's management fee. After disbursement, any balance remaining in the special account may be disbursed or transferred from time to time, but only as specifically directed by the Board of Directors of the Condominium. In case disbursements shall be in excess of collections, the Condominium agrees to pay such excess within ten (10) days after receiving a statement requesting such reimbursement.

(h) Working in conjunction with an accountant for the Condominium, prepare for execution and filing by the Condominium all forms, reports and returns as required by law in connection with unemployment insurance, worker's compensation insurance, disability benefits, Social Security and other similar taxes now in effect, and also requirements relating to the employment of personnel, if applicable.

(i) Maintain a comprehensive system of office records, books and accounts consistent with accepted business practices,

which records shall be subject to examination by the Condominium's authorized agents and by the unit owners and mortgagees in the manner required by the Declaration and the Bylaws, at all reasonable hours. As a standard practice, the Agent shall render to the Condominium a monthly statement of the receipts and disbursements covering the preceding month.

(j) Prepare with the assistance of an accountant, if need be, an operating budget in accordance with the Bylaws, setting forth anticipated expenses and receipts for the ensuing year, and taking into account the general condition of the Property. Each such budget, together with a statement from the Agent outlining a plan of operation and justifying in every important particular the estimates made, shall be submitted to the Board of Directors in final draft no later than fifteen (15) days prior to the beginning of each fiscal year of the Condominium. The budget finally approved and adopted shall serve as a supporting document for the schedule of assessments proposed for the new fiscal year. It shall also constitute a major control under which the Agent shall operate, and there shall be no substantial variances therefrom, except such as may be sanctioned by the Condominium. No expenses may be incurred or commitment made by the Agent in connection with the maintenance and operation of the Condominium in excess of the amounts allocated to the various classifications of expense in the approved budget without the prior consent of the Condominium, except that, if necessary because of an emergency or lack of sufficient time to obtain such prior consent, an overrun may be experienced, provided it is promptly brought to the attention of the Condominium in writing.

(k) Use its best efforts to assure that all unit owners are informed with respect to such rules, regulations and notices as may be promulgated by the Board of Directors of the Condominium from time to time. It shall be the duty of the Agent at all times during the term of this Agreement to operate and maintain the Condominium according to the highest standards achievable consistent with the overall plan of the Property and the Condominium.

(l) Within ten days after written request from a unit owner who desires to sell his unit to a prospective purchaser, furnish to such unit owner and prospective purchaser a written statement containing such information as is required by law or the Bylaws to be supplied in such cases. The Agent shall be paid the sum of \$30.00 by the Condominium for each statement so furnished.

**FIFTH:** Everything done by the Agent under the provisions of Article Fourth shall be done as Agent of the Condominium, and all obligations or expenses incurred thereunder shall be for the account, on behalf and at the expense of the Condominium, except that the Condominium shall not be obligated to pay the overhead expenses of the Agent's off-site office, including the salaries, office expenses and other expenses of officers and off-site employees of the Agent. Any payments to be made by the Agent hereunder shall be made out of such sums as are available in the special account of the Condominium, or as may be provided by the Condominium. It is agreed and understood that an amount equal to one-half month's projected operating expenses, as set forth in the latest budget of the Condominium, be maintained in the Condominium operating account at all times. The Agent shall not be obligated to make any advance to or for the account of the Condominium or to pay any sum, except out of funds held or provided as aforesaid, nor shall the Agent be obliged to incur any liability or obligation for the account of the Condominium without assurance that the necessary funds for the discharge will be provided.

**SIXTH:** The Agent shall deposit all monies collected on behalf of the Condominium in a bank account in a federally insured commercial bank in the name of the Agent, but so earmarked and designated as to indicate clearly that it pertains to transactions concerning the Condominium, with authority to draw therefrom any payments to be made by the Agent pursuant to this Agreement. The Agent shall accrue each month and hold in escrow, if directed by the Condominium, such sums as might be required to meet future expenditures. Separate accounts shall be set up for separate categories of reserve accounts if requested by the Board of Directors of the Condominium in accordance with the Bylaws.

**SEVENTH:** The compensation which the Agent shall be entitled to receive for all services performed under this Agreement shall be \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), per month and shall commence on the settlement of the first unit.

**EIGHTH:**

(a) This Agreement shall commence on the date of settlement on the first unit and, unless cancelled pursuant to the provisions of this Article Eighth, shall be in effect for a term of one (1) year after the date thereof. This Agreement shall be automatically renewed at the end of the original term for an additional term of one (1) year, unless either party has

given to the other party at least thirty (30) days' written notice of its intention to terminate this Agreement. The compensation set forth in Article Seventh shall be adjusted for the renewal term on the basis of any change in the Consumer Price Index for Wage Earners and Clerical Workers for the Washington, D.C. Standard Metropolitan Statistical Area (Base 1967-100) (hereinafter called the "Index"), as published by the Bureau of Labor Statistics of the United States Department of Labor. Such adjustment shall be established by multiplying the basic monthly fee by a fraction, the numerator of which shall be the most recently published Index preceding the first day of the first month of the renewal year, and the denominator of which shall be the corresponding monthly Index one year previous to the Index used for the numerator.

(b) This Agreement may be terminated with or without cause and without payment of a termination fee by either party as of the end of any calendar month, upon the giving of a thirty (30) day notice in writing of the intention to terminate.

(c) In the event a petition in bankruptcy is filed by or against the Agent, or in the event that the Agent shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may terminate this Agreement without notice to the other.

(d) Upon termination, the contracting parties shall account to each other with respect to all matters outstanding as of the date of termination, and the Condominium shall furnish the Agent security, satisfactory to the Agent, against any outstanding obligations or liabilities which the Agent may have incurred hereunder.

NINTH: The Agent's property manager shall, upon not less than forty-eight hours notice, attend meetings of the Board of Directors as requested; provided that, when such meeting is not scheduled during a normal business day, the Condominium shall pay the Agent \$30.00 per man hour for the property manager's attendance at each meeting, except for the one meeting per month to be attended by the Agent pursuant to Article First (b).

TENTH: This Agreement shall constitute the entire agreement between the parties hereto, and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

UNIT OWNERS ASSOCIATION OF EAST  
GATE II CONDOMINIUM

By: \_\_\_\_\_

\_\_\_\_\_  
Agent

By: \_\_\_\_\_

EXHIBIT V-B TO POS

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

CONDOMINIUM FEES

The purchase agreement requires the purchaser to pay at settlement an amount equal to two (2) months' condominium fee, in addition to the regular condominium fee. This amount will be used by the condominium as working capital. The percentage interest in the common elements of the condominium, an estimate of the monthly assessment for condominium expenses and an estimate of the initial condominium assessment for each unit are set forth below.

<u>Unit Number or Letter</u>	<u>Percentage Interest</u>	<u>Monthly Assessment</u>	<u>Initial Assessment</u>
<u>3425 Fifth Street, S.E.</u>			
Unit 3425-11	3.526	74.34	148.68
3425-12	3.529	74.40	148.80
3425-21	3.529	74.40	148.80
3425-22	2.419	51.00	102.00
3425-23	2.419	51.00	102.00
3425-24	2.419	51.00	102.00
3425-25	3.529	74.40	148.80
3425-31	3.529	74.40	148.80
3425-32	2.419	51.00	102.00
3425-33	2.419	51.00	102.00
3425-34	2.419	51.00	102.00
3425-35	3.529	74.40	148.80
3425-41	3.529	74.40	148.80
3425-42	2.419	51.00	102.00
3425-43	2.419	51.00	102.00
3425-44	2.419	51.00	102.00
3425-45	3.529	74.40	148.80

<u>Unit Number or Letter</u>	<u>Percentage Interest</u>	<u>Monthly Assessment</u>	<u>Initial Assessment</u>
<u>3429 Fifth Street, S.E.</u>			
Unit 3429-11	3.526	74.34	148.68
3429-12	3.529	74.40	148.80
3429-21	3.529	74.40	148.80
3429-22	2.419	51.00	102.00
3429-23	2.419	51.00	102.00
3429-24	2.419	51.00	102.00
3429-25	3.529	74.40	148.80
3429-31	3.529	74.40	148.80
3429-32	2.419	51.00	102.00
3429-33	2.419	51.00	102.00
3429-34	2.419	51.00	102.00
3429-35	3.529	74.40	148.80
3429-41	3.529	74.40	148.80
3429-42	2.419	51.00	102.00
3429-43	2.419	51.00	102.00
3429-44	2.419	51.00	102.00
3429-45	3.529	74.40	148.80

EAST GATE II CONDOMINIUM  
CONDOMINIUM UNIT PURCHASE AGREEMENT

Title to be conveyed in the name(s) of:

\_\_\_\_\_  
\_\_\_\_\_

Unit \_\_\_\_\_ Percentage Interest \_\_\_\_\_

THIS AGREEMENT is made between MICHAEL, INC., a District of Columbia corporation (the "Seller"), and \_\_\_\_\_ (the "Purchaser").

Seller desires to sell and Purchaser desires to purchase Condominium Unit \_\_\_\_\_ in East Gate II Condominium (the "Condominium"), located at 3425-3429 Fifth Street, S.E., Washington, D.C.

Seller and Purchaser agree as follows:

1. Purchase and Sale of Unit.

1.1 Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, the Condominium Unit(s) identified in the Condominium Declaration as Unit Number \_\_\_\_\_ (the "Unit"). The Unit's percentage interest in the Common Elements of the Condominium (the Unit's "Percentage Interest") as set forth in Exhibit B to the Condominium Declaration is \_\_\_\_%. The Unit shall be conveyed unfurnished and any furnishings and personal property displayed in any model unit are not included in the purchase price. Dimensions shown in any floor plan sketches are approximations.

2. Purchase Price and Terms of Payment

2.1 The purchase price of the Unit is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), which shall be paid as follows:



- (1) Deposit upon signing this Agreement, to be applied as part payment of the purchase price, receipt of which amount is hereby acknowledged ..... \$ \_\_\_\_\_
  - (2) Proceeds of conventional loan ..... \$ \_\_\_\_\_
  - (3) At time of settlement, in cash or by certified or cashier's check ..... \$ \_\_\_\_\_
- Total ..... \$ \_\_\_\_\_

2.2 Seller shall place Purchaser's deposit in escrow in an interest-bearing account in Seller's name in a bank or savings and loan association. The deposit together with any interest earned thereon (the "Deposit") shall be credited to Purchaser at closing and the balance of the purchase price shall be paid to Seller by certified or cashier's check at closing. The term "Deposit" includes any interest earned on any deposit made by the Purchaser under this Agreement.

2.3 The Deposit shall be disbursed upon the following terms. If settlement is made, the Deposit will be delivered to the Seller at the time of settlement. If settlement is not made as provided herein because of Purchaser's failure to comply with any term of this Agreement, or for any reason after financing has been approved, at the option of Seller, the Purchaser shall forfeit all amounts paid under this Agreement which may be retained by Seller as liquidated damages.

3. Financing (strike if all cash sale).

3.1 Purchaser shall negotiate, procure and place a conventional, first deed of trust loan, secured by the Unit, in the amount of \$ \_\_\_\_\_, at the interest rate prevailing at time of Purchaser's loan commitment, amortized over a 30 year period or less. The interest rate under such first deed of trust loan may increase during the term of the loan. Purchaser shall make prompt application for such loan through a lending agency or institution approved by Seller. Seller reserves the right to refuse to pay any loan related fees required by a lender. The proceeds of this first deed of trust loan shall be applied towards payment of the purchase price.

3.2 Purchaser's failure to apply for the first deed of trust loan contemplated by paragraph 3.1 within 14 days from

the date of Seller's acceptance of this Agreement shall be deemed a breach of this Agreement; in such event, at the option of Seller, the Purchaser shall forfeit any amount paid under this Agreement (including amounts paid for optional extras, upgrades or alterations), and such amount may be retained by Seller as liquidated damages. If the Purchaser has made the application for a loan within the aforementioned 14 day period and diligently sought to obtain the loan, and a commitment for such loan is not obtained within 45 days after the date of Seller's acceptance of this Agreement, then Seller may in its sole discretion, either (a) declare this contract void and shall return Purchaser's Deposit, or (b) extend the forty-five (45) day period for an additional period, not to exceed thirty (30) days, by so notifying the Purchaser in writing. During said additional or extended period Seller may, but shall not be obligated to, identify a lender or institution which agrees to provide a first deed of trust loan to Purchaser at or below the then prevailing interest rate. Such interest rate may increase during the term of said loan.

If Purchaser does not receive a loan commitment for said loan within the extended period of time and has otherwise complied with the conditions of this paragraph, then the Seller or Purchaser may declare this contract void, at which time the Purchaser's Deposit shall be returned. In the event the Purchaser, during the initial 14 and 45 day periods mentioned herein, as well as during any extended period, fails to diligently pursue the loan, withholds information or supplies false information to a prospective lender, or fails to complete settlement on the unit after receiving a commitment for a loan, Purchaser shall forfeit all amounts paid under this Agreement.

3.3 Each lending institution to which Purchaser makes application for a first deed of trust loan is authorized by Purchaser to investigate Purchaser's financial responsibility. The lending institution shall notify Purchaser in writing whether or not Purchaser has qualified for the first deed of trust loan, and in the event Purchaser has not qualified for such loan, the Purchaser authorizes the lending institution to release the reasons for said rejection to Seller or its agent.

3.4 If Purchaser has qualified for a first deed of trust loan, Purchaser nevertheless shall have the right to forego such first deed of trust loan and pay all cash, upon reasonable notice to Seller prior to closing. Within the 45 day period provided for in paragraph 3.2 or any extension thereof granted by Seller, Purchaser shall remove any financing contingency in writing by notice to Seller.

3.5 If the Purchaser terminates this Agreement pursuant to paragraph 20.1 herein or fails to obtain financing within 45 days after the date of this Agreement or any extensions of such period approved in writing by Seller, the Purchaser shall return to Seller all copies of the Public Offering Statement and exhibits or pay to Seller the sum of \$50.00.

3.6 Under no circumstances will Purchaser be entitled to a refund of any amounts paid for optional extras, upgrades or alterations.

#### 4. Unit Owners Association

4.1 A condominium unit owners association will be established for the purpose of operating and maintaining the common elements of the Condominium. Each owner of a unit in the Condominium automatically will be a member of the Association and will be subject to the Declaration, the Bylaws and the Condominium Rules and Regulations. The voting rights of each unit owner are set forth in Declaration and the Bylaws. The affairs of the Association will be conducted by a Board of Directors, as set forth in the Bylaws. The initial Board of Directors will be appointed by Seller. Not later than the time that units to which 25% of the Percentage Interests in the Common Elements appertain have been conveyed, a special meeting of the Association shall be held at which not less than 25% of the members of the Board of Directors shall be elected by unit owners (other than the Declarant), who shall serve until the date of the first annual meeting of the Association. Not later than the time that units to which 50% of the Percentage Interests in the Common Elements appertain have been conveyed, a special meeting of the Association shall be held at which not less than 33-1/3% of the members of the Board of Directors shall be elected by Unit Owners (other than the Declarant) who shall serve until the date of the first annual meeting of the Association. The first annual meeting of the Association shall be held at a time and place to be designated by the Board of Directors: (i) within two years from the date that the first Unit is conveyed or (ii) within 90 days after Units to which 75% of the Percentage Interests appertain have been conveyed, whichever date first occurs, or (iii) on such earlier date as may be established by the Board of Directors.

#### 5. Condominium Assessments

5.1 Purchaser is obligated and agrees to pay monthly his Unit's percentage share (as set forth in the Declaration) of the Common Expenses of the Condominium. It is understood and

agreed that Seller's estimate of the monthly condominium assessment of \$ \_\_\_\_\_ is only an estimate and is not guaranteed by Seller.

6. Conveyance of Title.

6.1 At settlement Seller agrees to convey to Purchaser good and merchantable title to the Unit (together with its Percentage Interest in the Common Elements) by special warranty deed, subject only to the general real estate taxes and water and sewer assessments for the current tax year not then due; the Condominium Act of 1976 of the District of Columbia as the same may be amended the Declaration, Bylaws, Plat and Plans and Rules and Regulations of the Condominium; easements, covenants and conditions of record, including but not limited to an easement for ingress to and egress from the property line of the Condominium which divides the condominium property from the adjoining property (Lots 9 and 10, Square 5970), and an easement across that adjoining property for the benefit of the condominium property for ingress to and egress from Fifth Street, S.E.; ordinances and regulations of competent municipal or other governmental authorities; easements for sewers, water, gas, fuel line, drainage, electric, telephone and other similar utilities, if any, granted or to be granted; and Purchaser's deed of trust, if any. Purchaser agrees to effect closing under this Agreement within 10 days after Seller has notified Purchaser that Seller is prepared to tender title and possession of the Unit to Purchaser. Seller agrees that said notice will not be given prior to the time Purchaser receives a loan commitment and the rescission period under paragraph 20.1 is terminated. In the event that, upon examination, the title should be found defective and the defects are of such character that they may be remedied readily by legal action to perfect the title, such action must be taken promptly by and at the Seller's expense, whereupon the time herein specified for full settlement by the Purchaser will thereby be extended for the period necessary for such action. Settlement shall be made by payment of the purchase price and delivery of the deed at the time and place designated by Seller in a written notice to Purchaser that the Unit is ready for conveyance. Purchaser shall be entitled to occupy and have possession of the Unit from and after the closing.

7. Closing Costs.

7.1 Purchaser agrees to pay all closing costs, including, without limitation, credit report fee, lender's appraisal fee, District of Columbia Real Property Transfer Tax (currently 1%), District of Columbia Deed Transfer Tax (currently 1%), document recordation charges, fees for title examination, preparation of all documents of conveyancing and all mortgage instruments,

settlement fees, notary fees, and fees for mortgagee's title insurance, private mortgage insurance premiums, if any, any loan placement fee, and fees for owners title insurance (optional) and other charges in the nature of prepaid expenses, escrows for taxes and the like.

7.2 Purchaser shall pay at closing as an initial capital contribution, an amount equal to two times the "Estimated Monthly Assessment" (Condominium Fee) for his Unit set forth in Exhibit V-B of the Public Offering Statement. This initial capital contribution will be allocated to the Condominium's working capital. This contribution is in addition to, and not in lieu of, the regular condominium assessment, which will be prorated at settlement.

#### 8. Closing Adjustments.

8.1 All monthly condominium assessments for the month in which settlement is made, if any, real property taxes, insurance premiums, any assessments of water, sewer, or similar services to the Condominium, and any other prepaid or proratable items shall be prorated between Purchaser and Seller as of the date upon which Seller is prepared to close according to the terms of this Agreement. Thereafter, each of these items shall be assumed and paid by Purchaser. In the event that at time of closing any such item has not been allocated among the units the total of such items for the Condominium shall be allocated among the units (on an estimated basis, if necessary) in accordance with each Unit's Percentage Interest as set forth in the Declaration.

9. Pre-Settlement Inspection. Upon substantial completion of the unit as determined by Seller, and within forty-eight (48) hours prior to settlement, the Purchaser and Seller shall inspect the premises and note in the Pre-Settlement Inspection Report any incomplete work or defects, whereafter, upon acceptance of the deed by the Purchaser, Purchaser agrees to hold Seller free from liability for any visible defects not specifically noted in said Pre-Settlement Inspection Report. The Pre-Settlement Inspection Report is the Purchaser's Warranty by the Seller that any incomplete work will be done as promptly as weather and workload permit.

#### 10. Warranty.

10.1 At settlement, Seller shall deliver to Purchaser an executed warranty in the form set forth in the Public Offering Statement. The Declarant reserves the right at its option and at any time (either before or after the sale of a unit) to grant additional warranties with respect to any unit or the common elements.

11. Risk of Loss.

11.1 The risk of loss or damage to the Unit by fire or other casualty is assumed by Seller until the time of closing.

12. Default, Subordination, Merger and Assignment.

12.1 If Purchaser shall default in any of the payments or other obligations called for in this Agreement, then at the option of Seller, Purchaser shall forfeit any and all rights under this Agreement, and any amount theretofore paid under the terms of this Agreement may be retained by Seller as liquidated damages. If for any reason whatsoever Seller shall be unable to deliver title in accordance with the provisions of this Agreement, Seller's liability shall be limited to the return of any payments made by Purchaser hereunder.

12.2 Purchaser's interest in this Agreement shall be subordinate to any lien placed by Seller against the Unit or the Condominium at any time prior to the closing. However, Seller shall cause any such lien against the Unit to be released at or prior to the closing, to the extent required by Paragraph 6 of this Agreement.

12.3 The parties to this Agreement mutually agree that it shall be binding upon them and upon each of their respective heirs, personal representatives and successors, and that the provisions hereof shall survive execution and delivery of the deed to the Unit and shall not be merged therein.

12.4 This Agreement is personal to Purchaser and is not assignable.

13. Condition of Closing

13.1 Anything herein to the contrary notwithstanding, it is understood and agreed that this Agreement shall be subject to Seller entering into a sufficient number of agreements for the sale of Units to assure satisfactory Condominium operation. This condition shall be satisfied by a determination made by the Seller in its sole discretion that the number of agreements for sale of units which have been made is sufficient for this purpose. If this condition is not satisfied on or before \_\_\_\_\_, 198\_, then at the option of Purchaser, within thirty (30) days thereafter, or at the option of Seller at any time thereafter, this Agreement may be declared null and void and Seller shall release to Purchaser all amounts received on account of the Purchaser of the Unit, and all parties shall forthwith be released from all obligations under this Agreement.

14. District of Columbia Soil Disclosure Requirement. Purchaser confirms that Seller has advised it, pursuant to Title 45, Section 308 of the District of Columbia Code, that the soil on the subject lands is noted in the Soil Survey of the District of Columbia as Urban land-Beltsville-Chillum association, with the following characteristics: "Urban land and deep nearly level to steep, well drained and moderately well drained soils that are underlain by sandy or gravelly deposits; on uplands that have broad ridgetops."

Purchaser has been advised that it may obtain further information in this regard by engaging a soil testing laboratory, the D.C. Department of Environmental Services, or the Soil Conservation Service of the U.S. Department of Agriculture. Nothing herein shall constitute a representation or warranty by the Seller as to the soil characteristics of the subject property.

15. Notices.

15.1 All notices and demands required or given pursuant to the terms of this Agreement shall be in writing and served by certified mail at the address of the parties indicated below.

16. Designations and Captions.

16.1 In any designation hereunder, reference to the masculine gender shall be deemed to include the feminine gender wherever same may be appropriate, and the plural shall be substituted for the singular or the singular substituted for the plural in any place herein in which the context may require substitution.

16.2 The captions contained in this Agreement are for convenience only and are not to be considered a material part hereof, and are not intended in any way to limit or enlarge the terms or provisions of this Agreement.

17. Agreement Expresses Entire Understanding.

17.1 This Agreement together with the Application submitted by Purchaser to Seller constitute the entire agreement between the parties. No representations, warranties, undertakings, promises, claims, advertising or promotional activities, made or conducted by Seller, or Seller's agents or representatives, whether oral, implied or otherwise, shall be binding upon Seller unless the same are expressly set forth in this Agreement or in a subsequent written Agreement executed by Seller. All amendments, supplements or riders hereto, if any, shall be in writing and executed by both parties.

17.2 No representations or agreements with respect to modifications or changes in the Unit or extras required or requested by Purchaser, will be recognized unless such representations or agreements are in writing, signed by the parties, and payment for such modifications, changes or extras as made at the time of the execution of such writing.

18. Counterparts.

18.1 This Agreement may be executed in counterparts, of which, when so executed, may be considered an original.

19. Time of Essence.

Time shall be considered of the essence of this Agreement.

20. Receipt of Public Offering Statement.

20.1 Purchaser hereby acknowledges that he has received a copy of the Public Offering Statement for EAST GATE II CONDOMINIUM.

21. Purchaser's Right to Cancel

21.1 Seller hereby grants to Purchaser a period of 15 days within which to review the Condominium documents made available to Purchaser pursuant to the District of Columbia Condominium Act of 1976 and applicable regulations. Notwithstanding any other provision of this Agreement, the Purchaser, at his election, by written notice to the Seller or Seller's agent, sent by registered mail (or personal delivery to the Seller's or Seller's agent's office during business hours) at any time prior to midnight local time of the 15th day following the date this Agreement is accepted by the Seller, or receipt by Purchaser of a current Public Offering Statement, whichever is later, may terminate this Agreement, and thereupon the Purchaser's entire Deposit shall be refunded and the parties hereto shall have no further rights or liabilities under this Agreement.

21.2 Purchaser's Right to Cancel [Spanish equivalent]  
El vendedor permitira al comprador un periodo de 15 dias para revisar los documentos referente a las leyes y regulaciones en el Distrito de Columbia. No obstante cualquier otra provision de este acuerdo, el comprador, podra a su eleccion, responder al vendedor por medio de una carta registrada (o entregarlo personalmente a la oficina del vendedor durante las horas del trabajo) en cualquier momento antes de la medianoche del decimoquinto dia que sigue la fecha senalada en el contrato firmado por el comprador, o, que el comprador haya recibido un Anuncio de Oferta Publica corriente, lo que suceda ultimamente,



podra terminar el acuerdo, el comprador recibira su deposito y no habra ninguna obligacion entre las personas dentro de esta acuerdo.

22. Agency

22.1 The Seller agrees to pay to \_\_\_\_\_ ("Agent"), a commission in the amount agreed upon by Seller and Agent pursuant to a separate agreement. Said commission is hereby assigned to the Agent by the Seller out of the proceeds of the sale, and the party through whom settlement hereunder is made is hereby authorized and directed to deduct the aforesaid commission from the proceeds of the sale and to make payment thereof directly to the Agent. Agent assumes no responsibility for the condition of the Units or for the performance of this Agreement by any or all parties hereto.

23. Reimbursement of Seller in Lieu of an Assessment During Initial Operating Period. The phrase "Initial Operating Period," as used in this Agreement, means the period of time commencing on the date that Condominium Units to which 75% of the Percentage Interests appertain have been conveyed by the Seller or on such earlier date as the Seller in its sole discretion may determine. During the Initial Operating Period, (i) the Seller shall pay the costs of operating the Condominium, and (ii) the Purchaser, in lieu of a condominium assessment against the Unit for common expenses, shall pay Seller a fee in an amount equal to 87% of the Unit's estimated monthly condominium fee for each month (or portion of a month on a pro rata basis) during the Initial Operating Period that the Purchaser owns the Unit. The Seller shall not be obligated to fund or otherwise contribute to any capital or other reserve for the condominium during the Initial Operating Period.

PURCHASER(S) AFFIRM THAT HE/SHE/THEY INTEND TO OCCUPY THE CONDOMINIUM UNIT AS HIS/HER/THEIR PERMANENT RESIDENCE.

IN WITNESS WHEREOF, the parties have executed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_.

Purchaser's Address:

PURCHASER(s):

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Purchaser's Signature) Date

Telephone No. \_\_\_\_\_  
Home

\_\_\_\_\_  
Office

\_\_\_\_\_  
(Purchaser's Signature) Date

Seller's Address:

1304 G Street, N.W.  
Washington, D.C. 20005

SELLER:

MICHAEL, INC.

\_\_\_\_\_  
Sales Agent

By: \_\_\_\_\_

Philip R. Miller  
President

\_\_\_\_\_  
Date

NOTWITHSTANDING THE DELIVERY OF A DEPOSIT, AND THE SALES  
PERSONNEL ACKNOWLEDGING WRITTEN RECEIPT THEREOF, THIS AGREEMENT  
IS NOT BINDING UPON SELLER UNTIL ACCEPTED IN WRITING BY  
MICHAEL, INC.

RECEIPT OF PUBLIC OFFERING STATEMENT

The undersigned acknowledge(s) that I (we) have received a  
Public Offering Statement for EAST GATE II CONDOMINIUM,  
3425-3429 Fifth Street, S.E., Washington, D.C.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Purchaser)

**RESIDENTIAL LEAN APPLICATION**

**PROPERTY TYPE**  
 Commercial  FHA  Apartment  Other  Other (Specify) \_\_\_\_\_  
 VA  Other \_\_\_\_\_

**PROPERTY ADDRESS**  
 Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Legal Description (Attach description if necessary) \_\_\_\_\_

**PURPOSE OF LEAN**  
 Purchase  Construction/Permanent  Construction  Refinance  Other (Specify) \_\_\_\_\_  
 Construction Use:  Single-Family Detached  Attached  Multi-Family  Other (Specify) \_\_\_\_\_  
 Construction Use:  Commercial  Industrial  Other (Specify) \_\_\_\_\_  
 Construction Use:  Other (Specify) \_\_\_\_\_

**LEAN DETAILS**  
 Loan Amount: \$ \_\_\_\_\_ Original Cost: \$ \_\_\_\_\_ Present Value (at Cost of Imp. Inv.): \$ \_\_\_\_\_  
 Year Assessed: \_\_\_\_\_ Year Acquired: \_\_\_\_\_  
 Purpose of Refinance: \_\_\_\_\_  
 Year Assessed: \_\_\_\_\_ Year Acquired: \_\_\_\_\_  
 Year Will Be Used to Make Payment: \_\_\_\_\_  
 Source of Down Payment and Additional Charges: \_\_\_\_\_

The application is designed to be completed by the borrower(s) with the lender's assistance. The Co-Borrower Section and all other Co-Borrower questions must be completed with the borrower(s) (if not completed) if the borrower(s) are to jointly complete with the borrower on the loan, or if the borrower is relying on another person's credit support or guaranty performance of all the obligations of the loan or if the borrower is relying on the guaranty or performance of another person as a guaranty of the loan, or if the borrower is relying on the guaranty or performance of another person as a guaranty of the loan.

**BORROWER** **CO-BORROWER**

Name \_\_\_\_\_ Age \_\_\_\_\_ Sex \_\_\_\_\_  
 Marital Status:  Married  Single  Divorced  Widowed  Other (Specify) \_\_\_\_\_  
 Present Address: No. \_\_\_\_\_ St. \_\_\_\_\_ City/State/Zip \_\_\_\_\_  
 Former Address: \_\_\_\_\_  
 City/State/Zip \_\_\_\_\_  
 Years at Present Address: \_\_\_\_\_  
 Years at Former Address: \_\_\_\_\_  
 Years on this job: \_\_\_\_\_  
 Name and Address of Employer: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Type of Business: \_\_\_\_\_  
 Business Phone: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_

GROSS MONTHLY INCOME				MONTHLY HOUSING EXPENSE				DETAILS TO PART III			
Item	Borrower	Co-Borrower	Total	Item	Borrower	Co-Borrower	Total	Item	Borrower	Co-Borrower	Total
Base Rent Income				First Mortgage (P&I)				Property Taxes			
Other Rent Income				Other Mortgage (P&I)				Yearly Closing Costs (Est.)			
Dividend Income				Mortgage Insurance				Personal Income Tax			
Capital Gains				Real Estate Taxes				Yearly Income Tax			
Commissions				Mortgage Insurance				Amount of This Mortgage			
Other Income				Homeowner Assn. Dues				Other Financing			
Other Income				Other				Other Equity			
Other Income				Total Monthly Pmt				Amount of Cash Received			
Other Income				Utilities				Closing Costs Paid by Seller			
Total				Total				Cash Paid for Closing (Est.)			

**DISCLOSE OTHER INCOME**

B-Borrower  Co-Borrower

NOTE: If Attorney, child support, or interest income is received from the sale of real estate, the amount of such income should be reported in the "Other Income" section of this form.

**IF EMPLOYED IN CURRENT POSITION FOR LESS THAN TWO YEARS COMPLETE THE FOLLOWING**

EOC	Present Employer/Address	City/State	Type of Business	Position/Title	Start From To	Monthly Income

**THREE QUESTIONS APPLY TO BOTH BORROWER AND CO-BORROWER**

If a "yes" answer is given to a question in this section, answer all six questions below.

Have you ever been convicted of a crime? \_\_\_\_\_  
 Have you ever been declared bankrupt? \_\_\_\_\_  
 Have you had property repossessed within 12 months of the date of sale? \_\_\_\_\_  
 Are you a partner in a business? \_\_\_\_\_  
 Are you a guarantor on a loan? \_\_\_\_\_  
 Are you employed by any company, child support, or interest income? \_\_\_\_\_  
 Is any part of the down payment borrowed? \_\_\_\_\_

FOR FURTHER INFORMATION, please contact the lender. The lender is responsible for the accuracy of the information provided on this form. The lender is not responsible for the accuracy of the information provided on this form.

FOR FURTHER INFORMATION, please contact the lender. The lender is responsible for the accuracy of the information provided on this form. The lender is not responsible for the accuracy of the information provided on this form.

This statement and any other information submitted hereon shall be completed jointly by both married and unmarried co-borrowers if their assets and liabilities are sufficiently joined so that the statement can be reasonably and fairly presented on a combined basis. Where the statement and schedule are required (FHA/MLC 68A/FHSA 1083A), if the co-borrower states the completed about a spouse, the signature and supporting documents must be completed about that spouse also.

ASSETS		LIABILITIES AND PLEDGED ASSETS			
Describe	Cash or Market Value	Creditor Name, Address and Account Number	Asset Name (If Not Borrower's)	Mo., Year, and Amt. Due to Date	Unpaid Balance
Cash Deposit, Treasury Instruments Held By		Investment, Other (Include "pledging" charge notes)		\$ / Pct./Yr.	
Checking and Savings Accounts (Where Named as Institutional/Asset, Not)					
Stocks and Bonds (Specify)					
Life Insurance Not Cash Value Face Amount \$		Other Debt (Including Bank Charge)			
<b>SUBTOTAL LIQUID ASSETS</b>					
Real Estate Owned (Enter Market Value from Schedule of Real Estate Owned)		Real Estate Loans			
Vested Interest in Retirement Fund					
Net Worth of Business Owned (ATTACH FINANCIAL STATEMENT)					
Automobile (Model and Year)		Automobile Loans			
Furniture and Personal Property Other Assets (Specify)		Alimony, Child Support and Spouse Maintenance Payments Due to			
		<b>TOTAL MONTHLY PAYMENTS</b>			
<b>TOTAL ASSETS</b>	<b>A</b>	<b>NET WORTH (A minus B)</b>		<b>TOTAL LIABILITIES</b>	<b>B</b>

**SCHEDULE OF REAL ESTATE OWNED (If Additional Properties Owned Attach Separate Schedule)**

Address of Property (Include S, E, Secs, R/R if Holding Same or R/R if Rental Property Held for Investor)	Type of Property	Present Market Value	Amount of Mortgage \$, Loan	Gross Rental Income	Mortgage Payment	Taxes, Ins, Maintenance and Misc.	Net Rental Income
<b>TOTALS - \$</b>							

**LIST PREVIOUS CREDIT REFERENCES**

Borrower	C-Ca Borrower	Creditor Name and Address	Account Number	Purpose	Amount Owed	Date Paid

List any 2024-2025 names under which credit has previously been received.

**AGREEMENT** The undersigned agrees for the loan advanced on the application to be secured by a first mortgage or deed of trust on the property described herein, and represents that the property will not be used for any illegal or restricted purpose, and that an agreement made in the application for title and use of the property for the purpose of obtaining the loan. The undersigned may be obligated to pay the amount of the loan. The original or a copy of this application will be retained by the lender, even if the loan is not granted. The undersigned  moved or  did not intend to occupy the property at the primary residence.

I have fully understood that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts or applications under the provisions of Title 18, United States Code, Section 1014.

Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Co-Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

**INFORMATION FOR GOVERNMENT MONITORING PURPOSES**

Applicant: Lender must carry in the name, or as an official addressee, a provision for furnishing the monitoring information required or requested under previous Federal order practice case law or regulation. For more details, see source printed in FHLBC Form 82-6776A Form 1083-A and its add.

**FOR LENDER'S USE ONLY**

(FHA REQUIREMENT ONLY) The application was taken by  loan to loan interviews  by mail  by telephone

\_\_\_\_\_  
 (Lender)

\_\_\_\_\_  
 Name of Employee of Lender

THIS DEED

Made this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_\_\_, by and between MICHAEL, INC., a District of Columbia corporation (hereinafter the "Grantor"), and \_\_\_\_\_ (hereinafter the "Grantee(s)");

WITNESSETH, that for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, Grantor does hereby grant and convey unto the Grantee(s), in fee simple as \_\_\_\_\_, the following described land and premises, with improvements, including limited common elements, easements and appurtenances thereunto belonging, situate, lying and being in the District of Columbia, namely:

That part of Lot \_\_\_\_\_ in Square 5969, more particularly described as Condominium Unit \_\_\_\_\_ in East Gate II Condominium (hereinafter called the "Condominium") which was constituted and established under the District of Columbia Condominium Act of 1976 by the Condominium Declaration recorded \_\_\_\_\_, 1986, as Instrument Number \_\_\_\_\_ in the Office of the Recorder of Deeds of the District of Columbia (hereinafter called the "Condominium Declaration"), and by the Condominium Bylaws recorded \_\_\_\_\_, 1986 as Instrument Number \_\_\_\_\_ in the Office of the Recorder of Deeds of the District of Columbia (hereinafter called the "Condominium Bylaws"), and by the Condominium Plat and Plans recorded \_\_\_\_\_, 1986, in Condominium Book \_\_\_\_\_ at page \_\_\_\_\_ in the Office of the Surveyor of the District of Columbia (hereinafter called the "Condominium Plat and Plans").

TOGETHER with all of the appurtenances incident to said Condominium Unit as contained in the Condominium Declaration.

The Condominium Declaration allocates to the Condominium Unit an undivided interest (stated as a percentage) in the common elements of the Condominium (hereinafter called the "Percentage Interest"). The Percentage Interest of the Condominium Unit is set forth in Exhibit B to the Condominium Declaration.

This Deed is delivered and accepted subject to all the provisions of the Condominium Act of 1976 of the District of Columbia, the Condominium Declaration, Condominium Bylaws, the

Condominium Plat and Plans, and Rules and Regulations, including, but not limited to, the payment and lien of assessments for the maintenance, repair, replacement and other costs of operation of the Condominium, which the Grantee(s) assume(s) and agree(s) to observe and perform as evidenced by the signature(s) on this instrument. This provision shall be construed to run with the land and shall inure to the benefit and be binding upon the parties hereto and their successors, heirs, personal representatives and assigns.

AND the said Grantor hereby covenants that it will warrant specially the property hereby conveyed; and that it will execute such further assurances of said land as may be requisite.

IN WITNESS WHEREOF, Michael, Inc. has caused this Deed to be executed by Philip R. Miller, its President, attested by Judith S. Miller, its Secretary, and its corporate seal to be affixed hereto, and does hereby appoint Philip R. Miller as its true and lawful attorney-in-fact to execute and deliver this Deed on the date first above written.

MICHAEL, INC.

ATTEST:  
[Corporate Seal]

\_\_\_\_\_  
Judith S. Miller  
Secretary

By: \_\_\_\_\_  
Philip R. Miller  
President

ASSENTED TO:

\_\_\_\_\_  
(Grantee)

\_\_\_\_\_  
(Grantee)

\_\_\_\_\_, ss:

I, \_\_\_\_\_, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Philip R. Miller, who is personally well known to me as the person named as attorney-in-fact for Michael, Inc., the Grantor, in the foregoing instrument bearing date on the \_\_\_\_\_ day of \_\_\_\_\_, 198\_, personally appeared before me in said jurisdiction and as attorney-in-fact as aforesaid and by virtue of the power vested in him, acknowledged said instrument to be the act and deed of said Michael, Inc.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 198\_.

(Notarial Seal)

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

District of Columbia: to wit:

I, \_\_\_\_\_, a Notary Public in and for the said District of Columbia, do hereby certify that \_\_\_\_\_ who is personally well known to me as part \_\_\_\_\_ to and who signed the foregoing and annexed Deed bearing date on the \_\_\_\_\_ day of \_\_\_\_\_ 198\_, to signify \_\_\_\_\_ assent to the conditions of the Declaration of Condominium and Bylaws relating thereto as set forth therein, personally appeared before me in said District of Columbia and acknowledged the same to be \_\_\_\_\_ act and deed.

Witness my hand and official seal this \_\_\_\_\_ day of 198\_.

(Notarial Seal)

\_\_\_\_\_  
Notary Public, D.C.

My Commission Expires: \_\_\_\_\_

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

FINANCING

Attached hereto are examples of financing of the purchase of Condominium units in East Gate II Condominium. No assurances can be given by the Declarant as to the availability of the various terms assumed in these examples, and such assumptions are made for the purpose of illustration only.



EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

TYPICAL UNIT COST AND FINANCING INFORMATION

	5% Down
Sales Price	\$ 36,000
Down Payment (1)	1,800
Mortgage Amount	\$ 34,200

Monthly:

Principal and Interest (2)	\$ 338.68
M.I.P. (3)	7.50
Taxes (Approximate)	36.60
Condominium Fee (Estimated)	51.00
Total Monthly	\$ 433.78

Per Year:

Principal	\$ 1,140.00
Interest	2,924.16
Taxes (Approximate)	439.20
M.I.P. (3)	90.00
Condominium Fee (Estimated)	612.00
Total Yearly	\$ 5,205.36

Tax Deductible Items - Annual:

Interest	\$ 2,924.16
Taxes (Approximate)	439.20
Total Tax Deductible Items (Annual)	\$ 3,363.36

- (1) Based on a down payment of 5%
- (2) Based on a 30-year loan at 11.5% interest. Monthly factor is \$0.00990/\$1,000.00. Interest rates will be established by the permanent lender at the time a loan commitment is issued and may vary from the above estimate.
- (3) Mortgage Insurance Premium is figured at \$0.24/\$100.00 of the mortgage.

Qualifying income: \$21,300

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

TYPICAL UNIT COST AND FINANCING INFORMATION

	<u>5% Down</u>
Sales Price	\$36,500
Down Payment (1)	<u>1,825</u>
	\$34,675
Mortgage Amount	
Monthly:	
Principal and Interest (2)	\$343.00
M.I.P. (3)	<u>8.00</u>
Taxes (Approximate)	<u>37.10</u>
Condominium Fee (Estimated)	<u>51.00</u>
Total Monthly	\$439.10
Per Year:	
Principal	\$ 1,155.83
Interest	<u>2,960.00</u>
Taxes (Approximate)	<u>445.20</u>
M.I.P. (3)	<u>96.00</u>
Condominium Fee (Estimated)	<u>612.00</u>
Total Yearly	\$ 5,269.03
Tax Deductible Items - Annual:	
Interest	\$ 2,960.00
Taxes (Approximate)	<u>445.20</u>
Total Tax Deductible Items (Annual)	\$ 3,405.20

- (1) Based on a down payment of 5%  
(2) Based on a 30-year loan at 11.5% interest. Monthly factor is \$ 0.0990 / \$1,000.00. Interest rates will be established by the permanent lender at the time a loan commitment is issued and may vary from the above estimate.  
(3) Mortgage Insurance Premium is figured at \$0.24/\$100.00 of the mortgage.

Qualifying income: \$26,400

EAST GATE II CONDOMINIUM  
 3425-3429 Fifth Street, S.E.  
 Washington, D.C.

TYPICAL UNIT COST AND FINANCING INFORMATION

	<u>5% Down</u>
Sales Price	\$43,000
Down Payment (1)	<u>2,150</u>
Mortgage Amount	\$40,850
Monthly:	
Principal and Interest (2)	\$404.54
M.I.P. (3)	<u>8.50</u>
Taxes (Approximate)	<u>43.71</u>
Condominium Fee (Estimated)	<u>74.34</u>
Total Monthly	\$531.09
Per Year:	
Principal	\$ 1,361.67
Interest	<u>3,492.81</u>
Taxes (Approximate)	<u>524.52</u>
M.I.P. (3)	<u>102.00</u>
Condominium Fee (Estimated)	<u>892.08</u>
Total Yearly	\$ 6,373.08
Tax Deductible Items - Annual:	
Interest	\$ 3,492.81
Taxes (Approximate)	<u>524.52</u>
Total Tax Deductible Items (Annual)	\$ 4,017.33

- (1) Based on a down payment of 5%  
 (2) Based on a 30-year loan at 11.5% interest. Monthly factor is \$ 0.0990 / \$1,000.00. Interest rates will be established by the permanent lender at the time a loan commitment is issued and may vary from the above estimate.  
 (3) Mortgage Insurance Premium is figured at \$0.24/\$100.00 of the mortgage.

Qualifying income: \$26,400

EAST GATE II CONDOMINIUM  
3425-3429 Fifth Street, S.E.  
Washington, D.C.

ESTIMATE OF SETTLEMENT CHARGES AND PREPAID  
ITEMS FOR PURCHASER'S SETTLEMENT

Purchaser agrees to pay at closing all closing costs not previously paid, including, without limitation, credit report fee, lender's appraisal fee, District of Columbia deed recordation tax (currently 1%), District of Columbia deed transfer tax (currently 1%), document recordation charges, fees for title examination and title binder, fees for the preparation of all documents of conveyancing and all mortgage instruments, settlement fees, fees for mortgagee's title insurance, private mortgage insurance premiums, any loan placement fee, and fees for owner's title insurance (optional) and other charges in the nature of prepaid expenses, escrows for taxes and the like.

The Purchase Agreement requires the purchaser to pay at settlement an initial capital contribution in an amount equal to two months' estimated condominium fee (in addition to any regular condominium fee). This amount will be allocated to the condominium's working capital. See Exhibit V-B for the amount of the two months' estimated condominium fee.

**EAST GATE II CONDOMINIUM**  
 3425-3429 Fifth Street, S.E.  
 Washington, D.C.

**TYPICAL UNIT COST AND FINANCING INFORMATION**

	<u>5% Down</u>
Sales Price	\$45,000
Down Payment (1)	<u>2,250</u>
Mortgage Amount	\$42,750

Monthly:

Principal and Interest (2)	\$423.35
M.I.P. (3)	<u>9.97</u>
Taxes (Approximate)	<u>45.75</u>
Condominium Fee (Estimated)	<u>74.40</u>
<b>Total Monthly</b>	<u>\$553.47</u>

Per Year:

Principal	\$ 1,425.00
Interest	<u>3,655.20</u>
Taxes (Approximate)	<u>549.00</u>
M.I.P. (3)	<u>119.64</u>
Condominium Fee (Estimated)	<u>892.80</u>
<b>Total Yearly</b>	<u>\$ 6,641.64</u>

Tax Deductible Items - Annual:

Interest	\$ 3,655.20
Taxes (Approximate)	<u>549.00</u>
<b>Total Tax Deductible Items (Annual)</b>	<u>\$ 4,204.20</u>

- (1) Based on a down payment of 5%  
 (2) Based on a 30-year loan at 11.5% interest. Monthly factor is \$0.0990/\$1,000.00. Interest rates will be established by the permanent lender at the time a loan commitment is issued and may vary from the above estimate.  
 (3) Mortgage Insurance Premium is figured at \$0.24/\$100.00 of the mortgage.

Qualifying income: \$26,500

EAST GATE II CONDOMINIUM  
 3425-3429 Fifth Street, S.E.  
 Washington, D.C.

TYPICAL UNIT COST AND FINANCING INFORMATION

	<u>5% Down</u>
Sales Price	\$47,000
Down Payment (1)	<u>2,350</u>
Mortgage Amount	\$44,650
Monthly:	
Principal and Interest (2)	\$442.17
M.I.P. (3)	<u>10.41</u>
Taxes (Approximate)	<u>67.78</u>
Condominium Fee (Estimated)	<u>74.40</u>
Total Monthly	\$574.76
Per Year:	
Principal	\$ 1,488.33
Interest	<u>3,817.71</u>
Taxes (Approximate)	<u>573.36</u>
M.I.P. (3)	<u>124.92</u>
Condominium Fee (Estimated)	<u>892.80</u>
Total Yearly	\$ 6,897.12
Tax Deductible Items - Annual:	
Interest	\$ 3,817.71
Taxes (Approximate)	<u>573.36</u>
Total Tax Deductible Items (Annual)	\$ 4,391.07

- (1) Based on a down payment of 5%  
 (2) Based on a 30-year loan at 11.5% interest. Monthly factor is \$ 0.0990 / \$1,000.00. Interest rates will be established by the permanent lender at the time a loan commitment is issued and may vary from the above estimate.  
 (3) Mortgage Insurance Premium is figured at \$0.24/\$100.00 of the mortgage.

Qualifying income: \$27,300

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