

EVERY PROSPECTIVE PURCHASER SHOULD READ THIS PUBLIC OFFERING STATEMENT CAREFULLY BEFORE SIGNING AN AGREEMENT OF SALE

PUBLIC OFFERING STATEMENT FOR  
FRASER CONDOS CONDOMINIUM

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

**IMPORTANT NOTICE**

The following statements are made in compliance with the requirements of Section 3402(a)(12) of the Pennsylvania Uniform Condominium Act (68 PA. CONS. STAT. ANN. §3101 et seq.) (the "Act"):

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

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

**IF A PURCHASER RECEIVES THIS PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN (15) DAYS BEFORE SIGNING THE AGREEMENT OF SALE, HE OR SHE CANNOT CANCEL THE AGREEMENT OF SALE PURSUANT TO THE FOREGOING PROVISIONS, EXCEPT THAT THE PURCHASER SHALL HAVE THE**

**RIGHT TO CANCEL THE AGREEMENT OF SALE WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF ANY AMENDMENT THAT WOULD HAVE A MATERIAL AND ADVERSE EFFECT ON THE RIGHTS OR OBLIGATIONS OF THAT PURCHASER.**

**GENERAL INFORMATION**

NAME OF CONDOMINIUM:	Fraser Condos Condominium
PRINCIPAL ADDRESS OF CONDOMINIUM:	217 W. Beaver Avenue State College, Pennsylvania 16801
NAME OF DECLARANT:	Fraser Centre Residential, LLC
PRINCIPAL ADDRESS OF DECLARANT:	c/o Brickbox Development 5060 Ritter Road, Suite B1 Mechanicsburg, PA 17055
EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT:	_____, 2016

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## **INTRODUCTION**

This Public Offering Statement ("Public Offering Statement") is divided into two parts. The first part, entitled "Narrative," summarizes the significant features of Fraser Condos Condominium (the "Condominium") as required by the Act and presents additional information which may be of interest to a prospective purchaser of one (1) of an expected twenty-six (26) residential units planned to be part of the Condominium. The second part, entitled "Exhibits to Public Offering Statement," contains the following exhibits (the "Exhibits"), all of which are part of this Public Offering Statement: Exhibit 1 is the current version of the Declaration of Condominium of Fraser Condos Condominium (as amended and supplemented, the "Declaration"); Exhibit 2 is the initial operating budget (the "Budget") for the Fraser Condos Condominium Association (the "Association"); Exhibit 3 is the bylaws of the Association (the "Bylaws"), which govern the operation of the Association; Exhibit 4 is the proposed form of agreement of sale for individual units in the Condominium (the "Agreement of Sale"); Exhibit 5 lists title matters of record for the Condominium; Exhibit 6 is a list of all necessary governmental permits and approvals for the use and occupancy of the Condominium; Exhibit 7 is the current version of the Declaration of Condominium of the Master Condominium (the "Master Declaration"); and Exhibit 8 is the current version of the Bylaws of the Master Condominium (the "Master Bylaws"). All of these documents are subject to change.

The Narrative is not intended to provide a complete or detailed discussion of the Condominium, and a prospective purchaser should carefully review all parts of this Public Offering Statement, including, without limitation, all Exhibits. The Declarant's sales persons and other representatives are prohibited from orally changing any of the terms and conditions of this Public Offering Statement or of the documents that are part of this Public Offering Statement and may not attempt to interpret their legal effect.

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

# **Part I**

## **Narrative**

## **1. THE CONDOMINIUM FORM OF OWNERSHIP**

A condominium is a well-established form of property ownership. When you own a condominium unit you hold fee simple title to your home, known as a unit, which is part of a complex of residential units similar to apartments, except that you own your unit as opposed to renting it. What distinguishes condominium ownership from conventional home ownership is that in a condominium, you also own, in common with the other owners, a percentage interest in the common areas of the condominium. These common areas are known as general common elements, and generally include all portions of the condominium that are not part of a unit. The general common elements may include, by way of illustration and not limitation, the land on which the building containing the units is located, and the building components, such as foundations, roofs, exterior walls, and common utility systems. Owners of units may also have the right to use certain areas known as limited common elements, including, by way of illustration and not limitation, balconies, parking spaces and utility systems which are located outside of the owners' units but are designated for the exclusive use of a specified unit owner or owners.

Each unit owner has the right to use and participate in controlling the general common elements through automatic membership in the condominium association. Each unit owner owns a specified undivided interest in the general common elements, referred to as a percentage interest, which imposes on each unit owner the obligation to pay a percentage of the expenses, known as the general common expenses, of operating and maintaining the general common elements. The expenses of operating and maintaining limited common elements, known as limited common expenses, are paid only by the owners of those units to which the specific limited common elements are allocated. The general common expenses and limited common expenses are usually determined in advance by the annual budget established by the executive board of the condominium association. The executive board is elected by the unit owners. All aspects of the condominium are controlled by and subject to the terms of the Act as well as the related declaration, bylaws, and plats and plans.

## **2. THE DECLARANT**

The "Declarant" is Fraser Centre Residential, LLC, a Pennsylvania limited liability company. The Declarant's principal address is c/o Brickbox Development, 5060 Ritter Road, Suite B1, Mechanicsburg, Pennsylvania 17055.

## **3. GENERAL DESCRIPTION OF THE CONDOMINIUM**

The Condominium is located at 217 W. Beaver Avenue in State College, Pennsylvania. It will be a part of a new, twelve (12) story building (the "Building"). The Building will be subject to a master condominium structure (the "Master Condominium") pursuant to which the Building will be divided into three (3) units (each, a "Master Unit"). One of the Master Units will be the Condominium and is referred to in the Declaration of Condominium for the Master Condominium (the "Master Declaration") as the "Residential Unit". One (1) of the other two units is intended for retail use (the "Retail Unit") and the third unit is intended for hotel and restaurant uses (the "Hotel Unit").

The lowest level of the Building (the "Parking Level") will be an indoor parking garage (the "Parking Garage") that will serve the Master Units. The floor above the Parking Level (the "Lower Level") is part of the Retail Unit and is intended to be used for retail purposes. The next floor, which is called the "First Floor" (the "First Floor") is a part of the Retail Unit and will be mostly retail, but will also have lobbies and other areas that serve only the Units or the Hotel Unit. The second through eighth floors of the Building will be hotel floors, and the ninth through twelfth floors will be the floors on which the Units are located. The Condominium is intended to include, without limitation, approximately twenty-six (26) residential units (or fewer or more if Units are combined or subdivided in accordance with the Declaration) (each, a "Unit" and collectively, the "Units").

The Building also includes improvements that are intended to be used in common by the owners of Master Units (the "Master General Common Elements") and improvements that are intended to serve fewer than all Master Units ("Master Limited Common Elements"). The Condominium itself includes certain improvements that are intended to be used in common by the owners of all Units (the "General Common Elements") and improvements that are intended to serve fewer than all Units (the "Limited Common Elements", and together with the General Common Elements, the "Common Elements"). Declarant is offering one, two and three-bedroom units with high-end fixtures, countertops, flooring, cabinets and appliances. A lobby and mailroom are located on the First Floor of the Building. The Declarant already commenced construction of the Condominium and expects to complete construction in the second quarter of 2017. Prior to the transfer of a Unit to a third party purchaser, such Unit will be fully habitable with all applicable fixtures, features and equipment installed.

The Limited Common Elements include, without limitation, doors, window and door sills, frames, hardware and utility systems that are not part of a Unit, but are adjacent to and serve only such Unit. In addition, certain Units have access to adjacent Balconies, which are designated as Limited Common Elements allocated to the applicable Unit, as more specifically shown on the plats and plans which are attached to the Declaration as Exhibit B (as amended and supplemented from time to time, the "Plats and Plans"). Additional Limited Common Elements include the parking spaces on the Parking Level that are allocated to the Condominium under the Master Declaration (the "Parking Spaces"), storage rooms (the "Storage Rooms"), and patio areas on the roof of the Building ("Patio Areas").

The General Common Elements of the Condominium include, without limitation, the lobby on the First Floor, trash and linen chutes, the mailroom, a storage area on the Lower Level of the Building, the area outside of the Building along Calder Way, adjacent to the ramp leading to the Parking Floor, elevators 1 and 2 as shown on the Plats and Plans, elevator lobbies, utility or mechanical rooms, common utility or mechanical systems, hallways and the Master Limited Common Elements allocated to the Condominium in the Master Declaration, not including the Parking Spaces. In addition to having access to the above General Common Elements, each Unit Owner has a right, along with its guests, to ingress and egress to any General Common Element, including, by way of illustration and not limitation, hallways and elevators.

The Parking Garage is located on the Parking Level of the Building and will contain fifty-two (52) passenger vehicle parking spaces, thirty-two (32) of which are allocated to the Condominium. The Association shall charge owners of Units (each, a "Unit Owner" and

collectively, the "Unit Owners"; the term "Unit Owners" includes the Declarant while the Declarant is an owner of one or more Units) a monthly parking fee (the "Monthly Parking Fee") as a Limited Common Expense for each Parking Space allocated to such Unit Owner's Unit. The Monthly Parking Fee shall be established by the Association from time to time by written notice to the Unit Owners. The monthly fee is subject to annual increases reasonably determined by the Association. Subject to compliance with the terms of the Declaration, the Declarant, the Association and Unit Owners shall be permitted to lease their respective Parking Spaces. Unit Owners must use the Parking Garage and accessible common egress areas in accordance with the Rules and Regulations. Only vehicles that fit in the Parking Garage and a Parking Space shall be permitted in the Parking Garage.

The Storage Rooms are located in the area shown on the Plats and Plans for exclusive use by a Unit Owner and allocated to a Unit as a Limited Common Element. A Storage Room may be leased by the Declarant, or a Unit Owner pursuant to a written lease, provided that the lessee must be another Unit Owner or the named tenant under a valid lease or sublease of a Unit. If a Storage Room is leased to a named tenant under a lease or sublease of a Unit, the term of the lease of the Storage Room must match the term of the Unit lease or sublease. The Storage Rooms must be used in accordance with the Rules and Regulations.

The Patio Areas are Limited Common Elements allocated to certain Units, and are located in the area shown on the Plats and Plans for exclusive use by the Unit Owners to whose Units such Limited Common Elements are allocated. The Patio Areas must be used in accordance with the Rules and Regulations.

Each Unit Owner automatically becomes a member of the Association upon conveyance of the Unit to the Unit Owner. Each Unit Owner has a vote in the Association allocated in accordance with its relative undivided interest in the Common Elements (the "Percentage Interest"). The Percentage Interests and votes allocated to each Unit are set forth on Exhibit D to the Declaration attached hereto. The Percentage Interests of the Units are based on the relative square footage of the Units. The Association pays the costs of operating the Condominium. In accordance with the Declaration and the Bylaws, the Association will assess a Unit's share of the anticipated costs of operation of the Condominium in accordance with the Unit's Percentage Interest.

**(a) The Master Condominium**

The association of the Master Condominium (the "Master Association") is responsible for certain matters that affect the entire Master Condominium. For example, as required by Section 3312 of the Act, the Master Association is responsible for obtaining and maintaining insurance on the entire Master Condominium including the Units (but not including the improvements and betterments within each Unit, and the personal property of individual Unit Owners). The Master General Common Elements are limited to the foundations, roof and certain exterior areas of the Building, certain structural elements and utility lines, certain portions of the façade of the Building, and the trash collection area and loading areas for the Building. The expenses incurred by the Master Association to maintain the Master General Common Elements and Master Limited Common Elements allocated to the Condominium (the "Master Common Expenses"), including the cost of insurance premiums, are borne by the Master Units in accordance

with the percentage interest of each Master Unit under the Master Declaration. The percentage interest of the Condominium in the Master Condominium is 25.07%. Each Unit Owner will pay his or her share of such Master Common Expenses as part of his or her monthly assessments.

The Declarant shall be the initial owner of the Hotel Unit and Retail Unit. The Hotel Unit is intended to be operated initially as a Hyatt Place hotel, with a Federal Tap House restaurant. The Retail Unit is intended to be initially leased for use as a Target store and an H&M apparel store. The Master Condominium documents are summarized in Section (e) herein.

**(b) General**

All Units in the Condominium are restricted to residential use or accessory uses which are customarily incidental to residential use but no Unit may be used as a student home which is a living arrangement by persons unrelated by blood, marriage or legal adoption who are attending programs offered by colleges or universities. The Declarant will offer Units in the Condominium for sale at prices determined by the Declarant. Prices of unsold Units are subject to change without notice. The Declarant does not intend to market or rent blocks of Units to investors.

The Declarant reserves the right to convert and subdivide any Units owned by the Declarant.

The Condominium shall not be a flexible condominium pursuant to the Act and, therefore, shall not include convertible real estate, additional real estate, or withdrawable real estate.

Until such time as the Declarant no longer owns a Unit in the Condominium, no Unit Owner may sell its Unit without the prior written approval of the Declarant.

**4. SUMMARY OF THE PRINCIPAL CONDOMINIUM DOCUMENTS**

The Condominium will be created by the recording of the Declaration. The operation of the Condominium will be governed by the Declaration, Bylaws and Rules and Regulations (collectively, as the same may be amended or supplemented from time to time, the "Condominium Documents"). The sale of a Unit to a Unit Owner will be governed by the Agreement of Sale. Each of the foregoing documents is summarized below and is attached as an Exhibit to this Public Offering Statement.

**(a) Declaration of Condominium**

The Condominium is created by the Declarant upon the recording of the Declaration, a copy of which is attached hereto as Exhibit 1. The capitalized terms used in this Section 4(a) refer to terms as defined herein or in the Declaration.

Article I of the Declaration provides for submission of the property described in Exhibit A to the Declaration (the "Property") as a condominium under the Act. It also incorporates the provisions of the Act and states that the Act's provisions apply to and govern the operation and governance of the Condominium, except to the extent that contrary provisions, not prohibited by the Act, are contained in one or more of the Condominium Documents. Finally, Article I describes

title to the Property and the authority granted to the Declarant to convert the Property to a Condominium.

Article II of the Declaration contains the definitions of certain terms used in the Condominium Documents.

Article III of the Declaration describes the boundaries of the Units. Horizontal boundaries generally run from and includes the unfinished upper surface of the concrete or masonry foundation or wood subflooring of such Unit to the surface of, and including the underside of the unfinished drywall of the ceilings of such Unit, but not including Balconies, if any. Vertical boundaries generally run from the outside edge (excluding the exterior surface of the outside edge) of the exterior walls which do not separate the Unit from any other Unit or Common Elements, and the centerline of party walls which separate the Unit from other Units or Common Elements.

In addition, Article III describes the maintenance responsibilities of the Unit Owners and the Association with respect to the Units and Common Elements. A Unit Owner is responsible for the maintenance, repair and replacement of his or her Unit as well as the ordinary maintenance, repair and cleaning of those Limited Common Elements related to such Unit, except for Parking Spaces, Storage Rooms and Patio Areas. Ordinary maintenance, repair, replacement and cleaning of the Parking Spaces, Storage Rooms and Patio Areas shall be the responsibility of the Association, the cost of which shall be charged as a Limited Common Expense. In addition, any structural repair and/or replacement of Limited Common Elements shall be the responsibility of the Association, but the Unit Owner who owns the Unit to which a Limited Common Element is allocated shall be responsible for the costs related to such repair or replacement. The Association shall maintain, replace and repair the General Common Elements, the cost of which shall be assessed as a General Common Expense, including, without limitation, any maintenance, repair or replacement of the Common Elements that benefit fewer than all Unit Owners. The maintenance of windows and entry doors safely accessible from a Unit or the Limited Common Elements connected to that Unit shall be performed by the applicable Unit Owner; however, the exterior windows of the Condominium shall be maintained by the Association or Master Association, and the cost shall be assessed as a General Common Expense. The exterior elements of the Building will be maintained by the Master Association and the cost thereof charged to the Condominium will be charged to Unit Owners as a General Common Expense.

Article IV of the Declaration describes the General Common Elements of the Condominium, which include, by way of illustration and not limitation, the trash and linen chutes, a storage area on the Lower Level of the Building, the area outside of the Building along Calder Way, adjacent to the ramp leading to the Parking Floor, elevators 1 and 2 as shown on the Plats and Plans, the lobby and mailroom on the First Floor, and common utility lines and systems that provide service to all Units and hallways. All portions of the Building that are not contained within the Units and that are not designated as Limited Common Elements are deemed to be General Common Elements.

Article V of the Declaration describes the Limited Common Elements. Certain portions of the Property are designated as Limited Common Elements in the Declaration and the Plats and Plans. Limited Common Elements include portions of the Building that serve specific Units, including utility systems and doors that are not part of a Unit but are adjacent to a Unit and

serve such Unit. Limited Common Elements also include the Parking Spaces, Storage Rooms and Patio Areas. The Parking Spaces are located on the Parking Level of the Building. Parking Spaces shall either be allocated to specific Units in the Condominium Plats and Plans, or may be allocated by the Declarant, for consideration, or no consideration. The Association shall charge Unit Owners a Monthly Parking Fee as a Limited Common Expense for each Parking Space allocated to such Unit Owner's Unit. The Monthly Parking Fee shall be established by the Association from time to time by written notice to the Unit Owners. The monthly fee is subject to annual increases reasonably determined by the Association. Subject to compliance with the terms of the Declaration, the Declarant, the Association and Unit Owners shall be permitted to lease their respective Parking Spaces. Unit Owners must use the Parking Garage and accessible common egress areas in accordance with the Rules and Regulations. Only vehicles that fit in the Parking Garage and a Parking Space shall be permitted in the Parking Garage. The Declarant shall not be obligated to pay the Monthly Parking Fee with respect to any Parking Space not yet allocated, or allocated to an unsold and unoccupied Unit, and not otherwise used by the Declarant.

Article V also describes the Storage Rooms. The Storage Rooms are located in the areas shown on the Plats and Plans for exclusive use by a Unit Owner and allocated to a Unit as a Limited Common Element. A Storage Room may be leased by the Declarant, or a Unit Owner pursuant to a written lease, provided that the lessee must be another Unit Owner or the named tenant under a valid lease or sublease of a Unit. The Storage Rooms must be used in accordance with the Rules and Regulations.

Article V also describes the Patio Areas. The Patio Areas are located in the areas shown on the Plats and Plans and are or may be allocated to a Unit as a Limited Common Element. The Patio Areas must be used in accordance with the Rules and Regulations.

Article VI of the Declaration describes the management of the Condominium.

Article VII of the Declaration establishes the Percentage Interests of the Units and the voting rights of the Unit Owners, and also addresses the right to subdivide and combine Units. There is no cumulative or class voting. The Percentage Interests of the Units will be based on their relative square footage. Units are allocated votes in the Association based on their Percentage Interest. The Declarant reserves the right to subdivide or combine any Units owned by it without the consent of the Executive Board or the Association; provided, however, at no time shall there be more than thirty-six (36) units in the Condominium, unless permitted by applicable law. Unit Owners may combine Units, or portions of Units, adjacent to one another with the prior written consent of the Executive Board, subject to certain restrictions contained in the Declaration. Unit Owners other than Declarant shall not have the right to subdivide Units.

Article VIII of the Declaration describes the various easements to which the Condominium or certain portions of the Condominium are subject. It reserves to the Declarant the right to have access to the Property for the purpose of selling or leasing Units and describes any additional title restrictions and exceptions to which the Property is subject.

Article IX of the Declaration imposes various restrictions on the use of the Units and other portions of the Condominium. The Units are restricted to residential use and any accessory uses which are customarily incidental to residential use only but no Unit may be used

as a student home which is a living arrangement by persons unrelated by blood, marriage or legal adoption who are attending programs offered by colleges or universities. Unit Owners are barred from conducting any activity that unreasonably interferes with the quiet enjoyment of other Units. No more than two (2) cats or dogs (or other domestic animals approved by the Executive Board) are permitted (i.e., a Unit Owner may have two (2) cats or two (2) dogs or one (1) dog and one (1) cat). No cat or dog may exceed twenty (20) pounds in weight. Smoking shall be prohibited inside the Condominium, including the Common Elements and the Unit. Smoking shall be permitted on the balconies. Article IX also describes the right to lease Units by the Declarant and the other Unit Owners. Finally, Article IX restricts the sale of Units until the Declarant has sold all Units that it owns. (See also the portion of this Narrative entitled "Restrictions on Use of the Units.")

Article X of the Declaration sets forth the rights of lenders that provide mortgage financing to any purchasers of Units in the Condominium. There are no restrictions on the type of mortgage financing that may be obtained; provided, however, the rights and obligations of the parties to the applicable mortgage shall be subject to the terms and conditions of the Act and the Condominium Documents. In addition, every Unit Owner or purchaser of a Unit must, prior to the delivery of any mortgage, notify the Executive Board in writing of the name and address of its mortgagee, and mortgagees must register with the Association in order to receive notices applicable to them. Under Section 10.4 of the Declaration, mortgagees are entitled to receive certain notices, and under Section 10.7 of the Declaration, the approval of mortgagees is required for certain acts.

Article XI of the Declaration outlines the types and amounts of insurance that the Association and the Unit Owners are required to obtain under various provisions governing such insurance. The Master Association shall obtain, maintain and pay the premiums for casualty insurance on the Master Condominium, including the Condominium and the Units, and for liability insurance for the Master Common Elements. To the extent required to provide appropriate insurance for the Condominium, the Association shall obtain, maintain and pay the premiums for such coverage. In addition, each Unit Owner must purchase and maintain an insurance policy that provides coverage for liability and for such Unit Owner's personal property, improvements and betterments, and other items within the Unit that are not covered under the insurance policies obtained by the Association. (See also the portion of this Narrative entitled "Condominium Insurance".)

Article XII of the Declaration provides for the limitation of liability of members, officers, and employees of the Executive Board, and provides for indemnification for members of the Executive Board against expenses and liabilities that they may incur in carrying out their Executive Board duties.

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

Article XIV of the Declaration sets forth the make-up and powers of the Executive Board, which will consist of three (3) members, who will be elected, as their terms expire, by the Unit Owners at the annual meeting of the Association; provided, however, the Declarant will initially designate and remove the members of the Executive Board. Under Section 14.3, each Unit

Owner is a member of the Association, and membership in the Association is not assignable, except by transfer of title. Section 14.5 grants the Executive Board certain powers to abate or enjoin violations of the Act or the Condominium Documents.

Article XV of the Declaration addresses the liability of the Unit Owners to pay all General Common Expense assessments, Limited Common Expense assessments and Special Assessments allocated to the Units and provides for the procedures to set assessments and collect them in the event a Unit Owner fails to pay them. Section 15.4 requires the Association to establish a reserve fund for major repairs and replacements of Common Elements that are anticipated to require replacement or major repair on a periodic basis and for capital expenses. Section 15.5 requires each buyer of a Unit, on the initial purchase from the Declarant, to make a non-refundable payment to the Association in an amount equal to two (2) months' estimated General Common Expense liability for the Unit being purchased, for working capital, and for the buyer from a Unit Owner on a resale to make a non-refundable payment to the Association also equal to two (2) months' estimated General Common Expense liability, as a capital improvement fee. Section 15.13 permits the Association to charge reasonable fees on the seller or buyer of a Unit based on costs incurred by the Association in connection with such transaction.

Article XVI of the Declaration addresses the manner in which the Declaration, the Articles of Incorporation and the Bylaws may be enforced, the procedure for amending the Declaration or the Plats and Plans and the procedure for terminating the Condominium. In particular, Section 16.2 describes the obligation of the Declarant, Executive Board and Unit Owners to submit disputes to arbitration and the procedure to be followed in the event a party desires to pursue arbitration.

Article XVII of the Declaration deals with general provisions of the Declaration, such as governing law and notice requirements.

(b) **Bylaws**

The operation and administration of the Association are governed by the Bylaws, a copy of which is attached hereto as Exhibit 3.

Article I of the Bylaws contains introductory provisions, including applicability of the Bylaws, definitions of certain terms used in the Bylaws, the incorporation of the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa.C.S. § 5101 *et seq.*, and the registered office of the Association and the governing law of the Association.

Article II of the Bylaws provides that all Unit Owners in the Condominium are members of the Association. Article II also sets forth the time, purpose and procedure for annual and special meetings of the Association. After the creation and conveyance of five (5) Units to a Unit Owner other than the Declarant, the Association is required to conduct annual meetings in April.

Article III of the Bylaws provides for the composition of and election and removal of members of the Executive Board. The Executive Board shall consist of three (3) natural individuals. It also describes the time, purpose and procedures for meetings of the Executive Board

and sets forth procedures to be followed in the event that Executive Board members resign or positions on the Executive Board become vacant.

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

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

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

Article VII of the Bylaws describes how individual Units will be assessed for real estate tax purposes.

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

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

**(c) Rules and Regulations**

The Declaration provides that the Executive Board may promulgate rules and regulations governing the details of the use and operation of the Condominium. As of the effective date of this Public Offering Statement, no rules and regulations have been adopted by the Executive Board.

**(d) Agreement of Sale**

The Agreement of Sale sets forth the various rights, duties and obligations of the purchaser of a Unit (the "Purchaser") and Declarant, the Seller, with reference to the individual Unit to be purchased. Initially, Declarant intends to use the Standard Agreement for the Sale of New Construction form (Exhibit 4). There are also exhibits, addenda and riders to the Agreement of Sale. Following is a general summary of some of the more important provisions of the Agreement of Sale; however, this summary is necessarily brief and does not substitute for the actual provisions of the Agreement of Sale. The Purchaser should carefully review all of the terms and conditions contained in the Agreement of Sale.

The first page of the Agreement of Sale identifies the Purchaser and Declarant, the Unit being sold, and the brokers.

Sections 2(A) and (B) and 3 of the Agreement of Sale describe the price and terms for the Unit the Purchaser is buying and the amount of seller assist, if any. The purchase price for the Unit reflects the current sales price for the Unit. At the time the Agreement is executed, Purchasers will be required to pay a deposit ("Earnest Money") towards the purchase price. The

balance of the purchase price (after deduction of the Earnest Money previously paid and all or part of which may be paid from the proceeds of mortgage loan financing, if any) is due on the date on which title to the Unit is conveyed to the Purchaser (the "Settlement Date"). The Agreement of Sale will become a binding agreement only if the Declarant executes it within a number of days (to be specified in Section 5(A) of the Agreement of Sale) following the date of the Purchaser's execution thereof and during this period the Agreement of Sale constitutes an offer by the Purchaser to purchase the Unit on the terms and conditions contained in the Agreement of Sale.

Sections 2(C) and (D) of the Agreement of Sale describes the manner in which the Purchaser's payments of deposits will be made (by cash, cashier's or certified check if paid within 30 days of settlement) and that the Purchaser's Earnest Money will be held by the broker in an escrow account unless otherwise agreed. Section 26 of the Agreement of Sale also sets forth disclosures concerning the existence of a Real Estate Recovery Fund.

Sections 4(C) and (E) of the Agreement of Sale provides for proration of certain fees, taxes and charges between Purchaser and Declarant at settlement, however, Rider 1 to the Agreement of Sale provides specifically for apportionment of real estate taxes and Common Expenses between Purchaser and Declarant at settlement.

Section 4(F) of the Agreement of Sale sets forth how possession of the Unit will be delivered to the Purchaser at settlement.

Section 5 of the Agreement of Sale provides that time is of the essence of the Agreement of Sale (except as otherwise stated), that the date of settlement is not extended by other provisions of the Agreement (except by mutual written agreement), and that pre-printed time period may be changed by mutual written agreement of the parties. It also states how days are counted.

In Section 6 of the Agreement of Sale, Declarant represents the current zoning classification of the Unit.

Section 7 of the Agreement of Sale provides for the estimated schedule of construction of the Unit and the date of settlement, which will ordinarily be within 10 days after Declarant gives written notice to Purchaser. The time for settlement may be extended at Declarant's discretion and time is not of the essence with respect to the date of settlement.

Section 8 of the Agreement of Sale sets forth the requirements and rights of the Purchaser and the Declarant with respect to obtaining mortgage financing. The sale is not contingent on financing unless Section 8 is completed.

Section 9 requires the Purchaser to notify Declarant of any change in financial status.

Section 10 of the Agreement of Sale contains various representations regarding the existence, or lack thereof, of radon, public water and public sewer service, land use restrictions, the Real Estate Disclosure Law and public/private assessments.

Section 12 of the Agreement of Sale describes the requirements and rights of the Declarant and the Purchaser concerning inspections of the Unit, including a pre-settlement walk-through inspection of the Unit at which time Declarant's representative and Purchaser will complete and sign a punch list of items to be completed by Declarant within 30 days after settlement. The sale will not be contingent on an inspection of the Unit.

Section 13 of the Agreement of Sale provides for delivery of this Public Offering Statement to Purchaser.

Section 14 of the Agreement of Sale refers to the various title exceptions to which each Unit will be subject and the responsibilities of the Purchaser for various costs and charges in connection with settlement.

Section 15 of the Agreement of Sale sets forth the rights of the Declarant and the Purchaser in the event that all or a portion of the Condominium is destroyed, damaged or condemned prior to the Settlement Date. It provides that the Declarant assumes the risk of loss or damage to the Unit until Settlement, subject to the provisions of Section 25.

Section 16 of the Agreement of Sale provides for the assignment to Purchaser of the manufacturer's warranties on all appliances, equipment and other consumer products to be installed in the Unit, and further provides that except for the limited warranty set forth in Rider 1 to the Agreement of Sale (summarized below), there are no other representations or warranties by Declarant in connection with the Unit.

Section 17 of the Agreement of Sale provides that the Agreement of Sale will not be recorded in any Recorder of Deeds Office or other place of public record.

Section 18 of the Agreement of Sale provides that the named Purchaser under the Agreement may not assign the Purchaser's right to purchase the Unit without the consent of the Declarant.

Section 22 of the Agreement of Sale warns that the Purchaser may not rely on any representations, warranties or agreements that are not set forth in the Agreement.

Section 23 of the Agreement of Sale sets forth the various events of default and the rights of the Declarant and the Purchaser in the event of a default by the Purchaser. Generally, depending on which box is checked, this Section provides that upon a default by the Purchaser, the Declarant is entitled to either: (A) retain the Earnest Money on account of the purchase price, or to be applied against Seller's damages, or as liquidated damages for such breach, at Declarant's election, or else (B) retain the Earnest Money paid by the Purchaser as the Declarant's sole remedy. See Rider 1 to the Agreement of Sale, discussed below.

Section 24 of the Agreement of Sale, if not deleted, provides for mediation of any dispute between Purchaser and Declarant concerning the Agreement of Sale.

Section 25 of the Agreement of Sale, the Purchaser releases Declarant, the brokers and their licensees, employees and officers or partners of certain warranties, obligations and

liabilities. The various warranties given to Purchasers by the Declarant are set forth in Rider 1 to the Agreement of Sale.

Section 29 of the Agreement of Sale provides for attachments to the Agreement of Sale such as certain disclosures and exhibits concerning Unit plans, standard features, options, extras and alterations. For a general description of the Units, see Sections 4 and 5 of this Public Offering Statement.

In Rider 1 to the Agreement of Sale, the Purchaser acknowledges receipt of copies of this Public Offering Statement and Exhibits, including the Declaration, Bylaws, and Rules and Regulations; agrees to be bound by the terms of the Governing Documents; and grants to the Declarant the right to amend the Governing Documents prior to the Settlement Date without, in most cases, obtaining the Purchaser's written consent thereto. Rider 1 to the Agreement of Sale also sets forth the apportionment of real estate taxes and Common Expenses between Purchaser and Seller at settlement. In addition, Rider 1 to the Agreement of Sale sets forth the warranties given by Declarant to each Unit Purchaser with respect to the Unit and the Common Elements, together with the limitations, conditions and exclusions on such warranties.

Rider 1 further provides for the various events of default and the rights and remedies of the Declarant and the Purchaser in the event of a default by the Declarant. If Declarant defaults, the Earnest Money (not including any payments of or on account of options, extras and custom work) will be returned to Purchaser, with interest, if any, as Purchaser's sole and exclusive remedy.

The Declarant retains the right, at any time and from time to time, to increase or decrease the selling prices for the Units in the Condominium and any increases in these prices belong to the Declarant; provided, however, that no changes in prices may apply to Agreements of Sale executed by the Declarant prior to the time such changes are made, nor will any such price changes alter a Purchaser's Percentage Interest in the Common Elements.

(e) **Summary of Master Condominium Documents**

(1) **Declaration of Master Condominium**

The Master Condominium is created by the Declarant upon the recording of the Master Declaration, a copy of which is attached hereto as Exhibit 8. The capitalized terms in this Section 4(e)(i)(1) refer to the terms as defined herein or in the Master Declaration.

Article I of the Master Declaration provides for submission of the property described in Exhibit A to the Master Declaration as a condominium under the Act. It also incorporates the provisions of the Act and states that the Act's provisions apply to and govern the operation and governance of the Master Condominium, except to the extent that contrary provisions, not prohibited by the Act, are contained in one or more of the Condominium Documents. Article I also describes title to the Property and the authority granted to the Declarant to convert the Residential Unit to a Condominium.

Article II of the Master Declaration contains the definitions of certain terms used in the Condominium Documents. The Condominium is referred to in the Master Declaration as the "Residential unit" or the "Sub-Condominium".

Article III of the Master Declaration describes the boundaries of the Master Units. For the Residential Unit, the horizontal boundaries generally run from the horizontal plane of the upper surface of the unfinished subflooring at the lowest point of the Residential Unit to the horizontal plane of the upper surfaces of the roof or balcony areas of the portion of the Building that contains the Residential Unit. The vertical boundaries of the Residential Unit generally run from the outside edge (including the exterior surface of the outside edge) of the exterior walls which do not separate the Residential Unit from any other Unit or Common Elements, and the centerline of party walls which separate the Residential Unit from other Units or the Common Elements. The Residential Unit also includes the lobby on the First Floor of the Building that serves the Residential Unit only. For the Retail Unit, the Unit boundaries are as described for the Residential Unit, except that: (1) the horizontal boundaries generally run from the horizontal plane of the upper surface of the unfinished subflooring at the lowest point of the Unit to the horizontal plane of the upper surfaces of the ceiling of the highest floor of the Retail Unit and the horizontal plane of the upper surface of the unfinished subflooring of the lowest floor of the Retail Unit or leading to the entrance to the interior of the Residential Unit, or the exterior surface of the planes of the outer boundaries of balconies that are part of the Residential Unit. For the Hotel Unit, the Unit boundaries are as described for the Residential Unit, except that: (1) the horizontal boundaries generally run from the horizontal plane of the upper surface of the unfinished subflooring at the lowest point of the Unit to the horizontal plane of the upper surfaces of the "Hotel/Retail Roofs" where none of the Residential Unit is above the Hotel Unit, and the horizontal plane of the upper surface of the ceiling of the Hotel Unit where portions of the Residential Unit are directly above the Hotel Unit. In addition, the Hotel Unit includes the lobby and entrance on the First Floor the serves the Hotel Unit only.

In addition, Article III describes the maintenance responsibilities of the Unit Owners and the Association with respect to the Master Units and Common Elements. Each Unit Owner is responsible for the maintenance, repair and replacement of its Unit as well as the ordinary maintenance, repair and cleaning of those Limited Common Elements related to such Unit. Any structural repair and/or replacement of Limited Common Elements shall be the responsibility of the Association, the cost of which shall be charged as a Limited Common Expense. The Association shall also have the right to maintain, repair and replace Limited Common Elements allocated to a Master Unit, at the sole cost of the applicable Unit Owner, if such Master Unit Owner fails to perform such maintenance or repair or if any repair or replacement is required as a result of the negligence or willful misconduct of such Master Unit Owner or his employees, tenants, subtenants, invitees, customers or other lawful occupant. The Association is responsible for maintaining the exterior portion of the Building that forms the boundary of the Master Units, not including windows and doors set in the exterior of the Building, and the costs of such maintenance will be billed to each Unit Owner. In addition, the Association is responsible for maintaining the Parking Garage and the cost are allocated to the owners of the Master Units in accordance with the number of parking spaces allocated to each Master Unit.

Article IV of the Master Declaration describes the General Common Elements of the Master Condominium, which include, by way of illustration and not limitation, the foundation

and other structural components of the Building, the roof of the Building, certain areas outside of the Building, certain portions of the façade of the Building, the trash collection area for the Building, the loading area of the Building, and utility lines and equipment that provide service to all Units.

Article V of the Master Declaration describes the Limited Common Elements. Certain portions of the Property are designated as Limited Common Elements in the Master Declaration and the Plats and Plans. The Limited Common Elements include the following: (i) the Parking Garage. The Parking Spaces are allocated to the Master Units as follows: fifteen (15) spaces are allocated to the Retail Unit, ten (10) spaces are allocated to the Hotel Unit, and thirty-two (32) spaces area allocated to the Residential Unit, (ii) the Hotel/Retail Roofs, which are roof areas above certain portions of the Hotel Unit and allocated to the Hotel Unit and Retail Unit, (iii) elevator 5 and elevator 6 are Limited Common Elements allocated to the Hotel Unit and Retail Unit, (iv) certain portions of the roof of the Building are Limited Common Elements allocated to the Retail Unit, which the Retail Unit Owner may use and rent for communications equipment, (v) Patio Areas and (vi) a storage area on the Lower Level of the Building.

Article VI of the Master Declaration describes the management of the Master Condominium.

Article VII of the Master Declaration establishes the Percentage Interests of the Units and the voting rights of the Master Unit Owners, and also addresses the right to subdivide and combine Master Units. There is no cumulative or class voting. The Percentage Interests of the Master Units will be based on their relative square footage. Master Units are allocated votes in the Association based on their Percentage Interest. The Owner of the Residential Unit may create a Residential Sub-Condominium in all or any portion of the Residential Unit and sell condominium units in the Residential Condominium.

Article VIII of the Master Declaration describes the various easements to which the Master Condominium or certain portions of the Master Condominium are subject. It reserves to the Declarant the right to have access to the Property for the purpose of selling or leasing Units and describes any additional title restrictions and exceptions to which the Property is subject. Detailed signage rights and requirements are provided for the Retail Unit and Hotel Unit.

Article IX of the Master Declaration imposes various restrictions on the use of the Units and other portions of the Condominium. The Residential Unit is restricted to residential use and any accessory uses which are customarily incidental to residential use but no Unit may be used as a student home which is a living arrangement by persons unrelated by blood, marriage or legal adoption who are attending programs offered by colleges or universities. The Retail Unit and Hotel Unit may be used for any legally permitted commercial purpose other than certain prohibited uses described in the Master Declaration. Master Unit Owners are barred from conducting any activity that unreasonably interferes with the quiet enjoyment of other Master Units. Section 9.3 restricts certain noxious or offensive uses in the Building. Finally, Article IX also describes the right to lease Master Units by the Declarant and the other Master Unit Owners.

Article X of the Master Declaration sets forth the rights of lenders that provide mortgage financing to any purchasers of Master Units in the Master Condominium.

Article XI of the Master Declaration outlines the types and amounts of insurance that the Association and the Master Unit Owners are required to obtain under various provisions governing such insurance. The Master Association shall obtain casualty insurance on the entire Master Condominium, including the Master Units, and shall obtain liability insurance with respect to the Master Common Elements. Each Master Unit Owner must purchase and maintain an insurance policy that provides coverage for liability and for such Master Unit Owner's personal property, improvements and betterments, and other items within the Master Unit that are not covered under the insurance policies obtained by the Association.

Article XII of the Master Declaration provides for the limitation of liability of members, officers, and employees of the Executive Board, and provides for indemnification for members of the Executive Board against expenses and liabilities that they may incur in carrying out their Executive Board duties.

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

Article XIV of the Master Declaration sets forth the make-up and powers of the Executive Board, which will consist of three (3) members, one (1) of whom will be designated by each Master Unit Owner; provided, however, the Declarant will initially designate and remove the members of the Executive Board. Section 14.2 describes the transfer of control from the Declarant to Master Unit Owners upon the expiration of the Period of Declarant Control. Under Section 14.3, each Master Unit Owner is a member of the Association, and membership in the Association is not assignable, except by transfer of title. Section 14.5 grants the Executive Board certain powers to abate or enjoin violations of the Act or the Condominium Documents.

Article XV of the Master Declaration addresses the liability of the Master Unit Owners to pay all General Common Expense assessments, Limited Common Expense assessments and Special Assessments allocated to the Units and provides for the procedures to set assessments and collect them in the event a Master Unit Owner fails to pay them.

Article XVI of the Master Declaration addresses the manner in which the Master Declaration, the Articles of Incorporation and the Bylaws may be enforced, the procedure for amending the Master Declaration or the Plats and Plans and the procedure for terminating the Condominium.

Article XVII of the Declaration deals with general provisions of the Declaration, such as governing law and notice requirements.

## (2) **Bylaws of Master Condominium**

The operation and administration of the Master Association are governed by the Master Bylaws, a copy of which is attached hereto as Exhibit 9. The capitalized terms in this Section 3(a)(i)(2) refer to the terms used in the Master Bylaws.

Article I of the Master Bylaws contains introductory provisions, including applicability of the Master Bylaws, definitions of certain terms used in the Master Bylaws, the incorporation of the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa.C.S. § 5101 et seq., and the registered office of the Master Association and the governing law of the Master Association.

Article II of the Master Bylaws provides that all Master Unit Owners in the Master Condominium are members of the Master Association. Article II also sets forth the time, purpose and procedure for annual and special meetings of the Master Association.

Article III of the Master Bylaws provides for the composition of and election and removal of members of the Executive Board. The Executive Board shall consist of three (3) natural individuals, one of whom shall represent and be designated by each Master Unit Owner. It also describes the time, purpose and procedures for meetings of the Executive Board and sets forth procedures to be followed in the event that Executive Board members resign or positions on the Executive Board become vacant. Article III also sets forth requirements governing the validity of contracts with interested Executive Board members and permits the Executive Board to enter into a management contract for the professional management of the Master Condominium.

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

Article V of the Master Bylaws describes the procedure for establishing Budgets. It also sets forth the obligation of Unit Owners to pay monthly assessments for Common Expenses and Limited Common Expenses.

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

Article VII of the Master Bylaws describes how individual Master Units will be assessed for real estate tax purposes.

Article VIII of the Master Bylaws sets forth the procedure for amending the Master Bylaws.

Article IX of the Master Bylaws contains general provisions applicable to the Master Bylaws.

## **5. CONSTRUCTION FINANCING**

The cost of construction of the improvements will be financed by a construction loan from Fulton Bank and EB-5 financing provided by RSR State College LP.

## **6. FINANCING FOR UNIT PURCHASERS**

The Declarant has made no arrangements for purchaser financing. Purchasers may obtain financing from their preferred financial institutions.

## **7. PROJECTED BUDGET AND FINANCIAL MATTERS**

The Association will be established as a non-profit corporation by the Declarant either contemporaneously with or shortly before the recording of the Declaration. A projected Budget for the first year of operation of the Association after the anticipated date of the conveyance of the first Unit to a purchaser has been prepared by the Declarant, a copy of which is included in this Public Offering Statement as Exhibit 2.

The Declarant prepared the projected budget based upon reasonable estimates of future costs using the information currently available to it and assuming that all Units will be completed and occupied during the entire one (1) year period covered by the projected budget. There are no services not reflected in the projected budget that the Declarant currently provides or expenses that the Declarant currently pays and expects may become due at any subsequent time as a General Common Expense of the Association. Neither the Declarant nor any other person or entity can be certain that sufficient funds have been budgeted to cover all expenses that may be incurred in the future. The General Common Expenses shall include reserves established by the Association for material capital expenditures, and repairs and replacement. The projected first year budget includes reserves as set forth in Exhibit 2. Because the estimated future costs may differ from the actual costs (as a result of variable factors, including, without limitation, possible changes in the future expenses of the Association) and the conveyance of the first Unit will not occur immediately, the projected budget is only an estimate of future costs and is subject to change. The projected budget is not intended or considered as a guaranty of any kind whatsoever.

As noted above, each purchaser of a Unit in the Condominium will pay a nonrefundable payment in the amount of two (2) months' installments of General Common Expense assessments for working capital. It will be paid directly to the Association to provide it with initial working capital and capital improvements. A purchaser will also be required to pay the purchaser's customary settlement costs, as described in the Agreement of Sale. On a future resale by a Unit Owner, the buyer shall also pay a capital improvement fee equal to two (2) months' installments of General Common Expense assessments in accordance with Section 3302(a)(12) of the Act. No Unit Owner is entitled to a refund of any of these monies from the Association upon the subsequent conveyance of his or her Unit or otherwise. Such payments do not constitute advance payments of Common or Special Assessments.

## **8. TITLE MATTERS**

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

(a) Statutory easements granted by the Act, including (i) the easement provided by Section 3216 of the Act, which provides that any Unit or Common Element is subject to a valid easement to the extent that any other Unit or Common Element encroaches upon it; and (ii) the easement provided for in Section 3218 of the Act, which allows the Declarant an easement throughout the Common Elements as may be reasonably necessary to facilitate completion of the Condominium or the exercising of any special Declarant rights.

(b) The title matters and exceptions set forth in Exhibit 5.

## **9. WARRANTIES OF THE DECLARANT**

Each Unit Owner will receive the statutory warranty set forth in the Act against structural defects in the Unit, covering his or her Unit for two (2) years from the date of settlement, and such a warranty also will be given to the Association covering the Common Elements for two (2) years from the date the first Unit is or was conveyed or from completion of the particular Common Element, whichever is later. No other warranties are given. No action to enforce the warranties may be commenced later than six (6) years after the warranty begins. (68 Pa.C.S. §3402(a)(11)).

"Structural defects" means defects in any structure which is a component of: (1) any Unit or Common Elements; or (2) any other portion of a Unit or Common Element constructed, modified, altered or improved by or on behalf of a Declarant; any of which reduce the stability or safety of the structure below accepted standards or restrict the normal intended use of the structure and require repair, renovation, restoration or replacement.

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

Rider 1 to the Agreement of Sale (Exhibit 4 of this Public Offering Statement) sets forth the terms, conditions and limitations of the statutory warranty given by Declaration to Unit purchasers under §3411 of the Act.

EXCEPT AS SET FORTH ABOVE, THE UNIT, THE COMMON ELEMENTS, AND ALL PERSONAL PROPERTY ARE TO BE SOLD "AS IS", WITHOUT WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR HABITABILITY, AND ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED TO THE EXTENT PERMITTED BY LAW.

## **10. LITIGATION INVOLVING THE CONDOMINIUM OR THE ASSOCIATION**

As of the effective date of this Public Offering Statement, there are no judgments against the Association, nor is the Association a party to any pending litigation. The Declarant has no actual knowledge of any current or pending litigation that would have any material adverse effect on the Condominium.

## **11. ESCROW OF DEPOSITS UNDER AGREEMENT OF SALE**

All deposits (except, as the parties may agree, payments of or on account of extras or custom work) made in connection with the purchase of a Unit will be placed in escrow and held in the Commonwealth of Pennsylvania in an account designated solely for that purpose by an institution whose accounts are insured by a governmental agency or instrumentality in accordance with the provisions of Section 3408 of the Act. Such deposits will be returned to the purchaser if the purchaser cancels his contract within the fifteen (15) day period provided by the terms of

Section 3406 of the Act, as is explained more fully on the first page of this Public Offering Statement.

## **12. RESTRICTIONS ON TRANSFERABILITY AND USE OF THE UNITS**

Pursuant to Article IX of the Declaration, until such time as the Declarant no longer owns a Unit in the Condominium, no Unit Owner may sell its Unit without the prior written approval of the Declarant. Except as provided in the preceding sentence, there are no restrictions imposed by the Declaration upon the resale of a Unit by a Unit Owner and no right of first refusal with respect to such resale. The Declaration does provide, however, in Section 9.5, the following restrictions on leasing of Units by Unit Owners: (a) no Unit may be leased or subleased for an initial term of less than one (1) year; (b) no Unit may be leased or subleased without a written lease or sublease; (c) the Executive Board may limit the number of Units that may be leased in the Condominium and on a floor of the Condominium; (d) a copy of all leases or subleases must be furnished to the Executive Board within ten (10) days after execution thereof, together with a reasonable registration fee; and (e) the rights of any lessee or sublessee of any Unit will be subject to, and each such lessee or sublessee is bound by, the covenants, conditions and restrictions contained in the Declaration; provided, however, the foregoing shall not make lessees or sublessees directly liable to pay Monthly Assessments or Special Assessments for the Unit in which they reside.

In addition to the restrictions upon the leasing of Units, Section 9.2 of the Declaration imposes certain restrictions and requirements on use of the Condominium, including, without limitation, the following:

(a) Unit Owners may not obstruct the Common Elements in any way, nor may any Unit Owner store anything in or on the General Common Elements without the prior written consent of the Executive Board.

(b) Each Unit Owner will maintain his Limited Common Elements in a clean, safe and attractive condition and in good repair (except to the extent such repair is the obligation of the Association under the Declaration).

(c) No noxious or offensive activity will be conducted in, on or about any Unit, Limited Common Element or Common Element nor will anything be done or be permitted to be done that is or may become a public nuisance.

(d) No Unit may be used, occupied or kept in a manner which in any way increases the fire insurance or other premiums on the Building without the prior written consent of the Executive Board.

(e) No Unit Owner (other than the Declarant) may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements without the prior written consent of the Executive Board.

(f) Up to two (2) dogs, cats or certain other domestic animals approved by the Executive Board are permitted in each Unit (for example, but without limitation, a Unit Owner may have two (2) cats or two (2) dogs, or one (1) cat and one (1) dog), provided that each such animal is not kept for any commercial purposes; does not, in the sole judgment of the Executive

Board, constitute a nuisance or danger to others; does not weigh more than twenty (20) pounds; is kept in strict accordance with any rules and regulations relating to household pets promulgated by the Executive Board; is not permitted to roam at large or unleashed within the Common Elements; does not relieve itself inside a Unit (with respect to dogs only) or elsewhere inside the Building; and is confined within the applicable Unit or is under the direct control of a person capable of controlling such pet.

(g) Drapes, curtains, shades and other window treatments may be hung on the interior of the windows of the Units provided the same include or contain a white or alabaster backing. However, no drapes, curtains, shades or other window coverings that are visible from the outside of the Unit will be inconsistent with window coverings of other Units or inappropriate as determined by the Association.

(h) Unit Owners are responsible for maintaining their individual Units in good order and repair at the expense of the Unit Owners.

(i) Unit Owners, their families, tenants, guests and invitees must adhere to the Rules and Regulations promulgated by the Executive Board.

(j) Unit Owners may not change the appearance of the General Common Elements or the exterior appearance of such Unit Owner's Unit or the Limited Common Elements related to such Unit without the prior written permission of the Executive Board.

(k) No Unit Owner, lessee, occupant or prospective owner or occupant of a Unit will apply for or obtain any zoning exception, variance, change of zoning classification or other relief with respect to a Unit without the prior written permission of the Executive Board.

(l) A Unit Owner may not place or install any outdoor grill, plantings, flower pots, furniture, or any sculpture or other decorative objects on the Balcony without the prior approval of the Executive Board.

(m) There shall be no smoking inside the Building. Smoking shall be permitted on the balconies.

Unit Owners shall not make alterations or improvements in any Unit or Limited Common Elements without complying with the restrictions set forth in Section 9.4.

Section 9.3 of the Declaration provides that no Unit Owner may prevent Declarant, its representatives, successors or assigns, or its contractors or subcontractors, from engaging in certain specified activities related to the construction of the Units, the completion of the Master Condominium, Limited Common Elements and Common Elements or the sale, rental and other disposal of Units.

### **13. CONDOMINIUM INSURANCE**

Article XI of the Declaration sets forth the provisions concerning the types and amounts of insurance coverage to be provided by the Association and the procedures for disbursement of such proceeds. The condominium association for the Master Condominium (the "Master Association"),

and to the extent not obtained by the Master Association, the Association, will carry property insurance on the Common Elements and the Units (excluding Unit Owners' improvements and betterments and personal property) and liability insurance policies for the ownership and use of the Common Elements, complying with the applicable requirements of the Declaration and the Act. This policy will not insure Unit Owners for casualty with respect to their Units or against liability arising from an accident or injury occurring within their Units or from their own negligence. As further described in the Declaration, each Unit Owner must purchase and maintain a personal home insurance policy of Type HO-6 or an equivalent policy that provides customary coverage for liability and for such Unit Owner's personal property, improvements and betterments, and other items within the Unit that are not covered under the insurance policies obtained by the Association. The proceeds of any insurance associated with damage to the Unit that constitutes real property insured by the Association shall be payable to the Association to restore any damage to any Unit.

The Property will be insured by a policy of fire and property damage insurance in an amount equal to the full insurable replacement cost of the Property. The Association will pay the premium for this insurance and each Unit Owner will pay his share as part of his assessment for Common Expenses. This policy will not insure improvements and betterments made by the Unit Owner within the perimeter of each Unit nor the appliances or personal property of the Unit Owner.

The Association shall also obtain a fidelity bond or insurance covering dishonest acts on the part of persons handling funds for the Association, and directors and officers insurance to satisfy the indemnification obligations of the Association and Unit Owners with respect to the limited liability and indemnification of members of the Executive Board. Such fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half (1½) times the Association's estimated annual operating expenses, including reserves.

#### **14. CONDITION OF STRUCTURAL COMPONENTS AND MAJOR UTILITY INSTALLATIONS**

The structural components and major utility systems to be constructed in the Condominium are all brand new. The Budget attached hereto as Exhibit 2, under the heading "Reserves", sets forth the estimated replacement cost and useful life of the structural components and major building and utility systems. Because the replacement cost and useful lives of such structural components and major building and utility installations are estimates based on predictions of future events that involve matters and occurrences beyond the control of the Declarant, no assurances can be made that actual replacement costs or useful lives will be consistent with the estimates presented.

#### **15. GOVERNMENTAL APPROVALS, PERMITS, LITIGATION AND VIOLATIONS**

Attached hereto as Exhibit 7 is a list of all governmental approvals and permits required for the use and occupancy of the Condominium, including the date on which such approval or permit was obtained, or, if not yet obtained, the date on which such is expected to be obtained, and

the expiration date of such approvals and permits. The Declarant will bear the cost of obtaining all necessary approvals and permits.

The Declarant has no knowledge of any outstanding and uncured notice of violations of any municipal or governmental requirements governing the Condominium Property.

There are no judgments against the Association.

## **16. ENVIRONMENTAL DISCLOSURE**

The Declarant has no knowledge of any one or more of the following: (i) hazardous conditions, including contamination affecting the Condominium by hazardous substances, hazardous wastes, or the existence of underground storage tanks for petroleum products or other hazardous substances, (ii) any investigation conducted to determine the presence of hazardous conditions on or affecting the Condominium or (iii) any finding or action recommended to be taken by any governmental body, agency or authority in order to correct any hazardous conditions, or any action taken pursuant to those recommendations.

A purchaser may obtain information concerning environmental conditions that may affect the Condominium site by contacting:

Pennsylvania Department of Environmental Protection  
208 West Third Street, Suite 101  
Williamsport, Pennsylvania 17701  
(570) 327-3636

United States Environmental Protection Agency  
US EPA Region 3  
1650 Arch Street  
Philadelphia, PA 19103-2029  
800-438-2474

## **17. AMENDMENTS/ORAL STATEMENTS**

This Public Offering Statement is subject to change without notice in order to reflect changes in the information set forth herein or otherwise required by the Act. In the event of a material change to the information required to be provided under the Act, this Public Offering Statement will be amended in accordance with the Act; provided, however, in the event such material change has a material adverse impact upon mortgagees, approval of mortgagees shall be obtained in accordance with Section 10.7 of the Declaration.

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