

The CUO of the Imperial Condominium, Inc.

Approved Resolutions
and Policies



COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

BOARD OF DIRECTORS RESOLUTION

(Authorization to Execute Legal Documents)

WHEREAS, Article II, Section 2.4.11 of the By-Laws provides that the Board of Directors shall exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Council, including the execution of legal documents on behalf of the Council; and

WHEREAS, Article II, Section 2.4.11(xvii) and Section 2.5.10 of the By-Laws empowers the Board of Directors to empower the President, Vice-President or any other officer to execute, attest, and/or acknowledge on behalf of the Council, all documents, deeds, contracts, releases, mortgages, etc. pertaining to any Unit that may be purchased or sold by or on behalf of the Council; and

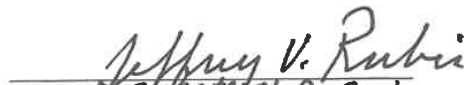
WHEREAS, the Board of Directors desires to purchase, now or in the future upon Board of Director approval, one or more Units within the Imperial Condominium on behalf of the Council, and sell one or more Units that the Council now owns, or may in the future own, upon Board of Director approval; and

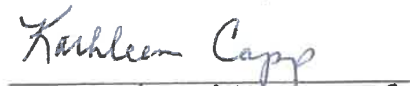
NOW THEREFORE, BE IT RESOLVED, this 30th day of December 2017 that the President, and his/her absence, the Vice-President, may execute all documents, contracts, deeds, HUD 1 settlement sheets and any other document on behalf of the Council necessary for the purchase of any Unit, or the sale of any Unit now owned or in the future owned by the Council.

WITNESS, THE AFOREMENTIONED RESOLUTION BEING THE ACT OF THE BOARD OF DIRECTORS OF THE COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

Duly adopted by the Board of Directors on this 30th day of December 2017.


Name: DREW ROSS


Name: JEFFREY RUBIN


Name: KATHERINE CAPP


Name: HARRY FEINSTEIN


Name: PAULETTE MCCOY

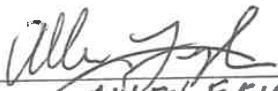

Name: STEVE GORDON

COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

BOARD OF DIRECTORS RESOLUTION

(Authorization to Execute Legal Documents)

Name: ROSADA THOMPSON


Name: ALLEN FEIGLIN

Name: MARINA FINE


NAME: DARREN HENSON

COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

BOARD OF DIRECTORS RESOLUTION

(Authorization to Execute Legal Documents)

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WHEREAS, Article II, Section 2.4.11(xvii) and Section 2.5.10 of the By-Laws empowers the Board of Directors to empower the President, Vice-President or any other officer to execute, attest, and/or acknowledge on behalf of the Council, all documents, deeds, contracts, releases, mortgages, etc. pertaining to any Unit that may be purchased or sold by or on behalf of the Council; and

WHEREAS, the Board of Directors desires to purchase, now or in the future upon Board of Director approval, one or more Units within the Imperial Condominium on behalf of the Council, and sell one or more Units that the Council now owns, or may in the future own, upon Board of Director approval; and

NOW THEREFORE, BE IT RESOLVED, this 30th day of December 2017 that the President, and his/her absence, the Vice-President, may execute all documents, contracts, deeds, HUD 1 settlement sheets and any other document on behalf of the Council necessary for the purchase of any Unit, or the sale of any Unit now owned or in the future owned by the Council.

WITNESS, THE AFOREMENTIONED RESOLUTION BEING THE ACT OF THE BOARD OF DIRECTORS OF THE COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

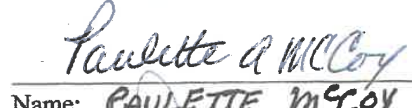
Duly adopted by the Board of Directors on this 30th day of December 2017.


Name: DREW ROSS


Name: JEFFREY RUBIN


Name: KATHERNE CAPP


Name: HARRY FEINSTEIN


Name: PAULETTE MCCOY


Name: STEVE GORDON

COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

BOARD OF DIRECTORS RESOLUTION

(Authorization to Execute Legal Documents)

Name: ROSADA THOMPSON


Name: ALLEN FEIGLIN

Name: MARINA FINE


NAME: DARREN HENSON

THE COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

RESOLUTION CREATING AND APPOINTING COUNSELOR AT LARGE

WHEREAS, the Board of Directors is empowered, via Article II of the By-Laws, to appoint as well as elect an officer position from time to time as it deems appropriate;

WHEREAS, the Board of Directors has determined that a Counselor at Large position is necessary and appropriate to assist the Board of Directors on certain matters facing the Council that arise from time to time, including but not limited to (i) casualty insurance by and for the Council, (ii) delinquent owner accounts, and (iii) consult with the Council's legal counsel on any and all lawsuits and administrative actions regarding the Council;

WHEREAS, the Counselor at Large has the power to consult with the Board of Directors and the Council's legal counsel on any and all legal matters, active or pending, including collection matters, make recommendations to the Board of Directors on all such matters, and carry out any and all tasks necessary to effectively consult with the Board of Directors and make said recommendations;

WHEREAS, the Counselor at Large shall report to the Board of Directors on a monthly basis and seek and obtain the Board of Directors' approval on any matter or issue requiring a vote of the Board of Directors; and

WHEREAS, the Counselor at Large position may be terminated or its powers changed at any time without notice by vote of the Board of Directors.

NOW THEREFORE, BE IT RESOLVED this 16th day of January, 2020, that the Counselor at Large position is hereby created effective January 1, 2020, and Harry W. Feinstein is hereby appointed as Counselor at Large, effective January 1, 2020, through December 31, 2020.

Jeffrey V. Rubin.
President

JEFFREY V. RUBIN

Date: 1/16/20

RESOLUTION

WHEREAS, on November 17, 2016, the Board of Directors for the Council of Unit Owners of the Imperial Condominium, Inc. adopted a Collection Procedure upon retaining the services of Roosen Hoover P.A. to collect delinquent assessments and other amounts owed to the Council;

WHEREAS, the Board of Directors has discontinued use of Rosen Hoover P.A. to collect delinquent assessments and other amounts owed to the Council;

WHEREAS, the Board of Directors desires to utilize the terms and conditions of the Declaration and Bylaws, and applicable state and federal law, to guide the collection of delinquent assessments and other amounts owed to the Council; and

WHEREAS, the Board of Directors desires to rescind the aforementioned Collection Policy to accomplish that goal.

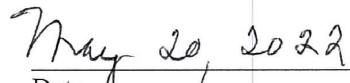
NOW, THEREFORE, BE IT RESOLVED, this 19th day of May, 2022, the Collection Procedure adopted on November 17, 2016, is rescinded and of no further force and effect.

WITNESS, the aforementioned resolution being the act of the Board of Directors of the Council of Unit Owners of the Imperial Condominium, Inc.

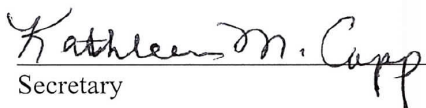
Duly adopted at a meeting of the Board of Directors of the Council of Unit Owners of the Imperial Condominium, Inc. held on May 19, 2022.



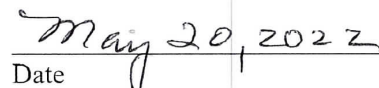
President



Date



Secretary



Date

The CUO of the Imperial Condominium, Inc.

Articles of Incorporation



857

ARTICLES OF INCORPORATION
OF

THE COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INCORPORATED

approved and received for record by the State Department of Assessments and Taxation
of Maryland April 8, 1977, at 8:30 o'clock P. M. as in conformity
with law and ordered recorded.

Recorded in Liber 83, folio 1676, one of the Charter Records of the State

Department of Assessments and Taxation of Maryland

Bonus tax paid \$ 20.00 Recording fee paid \$ 15.00 Special Fee paid \$

To the clerk of the Superior Court of Baltimore City

IT IS HEREBY CERTIFIED, that the within instrument, together with all indorsements thereon, has
been received, approved and recorded by the State Department of Assessments and Taxation of Maryland.

AS WITNESS my hand and seal of the said Department at Baltimore.



A 60255

THE COUNCIL OF UNIT OWNERS OF
THE IMPERIAL CONDOMINIUM, INCORPORATEDArticles of Incorporation

THESE ARTICLES OF INCORPORATION, made this 29th day of March, 1977, by JACK P. STUDNICKY, having a business address at 6606 Park Heights Avenue, Baltimore, Maryland 21215.

WITNESSETH, THAT WHEREAS, pursuant to the provisions of title 11 of the Real Property Article of the Annotated Code of Maryland (1974 edition, as amended) (hereinafter referred to as "the Horizontal Property Act"), and by a declaration dated March 28, 1977, and recorded among the Land Records of Baltimore City, Maryland, in Liber 3460 at folios 98 et seq. (hereinafter referred to as "the Declaration"), LELA CONSTANCE RUSSELL and LEWIS WESLEY RUSSELL have subjected to a condominium regime all that tract of land, situate and lying in the said City, which is described in the Declaration, together with the improvements thereon and the appurtenances thereto, thereby creating a condominium with respect to the same which is known as "The Imperial Condominium" (hereinafter referred to as "the Condominium"), all as is more particularly set forth in the Declaration, and

WHEREAS, under the provisions of the Declaration, the affairs of the Condominium are to be governed in accordance with by-laws (hereinafter and in the Declaration referred to as "the By-Laws"), the form of which has been designated as an exhibit to the Declaration and has been recorded among the said Land Records immediately following the recordation thereamong of the Declaration, and

WHEREAS, under the provisions of the Declaration the affairs of the Condominium are to be governed by an entity which is to constitute both a council of unit owners organized and existing under the provisions of the Horizontal Property Act and a nonstock corporation, organized and existing under the law of Maryland, and

WHEREAS the undersigned, by these Articles of Incorporation, intends to incorporate such entity, as aforesaid.

NOW, THEREFORE, THE UNDERSIGNED, being at least eighteen (18) years of age, does hereby form a nonstock corporation under the general laws of the State of Maryland.

Article 1. Name. The name of the corporation (hereinafter referred to as "the Council") is and shall be

THE COUNCIL OF UNIT OWNERS OF

THE IMPERIAL CONDOMINIUM, INCORPORATED

Article 2. Purposes and Powers

(a) The purposes for which the Council is formed and the powers which the Council shall have, are the following:

(1) to do and perform any and all acts and things which a council of unit owners organized and existing under the provisions of the Horizontal Property Act (as the same may from time to time be amended) is or may be empowered to do, without limitation or restriction of any kind, and

(2) to do and perform any and all acts and things which a nonstock corporation organized and existing under the general laws of the State of Maryland is or may be empowered to do, without limitation or restriction of any kind (including, by way of example rather than of limitation, any and all acts and things which such a corporation is or may be empowered to do under the provisions of title

2. section 2-103, and title 5, section 5-202 of the Corporations and Associations Article of the Annotated Code of Maryland (1975 edition) (as the same may from time to time be amended); and

(iii) to do and perform any and all acts and things which the Council is empowered to do by the provisions of the Declaration, the By-Laws or the Condominium Plat, as the same may from time to time be amended.

(B) Anything contained in the foregoing provisions of this Article to the contrary notwithstanding, nothing in such provisions shall be deemed to empower the Council to take any action, or to permit the Council to omit the taking of any action, if and to the extent that the taking or omission of such action by the Council shall not be permitted by the provisions of the Horizontal Property Act, the Declaration, the By-Laws or the Condominium Plat.

Article 3. Principal Office and Resident Agent

(a). The post office address of the principal office of the Council in Maryland is 6606 Park Heights Avenue, Baltimore, Maryland 21215.

(b). (i) The name and post office address of the resident agent of the Council in Maryland is Gregory L. Reed, Esquire, 1300 Mercantile Bank and Trust Building, 2 Hopkins Plaza, Baltimore, Maryland 21201.

(ii) Such resident agent is a citizen of the State of Maryland who actually resides therein.

Article 4. Lack of authority to issue stock

(a) The Council is not authorized or empowered to issue capital stock of any type or class.

(b) Nothing in the foregoing provisions of this Article shall be deemed in any manner to alter or impair any right or power which the Council may have at any time, and

from time to time, to issue such bonds, notes and other evidence of indebtedness, secured or unsecured, in such amount or amounts, for such consideration and upon such terms and conditions as the Council shall determine upon.

Article 5. Membership.

The membership of the Council shall consist of and be limited to all of the Unit Owners, as that term is defined by the provisions of the Declaration.

Article 6. Directors.

(a) The number of the directors of the Council shall be five (5), and may be increased or decreased by an amendment of the By-Laws, but shall never be less than three (3).

(b) The names of the directors who shall act until the first Annual Membership Meeting (as that term is defined by the By-Laws) and until their successors shall have been elected and qualified are:

Jack P. Studnicky
David Marshall
Lela Constance Russell
Donald Epner
Albert Landman

Article 7. Perpetual Existence. The existence of the Council shall be perpetual.

Article 8. By-Laws.

(a) Subject to the operation and effect of the Declaration, the Horizontal Property Act or other applicable law, the affairs of the Council shall be governed by the By-Laws.

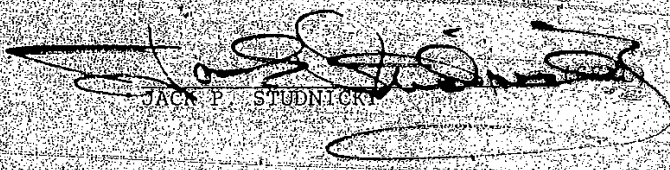
(b) The By-Laws shall for all purposes constitute both the by-laws of the Condominium and the by-laws of the Council for purposes of the provisions of sections 2-109 and 2-110 of the Corporations and Associations Article of the Annotated Code of Maryland (1975 edition as amended), and

any amendment which may be made to the By-Laws shall automatically, and without the necessity of action by any person constitute an amendment thereto for both purposes. The Council may not have any by-laws other than the By-Laws.

Article 9. Voting rights

The voting rights and powers of each member of the Council are as set forth in the provisions of the Declaration and the By-Laws.

IN WITNESS WHEREOF, the undersigned hereby executes and enseals these Articles of Incorporation and acknowledges them to be his act, the day and year first above written.


JACK P. STUDNICKI

The CUO of the Imperial Condominium, Inc.

Balance Sheet and Income/Expense
Statement



The CUO of the Imperial Condominium, Inc.

Balance Sheet For 9/30/2024

Operating

Operating Checking First Citizens	\$74,807.88
M&T Payroll Account	\$103,590.41
Petty Cash	\$100.00

Total Operating

\$178,498.29

Reserve

Reserve M&T Bank	\$388,233.67
Reserve Truist	\$147,824.66

Total Reserve

\$536,058.33

Other Assets

Assessments Receivable	\$1,413,881.32
Accounts Receivable - Other	\$7,370.65
Due From Reserve	\$18,497.50

Total Other Assets

\$1,439,749.47

Total Assets

\$2,154,306.09

Liabilities

Accounts Payable	\$415,431.06
Prepaid Owner Assessments	\$40,876.58
Insurance Claims Payable	\$8,684.00
Accrued Expenses	\$27,237.96
Due to Reserves	\$1,066,450.00
Security Deposits Held	\$6,182.32

Total Liabilities

\$1,564,861.92

Reserves

Beginning Reserves	\$1,564,390.38
Reserve Contribution	\$281,250.00
Reserve - Interest Posted	\$197.66
Reserve - Due to Operating	\$18,497.50
Reserve - Due from Operating	(\$1,066,450.00)
Interfund Transfer	\$13,000.00
Boiler	(\$12,000.00)
Reserve Study	(\$6,075.00)

Total Reserves

\$792,810.54

Equity

Retained Earnings	(\$385,896.55)
Interfund Transfer	(\$13,000.00)
Current Year - Net Income/(Loss)	\$195,530.18

Total Equity

(\$203,366.37)

Total Liabilities / Equity

\$2,154,306.09

The CUO of the Imperial Condominium, Inc.

Statement of Revenues and Expenses 9/1/2024 - 9/30/2024

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Income							
Income							
41000 - Assessments	205,907.50	205,907.72	(.22)	1,853,167.50	1,853,169.48	(1.98)	2,470,892.68
41065 - Parking	630.00	-	630.00	5,600.00	-	5,600.00	-
41990 - Bad Debt	-	-	-	(7,591.53)	-	(7,591.53)	-
42210 - Late Fees	5,176.10	1,166.67	4,009.43	53,453.80	10,500.03	42,953.77	14,000.00
42220 - Returned Check Fee	(50.00)	-	(50.00)	(410.00)	-	(410.00)	-
42270 - Fines	-	-	-	100.00	-	100.00	-
42280 - Move In/Out Fee	-	-	-	2,650.00	-	2,650.00	-
42370 - Facility Rental	-	100.00	(100.00)	1,300.00	900.00	400.00	1,200.00
42380 - Rental Income - Commercial	1,797.00	2,500.00	(703.00)	16,173.00	22,500.00	(6,327.00)	30,000.00
42500 - Antennae Income	4,627.94	2,083.33	2,544.61	20,596.57	18,749.97	1,846.60	25,000.00
42550 - Security Card/Access Device	-	-	-	160.00	-	160.00	-
42580 - Laundry Income	334.12	166.67	167.45	1,601.67	1,500.03	101.64	2,000.00
44001 - Interest On Checking	3.86	-	3.86	73.27	-	73.27	-
Total Income	218,426.52	211,924.39	6,502.13	1,946,874.28	1,907,319.51	39,554.77	2,543,092.68
Total Income	218,426.52	211,924.39	6,502.13	1,946,874.28	1,907,319.51	39,554.77	2,543,092.68

Operating Expense

Payroll							
50000 - Salaries/Payroll	29,393.61	32,377.92	2,984.31	303,160.94	291,401.28	(11,759.66)	388,535.00
50190 - Security	-	3,000.76	3,000.76	10,733.57	27,006.84	16,273.27	36,009.18
50460 - Worker's Compensation	-	1,188.75	1,188.75	15,669.09	10,698.75	(4,970.34)	14,265.00
50530 - Employment Costs	-	8.33	8.33	4,272.99	74.97	(4,198.02)	100.00
50570 - Uniforms	1,060.00	275.00	(785.00)	2,319.25	2,475.00	155.75	3,300.00
Total Payroll	30,453.61	36,850.76	6,397.15	336,155.84	331,656.84	(4,499.00)	442,209.18
Utilities							
51500 - Electric	36,640.19	31,250.00	(5,390.19)	258,176.09	281,250.00	23,073.91	375,000.00
51540 - Gas	1,375.77	9,583.33	8,207.56	79,123.56	86,249.97	7,126.41	115,000.00
51600 - Water & Sewer	-	18,750.00	18,750.00	109,711.65	168,750.00	59,038.35	225,000.00
51660 - Telephone	847.27	1,083.33	236.06	7,656.97	9,749.97	2,093.00	13,000.00
Total Utilities	38,863.23	60,666.66	21,803.43	454,668.27	545,999.94	91,331.67	728,000.00
Repairs & Maintenance							
52000 - General Repairs & Maint.	3,597.96	7,500.00	3,902.04	51,057.67	67,500.00	16,442.33	90,000.00
52025 - Alarm System	-	250.00	250.00	1,150.00	2,250.00	1,100.00	3,000.00
52160 - Carpet Cleaning/Repair	-	300.00	300.00	3,816.00	2,700.00	(1,116.00)	3,600.00
52360 - Dumpster	-	-	-	4,924.60	-	(4,924.60)	-
52370 - Electrical Repairs	518.25	208.33	(309.92)	518.25	1,874.97	1,356.72	2,500.00
52390 - Elevator Repairs	-	416.67	416.67	12,473.60	3,750.03	(8,723.57)	5,000.00
52440 - Equipment Purchases	(3,868.61)	500.00	4,368.61	4,719.78	4,500.00	(219.78)	6,000.00
52465 - Exhaust Fans	-	333.33	333.33	-	2,999.97	2,999.97	4,000.00

The CUO of the Imperial Condominium, Inc.

Statement of Revenues and Expenses 9/1/2024 - 9/30/2024

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Expense							
52590 - Garage Doors	-	-	-	8,932.17	-	(8,932.17)	-
52730 - HVAC	1,074.00	1,250.00	176.00	18,755.00	11,250.00	(7,505.00)	15,000.00
52780 - Landscaping	-	583.33	583.33	1,725.95	5,249.97	3,524.02	7,000.00
52990 - Plumbing Repairs	-	3,750.00	3,750.00	61,190.21	33,750.00	(27,440.21)	45,000.00
53100 - Roof Repair	-	1,250.00	1,250.00	-	11,250.00	11,250.00	15,000.00
53170 - Signs	1,187.62	250.00	(937.62)	1,187.62	2,250.00	1,062.38	3,000.00
55020 - Electrical Supplies	-	41.67	41.67	2,279.60	375.03	(1,904.57)	500.00
55100 - Janitorial Supplies	-	83.33	83.33	16,808.94	749.97	(16,058.97)	1,000.00
55160 - Maintenance Supplies	(1,187.62)	583.33	1,770.95	4,494.61	5,249.97	755.36	7,000.00
Total Repairs & Maintenance	1,321.60	17,299.99	15,978.39	194,034.00	155,699.91	(38,334.09)	207,600.00
Contracted							
57140 - Dryer Vent Cleaning	-	-	-	-	4,000.00	4,000.00	4,000.00
57160 - Elevator	-	2,049.67	2,049.67	19,530.99	18,447.03	(1,083.96)	24,596.00
57165 - Elevator Inspection	-	-	-	4,035.00	-	(4,035.00)	-
57210 - Exterminating	1,086.00	1,041.67	(44.33)	7,878.00	9,375.03	1,497.03	12,500.00
57230 - Fire Alarm Inspection	-	-	-	1,760.00	2,625.00	865.00	3,500.00
57240 - Fire Alarm Monitoring	-	-	-	2,056.40	-	(2,056.40)	-
57250 - Fire Extinguisher Contract	-	-	-	710.36	500.00	(210.36)	500.00
57440 - HVAC	8,886.00	6,750.00	(2,136.00)	26,223.00	20,250.00	(5,973.00)	27,000.00
57460 - Janitorial - Building	7,883.00	8,200.00	317.00	55,181.00	73,800.00	18,619.00	98,400.00
57510 - Lawn Contract	4,659.99	1,130.00	(3,529.99)	10,449.98	10,170.00	(279.98)	13,560.00
57720 - Snow Removal	-	-	-	580.00	7,500.00	6,920.00	10,000.00
57820 - Trash Compactor	-	-	-	-	4,500.00	4,500.00	6,000.00
57830 - Trash Removal	-	166.67	166.67	-	1,500.03	1,500.03	2,000.00
57900 - Water Treatment	227.50	227.50	-	2,047.50	2,047.50	-	2,730.00
Total Contracted	22,742.49	19,565.51	(3,176.98)	130,452.23	154,714.59	24,262.36	204,786.00
Administrative							
60040 - Bank Charges	155.80	-	(155.80)	311.12	-	(311.12)	-
60067 - Cable/Internet	6,335.33	6,166.67	(168.66)	51,691.97	55,500.03	3,808.06	74,000.00
60100 - Collection Expense	-	41.67	41.67	2,855.00	375.03	(2,479.97)	500.00
60130 - Community Activities	-	41.67	41.67	-	375.03	375.03	500.00
60210 - Dues/Subscriptions	-	20.83	20.83	-	187.47	187.47	250.00
60330 - Licenses/Permits/Dues	-	-	-	310.00	-	(310.00)	-
60380 - Meeting Expense	-	41.67	41.67	31.98	375.03	343.05	500.00
60420 - Office Supplies	-	333.33	333.33	1,742.93	2,999.97	1,257.04	4,000.00
60440 - Postage	33.23	83.33	50.10	683.54	749.97	66.43	1,000.00
60600 - Website Services	-	83.33	83.33	188.56	749.97	561.41	1,000.00
Total Administrative	6,524.36	6,812.50	288.14	57,815.10	61,312.50	3,497.40	81,750.00
Professionals							
67000 - Accounting	-	-	-	-	10,000.00	10,000.00	10,000.00

The CUO of the Imperial Condominium, Inc.

Statement of Revenues and Expenses 9/1/2024 - 9/30/2024

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Expense							
67300 - Legal	-	10,000.00	10,000.00	81,736.98	90,000.00	8,263.02	120,000.00
67600 - Management	4,570.62	4,570.63	.01	41,135.58	41,135.67	.09	54,847.50
Total Professionals	4,570.62	14,570.63	10,000.01	122,872.56	141,135.67	18,263.11	184,847.50
Insurance & Taxes							
68050 - Insurance - Master Policy	17,395.10	16,575.00	(820.10)	159,375.60	149,175.00	(10,200.60)	198,900.00
68060 - Fidelity Insurance	-	-	-	1,878.00	-	(1,878.00)	-
68210 - Officers and Directors Insurance	-	-	-	8,232.50	-	(8,232.50)	-
68350 - Common Area - Claim Submitted	-	-	-	-	10,000.00	10,000.00	10,000.00
68360 - Unit - Claim Submitted	-	-	-	-	63,750.00	63,750.00	85,000.00
68800 - Income Taxes	-	-	-	4,610.00	24,000.00	19,390.00	25,000.00
Total Insurance & Taxes	17,395.10	16,575.00	(820.10)	174,096.10	246,925.00	72,828.90	318,900.00
Reserves							
85000 - Reserve Contribution	31,250.00	31,250.00	-	281,250.00	281,250.00	-	375,000.00
Total Reserves	31,250.00	31,250.00	-	281,250.00	281,250.00	-	375,000.00
Total Expense	153,121.01	203,591.05	50,470.04	1,751,344.10	1,918,694.45	167,350.35	2,543,092.68
Operating Net Total	65,305.51	8,333.34	56,972.17	195,530.18	(11,374.94)	206,905.12	-
Net Total	65,305.51	8,333.34	56,972.17	195,530.18	(11,374.94)	206,905.12	-

The CUO of the Imperial Condominium, Inc.

Budgets



Approved: December 4, 2023

Imperial Condominium
2024 Approved Budget

Account Number		2024 Approved Budget	2023 Projected Totals	2023 Approved Budget
	Administrative			
51660	Cable Television	\$ 74,000.00	\$ 3,255.00	\$ 69,733.20
60100	Collection Expenses	\$ 500.00	\$ -	\$ -
60130	Community Activities	\$ 500.00	\$ 47.00	\$ 500.00
60210	Dues/Subscriptions	\$ 250.00	\$ -	\$ 250.00
60380	Meeting Expense	\$ 500.00	\$ 448.50	\$ 1,500.00
60400	Miscellaneous	\$ -	\$ 684.00	\$ 5,000.00
60420	Office Supplies	\$ 4,000.00	\$ 3,615.00	\$ 7,000.00
60440	Postage	\$ 1,000.00	\$ 1,144.50	\$ 1,000.00
60600	Website Services	\$ 1,000.00	\$ 987.00	\$ 480.00
	Total Administrative	\$ 81,750.00	\$ 10,181.00	\$ 85,463.20
	Professionals			
67000	Accounting (Audit/Taxes)	\$ 10,000.00	\$ 8,300.00	\$ 15,000.00
67300	Legal	\$ 120,000.00	\$ 154,744.00	\$ 30,000.00
67600	Management	\$ 54,847.50	\$ 53,250.00	\$ 53,783.92
	Total Professionals	\$ 184,847.50	\$ 216,294.00	\$ 98,783.92
	Insurance & Taxes			
68050	Insurance - Master Policy	\$ 198,900.00	\$ 167,025.00	\$ 170,000.00
68350	Common Area - Claim Submitted	\$ 10,000.00	\$ -	\$ 75,000.00
68360	Unit - Claim Submitted	\$ 85,000.00	\$ -	\$ -
68800	Income Taxes	\$ 25,000.00	\$ 24,320.00	\$ 15,000.00
	Total Insurance & Taxes	\$ 318,900.00	\$ 191,345.00	\$ 260,000.00
	Reserves			
85000	Reserve Contribution	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00
	Total Reserves	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00
	TOTAL EXPENSES	\$ 2,543,092.68	\$ 2,652,552.50	\$ 2,238,990.40
	NET INCOME/(LOSS)	\$ -	\$ (416,783.00)	\$ -

Dana - President

Alexis Seth - Vice President

Kristen Allen - Treasure

Steve Gordon - Member at Large

Luis Hardmon - Member at Large

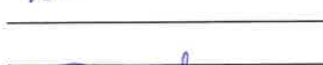
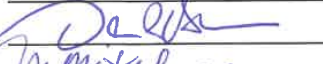
Darren Henson - Member at Large

Marilyn Mitchell - Member at Large

Steve Sye - Member at Large

Louise G Williams - Member at Large








Approved: December 4, 2023

Imperial Condominium
2024 Approved Budget

Account Number		2024 Approved Budget	2023 Projected Totals	2023 Approved Budget
	INCOME			
41000	Assessments	\$2,470,892.68	\$ 2,063,164.50	\$ 2,116,190.40
41065	Parking	\$0.00	\$ 6,007.50	\$ 4,200.00
41990	Bad Debt	\$0.00	\$ (9,505.50)	\$ -
41992	Debt Recovery	\$0.00	\$ -	\$ 6,000.00
42210	Late Fees	\$14,000.00	\$ 58,468.50	\$ 14,000.00
42220	Return Check Fee	\$0.00	\$ (22.50)	\$ -
42270	Fines	\$0.00	\$ -	\$ -
42280	Move In/Out Fee	\$0.00	\$ 2,475.00	\$ 2,500.00
42300	Unit Maintenance Charges	\$0.00	\$ -	
42370	Facility Rental	\$1,200.00	\$ 450.00	\$ 1,500.00
42380	Rental income-Commercial	\$30,000.00	\$ 71,664.00	\$ 60,000.00
42510	Antennae Income	\$25,000.00	\$ 29,896.50	\$ 25,000.00
42550	Security Card/Access Device	\$0.00	\$ 975.00	\$ -
42580	Laundry Income	\$2,000.00	\$ 1,264.50	\$ 2,000.00
42800	Key Deposit	0	\$ -	\$ 600.00
42855	Owner Legal Fee Income	0	\$ -	\$ -
42990	Miscellaneous Income	0	\$ -	\$ 7,000.00
44001	Interest On Checking	0	\$ 126.00	\$ -
44070	Interest on Collections	0	\$ 10,806.00	\$ -
	Total Income	\$2,543,092.68	\$ 2,235,769.50	\$ 2,238,990.40
	EXPENSES			
	Payroll			
50000	Salaries/Payroll	\$388,535.00	\$ 317,661.00	\$ 372,755.00
50080	Receptionist/Front Desk	\$0.00	\$ -	\$ -
50120	Maintenance Salaries	\$0.00	\$ -	\$ -
50130	Porter			\$ -
50170	Doorman	\$0.00	\$ -	\$ -
50190	Security	\$36,009.18	\$ 32,953.50	\$ -
50240	Bonuses	\$0.00	\$ -	\$ -
50310	FICA Payroll Taxes	\$0.00	\$ -	\$ -
50330	FUTA	\$0.00	\$ -	\$ -
50370	SUTA	\$0.00	\$ -	\$ -
50400	Health Insurance	\$0.00	\$ -	\$ -
50460	Worker's Compensation	\$14,265.00	\$ 13,054.50	\$ 5,604.00
50530	Employment Costs	\$100.00	\$ 9.00	\$ -
50555	Payroll - WPM Fee	\$0.00	\$ -	\$ -
50565	Tuition Expense	\$0.00	\$ -	\$ -
50570	Uniforms	\$3,300.00	\$ 3,444.00	\$ 3,296.80
	Total Payroll	\$442,209.18	\$ 367,122.00	\$ 381,655.80

Approved: December 4, 2023

Imperial Condominium
2024 Approved Budget

Account Number		2024 Approved Budget	2023 Projected Totals	2023 Approved Budget
	Utilities			
51500	Electrical	\$375,000.00	\$ 430,693.00	\$ 235,715.04
51540	Gas	\$115,000.00	\$ 129,389.00	\$ 130,049.00
51570	Oil	\$0.00	\$ -	\$ -
51600	Water & Sewer	\$225,000.00	\$ 352,247.00	\$ 224,781.48
60067	Telephone	\$13,000.00	\$ 12,942.00	\$ 11,500.00
	Total Utilities	\$728,000.00	\$ 925,271.00	\$ 602,045.52
	Repairs & Maintenance			
52000	General Repairs & Maint.	\$ 90,000.00	\$ 89,633.50	\$ 35,000.00
52025	Alarm System	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
52140	Building Repairs	\$ -	\$ 4,172.00	\$ 15,000.00
52160	Carpet Cleaning/Repair	\$ 3,600.00	\$ -	\$ 5,000.00
52370	Electrical Repairs	\$ 2,500.00	\$ 1,180.00	\$ 15,000.00
52390	Elevator Repairs	\$ 5,000.00	\$ 8,485.00	\$ 20,000.00
52440	Equipment Purchases	\$ 6,000.00		
52465	Exhaust Fans	\$ 4,000.00	\$ 4,000.00	\$ 10,000.00
52730	HVAC	\$ 15,000.00	\$ 158,989.50	\$ 15,000.00
52780	Landscaping	\$ 7,000.00	\$ 11,397.00	\$ 4,000.00
52890	Operating Contingencies	\$ -	\$ 1,906.00	\$ 50,000.00
52910	Painting	\$ -	\$ 5,000.00	\$ 5,000.00
52990	Plumbing Repairs	\$ 45,000.00	\$ 46,557.50	\$ 40,000.00
53100	Roof Repair	\$ 15,000.00	\$ 12,362.00	\$ -
53170	Signs	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
55020	Electrical Supplies	\$ 500.00	\$ 483.00	\$ 2,000.00
55100	Janitorial Supplies	\$ 1,000.00	\$ 1,713.00	\$ 3,000.00
55160	Maintenance Supplies	\$ 7,000.00	\$ 1,921.00	\$ 2,000.00
	Total Repairs & Maintenance	\$ 207,600.00	\$ 353,799.50	\$ 227,000.00
	Contracted			
57140	Dryer Vent Cleaning	\$ 4,000.00	\$ 3,825.00	\$ 3,900.00
57160	Elevator	\$ 24,596.00	\$ 19,890.00	\$ 73,216.12
57210	Exterminating	\$ 12,500.00	\$ 12,448.50	\$ 9,500.00
57230	Fire Alarm Inspection	\$ 3,500.00	\$ 3,416.00	\$ 3,000.00
57250	Fire Extinguisher	\$ 500.00	\$ 500.00	\$ 500.00
57440	HVAC	\$ 27,000.00	\$ 27,029.00	\$ 21,844.00
57460	Janitorial - Building	\$ 98,400.00	\$ 136,723.50	\$ 54,000.00
57510	Lawn Contract	\$ 13,560.00	\$ 818.00	\$ 10,170.00
57720	Snow Removal	\$ 10,000.00	\$ 610.00	\$ 10,000.00
57820	Trash Compactor	\$ 6,000.00	\$ 5,418.00	\$ 5,000.00
57830	Trash Removal	\$ 2,000.00	\$ 1,725.00	\$ 15,000.00
57900	Water Treatment	\$ 2,730.00	\$ 1,137.00	\$ 2,911.84
	Total Contracted	\$ 204,786.00	\$ 213,540.00	\$ 209,041.96

The CUO of the Imperial Condominium, Inc.

Bylaws



**CORRECTED AND RESTATED SECOND AMENDMENT OF BY-LAWS OF THE
COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.**

This Corrected and Restated Second Amendment of By-Laws is intended to amend, replace, and otherwise supersede the following three (3) instruments recorded in the Land Records for Baltimore City: (1) Second Amendment of By-Laws – The Imperial Condominium (“Second Amendment”), recorded at liber 10731, folio 41, et seq.; (2) Corrected Second Amendment of By-Laws – The Imperial Condominium (“Corrected Second Amendment”), recorded at liber 10839, folio 212, et seq.; and, (3) Amended and Restated By-Laws of the Imperial Condominium (“Amended and Restated By-Laws”), recorded at liber 14214, folio 124, et seq. The Second Amendment was recorded on May 29, 2008, and erroneously did not include additional provisions approved by the Council. The Corrected Second Amendment was recorded on July 8, 2008, and was intended to include said additional provisions, but also erroneously omitted other provisions. The Amended and Restated By-Laws was thereafter recorded on April 23, 2012, and was intended to rectify the Corrected Second Amendment, but contained typographic and scrivener errors. This Corrected and Restated Second Amendment of By-Laws corrects such errors. A copy of the proposed second amendment of by-laws as distributed to Unit Owners prior to April 17, 2008, and as voted and approved, is available for inspection upon request to the Secretary or Managing Agent of the Board of Directors.

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ARTICLE I. GENERAL PROVISIONS.

Section 1.1. Definitions.

1.1.1 Specifically defined terms.

(a) As used in these by-laws,

(i) each of the following terms shall be deemed to have the meaning which is ascribed to it by the provisions of Section 1 of the Declaration:

- (1) "the Act";
- (2) "Assessment";
- (3) "the Board of Directors";
- (4) "the Building";
- (5) "By-Laws";
- (6) "the Code";
- (7) "the Common Elements";
- (8) "Common Expenses";
- (9) "Common Profits";
- (10) "the Condominium";
- (11) "the Condominium Plat";
- (12) "the Condominium Regime";
- (13) "Contract Purchaser";
- (14) "the Council";
- (15) "Council Receipts";
- (16) "the Council Membership";
- (17) "the Council of Unit Owners";
- (18) "the Developer";

- (19) "Declaration";
- (20) "the General Common Elements";
- (21) "the Land Records";
- (22) "Lessee";
- (23) "the Limited Common Elements";
- (24) "Mortgage";
- (25) "Mortgagee";
- (26) "Mortgagee in Possession";
- (27) "Mortgagor";
- (28) "percentage interest in the Common Expenses and
Common Profits";
- (29) "Person";
- (30) "the Rules and Regulations";
- (31) "undivided percentage interest in the Common Elements";
- (32) "Unit";
- (33) "Unit Owner"; and
- (34) "Votes".

(ii) each of the following terms shall be deemed to have the meaning which is hereinafter in this Section ascribed to it:

- (1) "Annual Assessment" shall have the meaning which is ascribed to it by the provisions of Section 7.2.1 hereof.
- (2) "Annual Membership Meeting" shall mean an annual meeting of the Council Membership, held pursuant to the provisions of subsection 2.3.2 hereof.
- (3) "Assessment Year" shall have the meaning which is ascribed to it by the provisions of Section 7.2.2 hereof.

(4) "Assistant Secretary" shall mean an assistant secretary of the Council.

(5) "Assistant Treasurer" shall mean an assistant treasurer of the Council.

(6) "Board Meeting" shall mean a meeting of the Board of Directors, held pursuant to the provisions of Section 2.4.8 hereof.

(7) "Condemnation" shall mean both (A) a taking in condemnation or by the exercise of a power of eminent domain and (B) any conveyance made to any governmental or quasi-governmental authority which possesses any such power, in settlement of any pending or threatened exercise thereof.

(8) "Council Property" shall mean any and all real property, personal property or other assets which are owned by the Council (other than any such property or other assets which are held by the Council in trust), including, by way of example rather than of limitation, (A) any such property or other assets which the Council shall have purchased or otherwise acquired; and (B) any leasehold interest or other right which the Council may hold or possess, at law or in equity, in or to property or otherwise.

(9) "the Declaration" shall mean the instrument entitled "Declaration" which has been recorded among the Land Records immediately prior to the recordation there among of the initial form of these By-Laws and by which the property constituting the Condominium was subjected to the Condominium Regime, as from time to time amended in accordance with the provisions thereof and of the Act.

(10) "Director" shall mean a member of the Board of Directors, in his capacity as such.

(11) "Majority" shall mean more than fifty percent (50%).

(12) "Manager" shall mean a person whom the Council shall have employed, or with whom the Council shall have contracted, to manage the Condominium and/or the affairs of the Council pursuant to the provisions of Section 2.4.11(b)(v) hereof.

(13) "Membership Meeting" shall mean an Annual Membership Meeting or a Special Membership Meeting.

(14) "Notice Address" shall have the meaning which is ascribed to it by the provisions of Section 6.2 hereof.

(15) "Officers" shall mean, collectively, the President, the Vice-President, the Secretary, the Treasurer, each Assistant Secretary, each Assistant Treasurer, and the holder of each other office which the Board of Directors may have created pursuant to the provisions of Section 2.4.11(b)(xx) hereof.

(16) "the President" shall mean the president of the Council.

(17) "Proxy" shall mean the right given, pursuant to the provisions of Section 2.3.6(e) hereof, by a Unit Owner to any person to cast such Unit Owner's Votes on questions voted upon at a Membership Meeting.

(18) "Proxy Holder" shall mean a person who holds a Proxy.

(19) "the Secretary" shall mean the secretary of the Council.

(20) "Special Assessment" shall have the meaning which is ascribed to it by the provisions of Section 7.2.1 hereof.

(21) "Special Membership Meeting" shall mean a special meeting of the Council Membership, held pursuant to the provisions of subsection 2.3.3 hereof.

(22) "the Treasurer" shall mean the treasurer of the Council.

(23) "the Vice-President" shall mean the vice-president of the Council.

(24) "Voting Representative" shall mean any of the persons who are enumerated as such in the provisions of Section 2.3.6(b) hereof.

(b) Any other term to which meaning is specifically ascribed by any of the provisions of the By-Laws shall for purposes of the Declaration and the By-Laws be deemed to have such meaning.

1.1.2. Construction of terms. Any term to which meaning is specifically ascribed by any of the provisions of the Declaration and/or of the By-Laws, and which is used in the Act, shall, wherever possible, be construed in a manner which is consistent with any construction of such term as so used in the Act. Where such consistency of construction is not possible the meanings which are so ascribed shall govern to the extent allowed by law.

Section 1.2. Applicability of By-Laws.

1.2.1. Scope of coverage. The provisions of these By-Laws shall be applicable to, and shall govern,

(a) the administration of the affairs of the Condominium by or through the Council, whether acting through its Officers, the Board of Directors, or the Council Membership;

(b) the ownership sale, lease, sublease, pledge, assignment or other transfer by the Developer, any other Unit Owner, or any Contract Purchaser, Mortgagee, Lessee or other

person, of all or any portion of any legal or equitable freehold, leasehold, security or other interest in

- (i) any of the Units,
- (ii) any undivided percentage interest in the Common Elements,
- (iii) any percentage interest in the Common Expenses and Common Profits, or
- (iv) any right to vote or other right of participation in the administration of the affairs of the Condominium or of the Council; and
- (c) the occupancy or other use of any of the Units or any of the Common Elements by the Developer, any Unit Owner, Contract Purchaser, Mortgagee, Lessee or other person, or any agent, employee, invitee, visitor or guest of any of the same.

1.2.2. Persons bound. Any Unit Owner, Contract Purchaser, Mortgagee, Lessee or other person who (a) shall enter into or accept the delivery of any instrument affecting the sale, conveyance, pledge, lease, sublease, assignment or other transfer of any of the interests which are referred to in the provisions of subsection 1.2.1(b) hereof, or (b) shall occupy or otherwise use any Unit or any of the Common Elements, or allow any of his agents, employees, invitees, visitors or guests or any other person to occupy or otherwise use the same, shall conclusively be deemed by such act to have accepted and ratified the provisions of the Declaration, these By-Laws and the Rules and Regulations, as with, and to be bound by, the same.

ARTICLE II. THE COUNCIL OF UNIT OWNERS.

Section 2.1. Function.

Pursuant to the provisions of Section 4 of the Declaration, and in accordance with the provisions of section 11-109 of the Act, the affairs of the Condominium shall be governed and administered by the Council of Unit Owners, an entity which shall be incorporated under the provisions of the Corporations and Associations Article of the Code as a non-stock corporation.

Section 2.2. Powers and duties.

2.2.1. General powers. The Council shall be vested with all of the rights and powers,

- (a) which are vested in a council of unit owners by the provisions of the Act (to and only to the extent that the vesting of such powers is consistent with the provisions of the Declaration and these By-Laws);

(b) which are vested in non-stock corporations by the provisions of the Corporations and Associations Article of the Code (to and only to the extent that the vesting of such powers is consistent with the provisions of the Act, of the Declaration and of these By-Laws); and

(c) which are vested in the Council by the provisions of the Declaration or these By-Laws.

2.2.2. Specific powers.

Without limiting the generality of the foregoing provisions of this section, the Council shall be vested with all the following powers:

(a) To have perpetual existence, subject to the right of the unit owners to terminate the condominium regime as provided in section 11-123 of the Maryland Condominium Act (MCA);

(b) To adopt and amend reasonable Rules and Regulations concerning the use of the common elements, limited common elements, and Units;

(c) To adopt and amend budgets for revenues, expenditures and reserves and collect assessments for common expenses from Unit Owners;

(d) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

(e) To transact its business, carry on its operations and exercise the powers provided in this subsection in any state, territory, district, or possession of the United States and in any foreign country;

(f) To make contracts and guarantees, incur liabilities, and borrow money, sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets;

(g) To issue bonds, notes, and other obligations and secure the same by mortgage, or deed of trust of any part of its property and assets;

(h) To acquire by purchase or in any other manner, to take, receive, own, hold, use, employ, improve, and otherwise deal with any property, real or personal, or any interest therein, wherever located;

(i) To hire and terminate managing agents and other employees, agents, and independent contractors;

(j) To purchase, take, receive, subscribe, for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of corporations of the State, or foreign corporations, and of associations, partnerships, and individuals;

(k) omitted;

(l) To invest its funds to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes named in the Declaration or Bylaws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned;

(m) To regulate the use, maintenance, repair, replacement, and modification of common elements;

(n) To grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests through or over the common elements in accordance with section 11-125(f) of the MCA.

(o) To impose and receive payments, fees, or charges for the use, rental or operation of the common elements other than limited common elements;

(p) To impose charges for late payments of assessments and , after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules & Regulations of the Council of Unit Owners under section 11-113 of the MCA;

(q) To impose reasonable charges for the preparation and recordation of amendments to the Declaration, Bylaws, Rules and Regulations or resolutions, resale certificates, statements of unpaid assessments, and move-in/move-out fees;

(r) To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employee charged with the operation or maintenance of the Condominium;

(s) To enforce the implied warranties made to the Council of Unit Owners by the developer under section 11-131 of the MCA;

(t) To enforce the provisions of this title, the Declarations, Bylaws, and Rules and Regulations of the Council of Unit Owners against any Unit Owner or occupant;

(u) Generally, to exercise the powers set forth in the MCA, and the Declaration or Bylaws and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the MCA, the Declaration or Bylaws, including thereby the delegates of authority to a Board of Directors of each and any of the foregoing specific powers;

(v) To designate parking for individuals with disabilities, notwithstanding any provision in the Declaration, Bylaws, or Rules and Regulations.

2.2.3. General duties.

The Council shall be charged with all of the duties,

- (a) which are imposed upon a council of unit owners by the provisions of the Act;
- (b) which are imposed upon non-stock corporations by the provisions of the Corporations and Associations Article of the Codes; and
- (c) which are imposed upon the Council by the provisions of the Declaration or these By-Laws.

2.2.4. Specific duties.

Without limiting the generality of the provisions of subsection 2.2.3 hereof, the Council shall (a) govern and administer the affairs of the Condominium; (b) establish the methods of and the procedures for collecting from the Unit owners their respective Assessments and for paying to the Unit Owners their respective shares of the Common Profits; (c) manage or arrange for the management of the Condominium and of all Council Property; and (d) have such other duties as may be specifically imposed upon the Board of Directors or any officer by these By-Laws.

Section 2.3. The Council Membership.

2.3.1. Composition.

The membership of the Council shall consist of and be limited to all of the Unit Owners.

2.3.2. Annual Membership Meetings.

(a) First Annual Membership Meeting.

(i) Provided that notice thereof shall have been given in accordance with the provisions of these By-Laws, the first Annual Membership meeting shall commence at 7:30 o'clock P.M. on such date which is not later than the first (1st) anniversary of the date upon which the Declaration, the initial form of these By-Laws and the Condominium Plat shall all have been recorded among the Land Records, and is not a Saturday, a Sunday or a legal holiday, and at such place in Baltimore, Maryland, as shall be determined upon by the Developer in the exercise of its absolute discretion.

(ii) At the first Annual Membership Meeting,

(1) the Council Membership shall elect the Directors, in the manner and for the respective terms which are set forth in the provisions of Section 2.4 hereof;

and

(2) the Council membership may transact such other business as may properly come before it.

(b) Subsequent Annual Membership Meetings.

(i) Provided that notice thereof shall have been given in accordance with the provisions of these By-Laws, subsequent to such first Annual Membership Meeting an Annual Membership Meeting shall commence at 7:30 o'clock P.M. on the first Monday of December of each year following the year during which such first Annual Membership Meeting shall have been held, as aforesaid, and at such place in Baltimore, Maryland, as shall be determined upon by the Board of Directors.

(ii) At each such subsequent Annual Membership Meeting,

(1) there shall be held an election of the successors to those persons whose terms as Directors shall expire as of such Annual Membership Meeting; and

(2) the Council Membership may transact such other business as may properly come before it.

(c) Notice of Annual Membership Meetings.

(i) By not later than fifteen (15), but not more than forty-five (45), days prior to the date upon which the first Annual Membership Meeting is to be held pursuant to the provisions of Section 2.3.2(a) hereof, the Developer shall give to each Unit Owner and each Proxy Holder a written notice to that effect, setting forth the date, time and place thereof.

(ii) By not later than fifteen (15), but not more than forty-five (45), days prior to the date upon which any subsequent Annual Membership Meeting is to be held, the Secretary shall give to each Unit owner and each Proxy Holder a written notice to that effect, setting forth the date, time and place thereof.

2.3.3. Special Membership Meetings.

(a) Circumstances.

(i) Provided that notice thereof shall have been given in accordance with the provisions of these By-Laws, a Special Membership Meeting may be held at any time for any purpose which is consistent with applicable law, the Declaration and these By-Laws upon a call by the President or the Board of Directors.

(ii) (1) Each Special Membership Meeting shall commence at a time between 7:00 o'clock P.M. and 8:30 o'clock P.M. on a date which is not a Saturday, a

Sunday or a legal holiday, and at a place in Baltimore, Maryland.

(2) Anything contained in the foregoing provisions of this subparagraph (ii) to the contrary notwithstanding, in any emergency situation in which the satisfaction of the requirements which are set forth in such provisions would not reasonably be possible without unreasonably jeopardizing any or all of the Condominium or the health, safety, comfort or welfare of the occupants of any of the Units, or any Council Property, or without imposing an unreasonable burden upon the Council, such Special Membership Meeting shall commence at such date, time and place as shall be determined upon by the President or the Board of Directors.

(b) When a Special Membership Meeting may or shall be called.

(i) The President or the Board of Directors may at any time call a Special Membership Meeting upon his or its own initiative, and shall in such event (subject to the operation and effect of the provisions of Section 2.3.3(a) hereof) determine the date, time and place thereof in the exercise of his or its absolute discretion.

(ii) (1) The President shall call a Special Membership Meeting upon the Council's receipt, at any time following the first Annual Membership Meeting, of a petition (A) requesting that such Special Membership Meeting be called, (B) stating the intended purpose or purposes thereof, and (C) signed by Unit Owners or Proxy Holders having at least twenty-five percent (25%) of the total number of Votes which are then outstanding.

(2) Whenever the calling of any such Special Membership Meeting is requested by any such petition,

(A) if such petition shall specify a date, time and/or place thereof which is or are in accordance with the criteria set forth in the provisions of Section 2.3.3(a) hereof, such Special Membership Meeting shall be held at such date, time and/or place; but

(B) if such petition shall fail so to specify a date, time or place which are in accordance with such criteria, the President shall in accordance with such criteria determine upon such of the same as shall not have been so specified; provided that any such date to be determined upon by the President shall be not later than thirty (30) days after the Council's receipt of such petition, as aforesaid.

(c) Notice of Special Membership Meetings.

(i) Except where a Special Membership Meeting is to be held as the result of the existence of an emergency, as set forth in the provisions of subsection 2.3.3(a)(ii) hereof, and compliance with the provisions of this subparagraph (i) is for that reason not reasonably possible, by not later than seven (7), but not more than forty-five (45) days, prior to the date upon which a Special Membership Meeting is to be held the Secretary shall give to each Unit Owner and each Proxy Holder a written notice stating that such Special Membership

Meeting is to be held and the intended purpose or purposes thereof, and setting forth the date, time and place thereof.

(ii) Where a Special Membership Meeting is to be held as the result of the existence of such an emergency and compliance with the provisions of subparagraph (i) of this paragraph is not reasonably possible, as aforesaid, the Secretary shall give to each Unit Owner and each Proxy Holder such notice thereof as is reasonably possible under the circumstances.

2.3.4. Quorum.

(a) ~~The presence, on the date and at the time and place for which a Membership Meeting shall have been called, of one or more Voting Representatives whose respective Votes shall constitute, in the aggregate, a Majority of the total number of Votes which are then outstanding shall be required for, and shall constitute, a quorum for such Membership Meeting.~~

(b) If a quorum shall not exist at the date, time and place of a Membership Meeting,

(i) notwithstanding the absence of such quorum, such Membership Meeting may be adjourned (by and only by a motion to such effect which shall have been made and seconded by Voting Participants and approved by a Majority of the Votes cast thereon), without further notice to any Unit Owner or Proxy Holder, to a date, time and place which are in accordance with the criteria set forth in the provisions of Section 2.3.2(a) hereof (provided that such date shall be not less than two (2) and not more than ten (10) days from the date for which such Membership Meeting shall first have been called, as aforesaid), in which event, so long as a quorum shall exist at the date, time and place to which such Membership Meeting shall have been so adjourned, any business may be transacted thereat which might have been transacted at the Membership Meeting as originally called, but no other business may be transacted thereat; but

(ii) unless called or held pursuant to the passage of such motion, no Membership Meeting shall be called or held other than pursuant to the provisions of subsections 2.3.2 and 2.3.3 hereof.

(c) once the secretary of a membership Meeting determines that a quorum exists therefore, the existence of such quorum shall not be affected by the subsequent withdrawal from the Membership Meeting of any Voting Participant.

2.3.5. Conduct of Membership Meetings.

(a) (i) The President shall, if present, act as the chairman of each Membership Meeting. In the absence of the President at a Membership Meeting, it shall be chaired (1) by the Vice-President, if present, and (2) in the absence of the Vice-President, by any other person who shall be present and elected chairman thereof by a plurality of the Votes cast thereon.

(ii) The chairman of each Membership Meeting shall preside over its conduct.

(b) (i) The Secretary shall, if present, act as the secretary of each Membership Meeting. In the absence of the Secretary at a Membership Meeting, (1) any Assistant Secretary shall, if present, act as the secretary thereof, and (2) in the absence of any Assistant Secretary, any other person who shall be present and appointed secretary of such Membership Meeting by the chairman thereof shall act as such.

(ii) The secretary of each Membership Meeting shall take the minutes thereof (and, if such person shall not be the Secretary, promptly after such Membership Meeting shall deliver such minutes to the Secretary); shall record therein the questions voted upon at such Membership Meeting and the results of such voting; shall be the judge of the eligibility (under the provisions of subsection 2.3.6 hereof) of any person to cast any Votes thereat; shall make the official count of the Votes cast on each such question; and shall perform such other duties which, under any of the provisions of these By-Laws, are referred to as being performed by the secretary of such Membership Meeting as part of the order of business thereat.

(c) The most recent edition of Robert's Rules of Order shall govern the conduct of all Membership Meetings, when and to the extent that the same shall not be in conflict with any provision of the Declaration, these By-Laws or applicable law.

(d) (i) The order of business to be considered at any Annual Membership Meeting shall be:

(1) in the absence of both the President and the Vice-President, the election of the chairman of such Membership Meeting pursuant to the foregoing provisions of this subsection;

(2) in the absence of both the Secretary and each Assistant Secretary, the appointment of the secretary of such Membership Meeting pursuant to the foregoing provisions of this subsection;

(3) the call by the secretary of such Membership Meeting of the roll of all Unit Owners and Proxy Holders, the names of which shall be determined by reference to the roster which is to be maintained by the Secretary pursuant to the provisions of Section 6.1 hereof, and the determination by the secretary of such Membership Meeting from such roll call of whether a quorum exists for such Membership Meeting;

(4) the presentation of a written certification by or on behalf of the Secretary that each Unit Owner and Proxy Holder has been given such notice of such Membership Meeting as shall have been required by the provisions of these By-Laws;

(5) the reading by the secretary of the Membership Meeting of the minutes of the most recent Membership Meeting, any modification or correction thereof, and

the approval thereof as so modified and/or corrected by a Majority of the Votes cast thereon;

(6) the presentation of a written report by or on behalf of the Treasurer as to the Council Receipts and Common Expenses, and the assets and liabilities of the Council, for the Council's immediately preceding fiscal year, and as to the respective nature and amounts, as estimated by the Treasurer, of the Council Receipts and Common Expenses for the Council's current and next succeeding fiscal years, all in accordance with the provisions of Article VII hereof;

(7) the presentation of any report which is to be given by or on behalf of any other officer;

(8) the presentation of any report which is to be given on behalf of the Board of Directors;

(9) the presentation of any report to be given on behalf of any committee which shall have been created pursuant to any of the provisions of these By-Laws;

(10) the holding of any directorial election which is to be held at such Membership Meeting;

(11) any unfinished business;

(12) any new business; and

(13) the adjournment of such Membership Meeting.

(ii) The order of business to be considered at any Special Membership Meeting shall be and shall be limited to:

(1) in the absence of both the President and the Vice-President, the election of the chairman of such Membership Meeting pursuant to the foregoing provisions of this subsection;

(2) in the absence of both the Secretary and each Assistant Secretary, the appointment of the secretary of such Membership Meeting pursuant to the foregoing provisions of this subsection;

(3) the call by the secretary of such Membership Meeting of the roll of all Unit Owners and Proxy Holders, the names of which shall be determined by reference to the roster which is to be maintained by the Secretary pursuant to the provisions of Section 6.1 hereof, and the determination by the secretary of such Membership Meeting from such roll call of whether a quorum exists for such Membership Meeting;

(4) the presentation of a written certification by or on behalf of the Secretary that each Unit Owner and Proxy Holder has been given such notice of such

Membership Meeting as shall have been required by the provisions of these By-Laws;

(5) the business for which such Special Membership Meeting shall have been called; and

(6) the adjournment of such Membership Meeting.

2.3.6. Voting at Membership Meetings.

(a) (i) Any question which is to be voted upon at a Membership Meeting may be voted upon by and only by those of such persons present who shall be Voting Representatives with respect to such Membership Meeting, notwithstanding the presence of any other person.

(ii) Each such Voting Representative shall be entitled to cast upon such question that number of Votes which are held, pursuant to the provisions of Section 5 of the Declaration, by the Unit Owner for which he is a Voting Representative.

(b) With respect to any Membership Meeting, the Voting Representatives shall consist of and only of all of the following persons:

(i) As to each Unit Owner for whom no Proxy shall then be in effect permitting such Unit Owner's Votes to be cast at such Membership Meeting only by the Proxy Holder thereof.

(1) if such Unit Owner shall consist of one natural person, such person shall be the Voting Representative for himself;

(2) if such Unit Owner shall consist of two or more natural persons (but such Unit Owner shall not have designated a Voting Representative in accordance with the provisions of Section 6.1 hereof), any such person who shall be present thereat shall be the Voting Representative for such Unit Owner (provided, that, if more than one such person shall be present thereat, in counting the Votes cast on any question which is to be voted upon at such Membership Meeting the secretary of the Membership Meeting shall be entitled to treat any such person who shall be casting such Unit Owner's Votes on such question as the Voting Representative for such Unit Owner, unless any other such person shall, prior to the conclusion of such voting, make known to the secretary of the Membership Meeting that such other person objects to the first such person's being treated as the Voting Representative, as aforesaid, in which event the secretary of the Membership Meeting shall announce the same to the Membership Meeting and shall disallow such Unit Owner's Votes on such question [but such disallowance shall not affect the existence of a quorum at such Membership Meeting]; and

(3) otherwise, any person who, prior to such voting, shall have been designated a Voting Representative by such Unit Owner in accordance with the provisions of Section 6.1 hereof shall be the Voting Representative for such Unit Owner (but only if such designation shall then remain in effect).

(ii) As to each Unit Owner for whom a Proxy shall then be in effect permitting such Unit Owner's Votes to be cast at such Membership Meeting only by the Proxy Holder thereof,

(1) if such Proxy Holder shall consist of one natural person, such person shall be the Voting Representative for himself; and

(2) otherwise, any person who, prior to such voting, shall have been designated a Voting Representative by such Proxy Holder in accordance with the provisions of Section 6.1 hereof shall be the Voting Representative for such Proxy Holder (but only if such designation shall then remain in effect),

(c) Anything contained in the provisions of Section 2.3.5(b) hereof to the contrary notwithstanding, no person may be a Voting Representative at a Membership Meeting unless prior thereto the Unit Owner or Proxy Holder with respect to which such person is to be a Voting Representative shall have furnished to the Secretary the information with respect to such Unit Owner himself or Proxy Holder itself which is referred to in the provisions of Section 6.1 hereof.

(d) Except as may otherwise be provided by any provision of the Declaration, these By-Laws or applicable law, each question voted upon at any Membership Meeting shall be decided by a Majority of the Votes cast thereon, and whenever these By-Laws condition the effectiveness of any action upon the approval or authorization thereof by the Council Membership, such condition shall be satisfied by the affirmative vote of a majority of the Votes cast thereon, unless another standard of approval is therein expressly set forth with respect to such condition,

(e) A Unit Owner may give to any person a Proxy entitling such person to cast such Unit Owner's Votes on questions voted upon at any one or more Membership Meetings, but unless such person is a mortgagee or a Lessee of the Unit to which such Votes are attendant, such Proxy shall not be effective following the expiration of a period of one hundred eighty (180) days following its having been given.

Section 2.3.7. Proxies.

(a) Unit owners may vote in person or by proxy. A proxy may be granted only to another Unit Owner, the Mortgagee of the Unit, or the lessee of the Unit.

(b) A proxy may be in any form acceptable under the laws of the State of Maryland and need not be notarized. A proxy, however, shall at the minimum contain the name and address of the Unit Owner(s) providing the proxy, the name and address of the person to whom the proxy is given, and the date on which the proxy was issued. Otherwise, the proxy is null and void.

(c) A proxy who is not appointed to vote as directed by a Unit Owner may only be appointed for purposes of meeting quorums and to vote for matters of business before the

Council, other than an election of Officers and Members of the Board of Directors.

(d) Only a Unit Owner voting in person or a proxy voting for candidates designated by the Unit Owner may vote for Members of the Board of Directors.

(e) A proxy is only effective for the meeting designated or a maximum period of 180 days following its issuance, unless:

(1) granted to a lessee or mortgagee, in which case the proxy is effective until revoked by the Unit Owner or Unit Owners executing the proxy or the grantee of the proxy ceases being a lessee or mortgagee of the Unit, whichever occurs first;

(2) the grantor of the proxy ceases having legal title to the Unit in which case the proxy immediately becomes null and void; or

(3) the grantee of the proxy ceases meeting the definition of those entitled to hold a proxy in which case the proxy immediately becomes null and void.

(f) No Unit Owners, except a mortgagee and Directors of the Board, may hold more than five (5) proxies.

(g) Any proxy may be revoked at any time at the pleasure of the Unit Owner or Unit Owners executing the proxy.

Section 2.4. The Board of Directors.

2.4.1. Composition; qualifications of Directors.

(a) The Board of Directors shall consist of eleven (11) Directors, which number may be decreased by a majority vote of the Directors, but may not be less than seven (7).

(b) Each Director (i) shall be a natural person; (ii) shall be at least eighteen (18) years old and (iii) shall be either (1) alone or in combination with one or more other persons a Unit Owner, or (2) an officer, director, employee or agent of a legal corporation, partnership, trust or other legal entity (other than a natural person) which, either alone or in combination with one or more other persons, is a Unit owner, provided that the Secretary of the Board shall have been given such proof of such natural person's status as such as officer, director, employee or agent of such entity as the Secretary may reasonably require.

(c) Each Director shall, at the time of election, be willing and able to commit to attendance at no fewer than a majority of the meetings of the Board of Directors held during each year of his or her term of office.

2.4.2 Initial Directors – omitted.

2.4.3. Terms of directorships.

- (a) Each Director shall serve for no longer than three (3) consecutive terms of one year each.
- (b) Any Director who has previously served three (3) consecutive terms may be elected to Board Membership after a one-year period has passed since his or her last term of office.

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2.4.4. Nomination of Directors.

(a) At least one (1) month preceding each Annual Membership Meeting, the President shall appoint a nominating committee of three Voting Representatives, at least one of whom shall be a Director whose term of office does not expire as of such Annual Membership Meeting. Such nominating committee, after considering the qualifications of prospective nominees, shall select one or more nominees for each directorship which is to be filled at such Annual Membership Meeting. Such committee shall present its nominations to the Secretary by not later than fifteen (15) days prior to the date of such Annual Membership Meeting.

(b) Any Unit Owner or group of owners (including themselves) for each directorship which is to be filled at any Annual Membership Meeting by presenting such nominations to the Secretary in writing signed by the nominating Unit Owner(s), by not later than fifteen (15) days prior to notice of the election. Nominations may also be made from the floor at the meeting at which the election of the Board is to be held. The Secretary shall certify the eligibility of all nominees prior to the election. Any nominee whose name is disqualified shall be notified in writing of the reason and the reason(s) pertaining thereto within ten (10) days prior to the date of the Annual Membership Meeting at which elections are held.

(c) By not later than ten (10) days prior to the date of such Annual Membership Meeting, each Unit Owner and Proxy Holder shall be furnished a written list of all such nominees for directorships and shall be furnished with a ballot for the directorial election, on which the names of each candidate shall be either typed or printed. Where there is more than one (1) candidate, their names shall be arranged in alphabetical order,

2.4.5. Election of Directors.

(a) At each Annual Membership Meeting, there shall be held a separate election to fill the directorship of each Director whose term of office shall expire as of such Annual Membership Meeting, and any other directorship which may then be vacant.

(b) Those persons who have been declared nominees for such positions in accordance with the foregoing provisions of this Section, and who receive the greatest number of Votes cast in such election, shall be declared elected. Where more than one (1) directorship is being filled and such positions are for differing terms, such positions shall be filled in the order of the length of their terms. Cumulative voting shall not be permitted.

(c) Each Voting Representative may cast his Votes in such election either (i) while in attendance at such Membership Meeting, or (ii) prior thereto by depositing his completed ballot with the Secretary, who shall open it at such Membership Meeting (in which event such Voting Representative need not attend such Membership Meeting for his Votes to be counted).

2.4.6. Filling vacancies in directorships.

If any directorship shall become vacant by reason of a Director's death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors shall (except where such position shall have been filled at an Annual Membership Meeting pursuant to the provisions of paragraph (a) of this subsection), at a Board Meeting duly called for such purpose, elect a successor to such Director, who shall serve for the remainder of the term of such Director.

2.4.7. Removal of Directors.

Any Director may be removed from his position as such, with or without cause, by the affirmative vote of Voting Representatives having two-thirds (2/3) of the outstanding Votes, at any Annual Membership Meeting or Special Membership Meeting duly called for such purpose.

2.4.8. Board Meetings.

(a) A Board Meeting shall be held immediately upon adjournment of each Annual Membership Meeting and at the same place where such Annual Membership Meeting was held, provided that a quorum of Directors is present. If a quorum of Directors is not present, a Board Meeting shall be held as soon thereafter as may be practicable, provided that notice thereof is given to each Director by not later than twenty-four (24) hours prior thereto, or such notice is waived in accordance with the provisions of paragraph (e) of this subsection.

(b) Thereafter, a Board Meeting shall be held at least once each month (except in August) on such day and time as the Board of Directors may select and make known, and on such times and place as the Board of Directors may from time to time select.

(c) Once the date, time and place of the regular Board Meetings have been selected, such regular Board Meetings may thereafter be held without notice of such date, time and place, and such date, time and place may not be changed unless notice of such change shall have been given to the Directors in the same manner as for a Special Board Meeting.

(d) A special Board Meeting may be called by the President on not less than two (2) days' notice given in writing, in person, by telephone, or by wire to each Director, and must be called on the demand of two or more Directors.

(e) Notice of a regular or special Board Meeting need not be given to any Director who submits a waiver of such notice either before or after such Board Meeting. A Director's attendance at a Board Meeting shall be deemed to be a waiver by such Director of

notice thereof. When such meeting is called by the request of two or more Directors, the purpose of such meeting shall be cited in the required two (2) days' notice.

2.4.9. Quorum.

At all duly convened Board Meetings, the presence in person of a majority of the Directors shall constitute a quorum for the transaction of business, except as may otherwise be expressly provided in these By-Laws or applicable by law. Each Director shall be entitled to cast one (1) vote upon each question which may come before the Board of Directors, and the decision of the majority of the Directors present at such Board Meeting at which a quorum is present shall be the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the Director or Directors who shall be present may adjourn the Board Meeting from time to time and, at any such adjourned Board Meeting at which a quorum is present, any business that might have been transacted at the Board Meeting as originally called may be transacted without further notice to any Director.

2.4.10. Unit Owners' attendance at Board Meetings.

(a) Each Unit Owner shall be entitled to attend any Board Meeting, but (except for that Board Meeting at which the Council's budget is to be approved and adopted pursuant to the provisions of subsection 2.4.11(b)(i) hereof), no Unit Owner shall have any right to be given any notice of any Board Meeting, to participate in the deliberations of the Directors thereat; or to vote upon any question coming before such Board Meeting.

(b) Each Unit Owner shall have the right to be heard, but not the right to vote, on the question of the approval and adoption of the Council's budget at the Board Meeting at which such actions are to be taken, as aforesaid, and shall be given notice of such Board Meeting in the manner as that set forth in the provisions of Section 2.3.3(c) hereof for Special Membership Meetings.

2.4.11. Powers and duties of the Board of Directors.

(a) All of the business and affairs of the Council shall be managed, and all of the rights, powers and duties of the Council shall be exercised and performed on the Council's behalf, by the Board of Directors and the Officers in accordance with the provisions of this Section and of Section 2.5 hereof; provided, that nothing in the foregoing provisions of this paragraph shall be deemed in any way to alter or impair the operation and effect of any provisions of the Act, the Corporations and Associations Article of the Code, other applicable law, the Declaration or these By-Laws pursuant to which the Council's right to take any action may be conditioned upon such action having been authorized or approved by the Council Membership.

(b) Without limiting the generality of the foregoing provisions of this subsection, the Board of Directors shall have the right, powers, and duty to cause the Council to take each of the following actions:

(i) Management of the Common Elements. To operate, manage, maintain, renew, replace, repair and protect the Common Elements, infrastructure, and all Council Property;

(ii) Preparation of the Budget. To prepare or cause to be prepared, adopt, monitor, and oversee a budget of the estimated Common Expenses, Council Receipts, Common Profits and Assessments for the Council's current and succeeding fiscal years in accordance with the provisions of Article VII hereof; to ensure that the budget prepared and proposed for any given year is presented for review in no fewer than forty-five (45) days prior to adoption.

(iii) Assessments. To levy Assessments in accordance with the provisions of Article VII hereof;

(iv) Expenditures. To authorize the use and expenditure of any or all Council Receipts (except for so much thereof as the Council shall have resolved to require to be deposited in a reserve fund pursuant to the provisions of Section 7.2.5(a) hereof) for the operation, management, maintenance, renewal, replacement, repair and protection of the Common Elements and all Council Property, provided that no expenditures for capital improvements in excess of \$500.00 for any one item shall be authorized by the Board of Directors unless the same shall have been authorized by the Council Membership by a Majority of the total Votes outstanding at an Annual Membership Meeting or a Special Membership Meeting;

amended

(v) Section of the Manager. To employ or contract with one or more persons to manage the Condominium and/or the affairs of the Council (each of which persons shall be subject to the control of the Board of Directors at all times); to fix the Manager's compensation (which shall be paid by the Council as part of the Common Expenses); and to determine the nature and extent of the Manager's powers and duties, subject to any limitation thereon which may be set forth in the provisions of the Act, the Declaration or these By-Laws. To provide for an annual assessment of management performance by the Board of Directors in the execution of management's established duties, responsibilities, and any special priorities designated by the Board of Directors as a condition for renewing the continued services in accordance with the provisions of any contractual agreement(s) for management services;

(vi) Fidelity bonds. To require the Manager and all officers and employees of the Council who handle, or are responsible for, funds of the Council or funds in its possession or under its control to furnish to the Council fidelity bonds, in form and amount, and with a corporate surety, which are satisfactory to the Board of Directors. The premium on each such bond shall be paid by the Council as part of the Common Expenses;

(vii) Taxes; liens; water and sewer rents. To pay all taxes and assessments which may be levied, and all liens which may be imposed, against all or any portion of the Condominium or the Council Property, provided, that

(1) any of such taxes or assessments which may be levied separately against each Unit or are otherwise chargeable under applicable law directly and

separately to each Unit Owner shall be paid by such Unit Owner;

(2) any tax or assessment which may be levied against the Condominium as a whole before a separate tax or assessment is levied against each Unit in accordance with the provisions of section 11-114 of the Act shall be paid by the Council as part of the Common Expenses;

(3) any charge for water, gas, sewer service, electricity or any other utility services which is provided to the Common Elements or which are otherwise properly assessed, levied and charged to the Council or against the Condominium as a whole shall be paid by the Council as part of the Common Expenses.

(viii) Employees, services and materials. To employ and dismiss such clerks, workmen, janitors, watchmen and other personnel, and to purchase or arrange for such services, machinery equipment, tools, materials and supplies, as in the opinion of the Board of Directors may from time to time be necessary for the proper operation and maintenance of the Common Elements and any Council Property. To periodically assess the use of such staff, the adequacy of such human resources and services, and the need to make modifications such as to augment, reduce, and revise responsibilities or services;

(ix) Collection of delinquent assessments. To collect any unpaid and delinquent Assessment, any interest which may have accrued thereon and any costs and expenses which the Council may have incurred in connection therewith (including, by way of example rather than of limitation, any filing fees, court costs or attorneys' fees), whether by suit or otherwise;

(x) Professional assistance. To employ or retain legal counsel, engineers and accountants and to determine the amount and terms of their compensation, whenever the professional assistance of such persons may be deemed necessary by the Board of Directors for any purposes related to the Council's exercise of its rights and powers, or to the Council's performance of its duties;

(xi) Operating accounts. To cause such operating, escrow and other accounts, if any, to be established and maintained as the Board of Directors may deem appropriate from time to time and as may be consistent with good accounting practices;

(xii) Audits and books of account.

to (1) cause a complete audit of the books and accounts of the Council to be made by a competent certified public accountant of the Council's choosing at the end of each fiscal year of the Council, and at such other time or times as may be deemed necessary by the Board of Directors and to have a Committee or persons designated by the Board to present a report of the findings of audit to the Board no later than sixty (60) days after the completion of any audit;

(2) prepare at the end of each fiscal year of the Council,

and furnish to each Unit Owner, a report of the Council's business and affairs, showing its transactions and reflecting fully and accurately its financial condition; and

(3) keep detailed books of account, in chronological order, of the Council Receipts and the Common Expenses, specifying therein the amount of the Common Expenses and the Common Profits and the portions thereof which are attributable to each Unit;

(xiii) Rules and Regulations.

to (1) make, promulgate and amend from time to time such reasonable Rules and Regulations relative to the operation, use and occupancy of the Units, the Common Elements and other portions of the Condominium (including the assignment to each Unit of the exclusive right to the use of certain parking spaces on a uniform, reasonable and equitable basis), all as the Board of Directors shall deem appropriate;

(2) enforce compliance with the Rules and Regulations by injunction or such other legal action or means as the Board of Directors may deem appropriate; and

(3) provide a copy of such Rules and Regulations, as from time to time so amended, to each Unit Owner promptly upon the adoption thereof;

(xiv) Insurance.

to (1) procure and maintain the insurance which is required by the provisions of Section 3.3 hereof to be procured and maintained; and

(2) collect the proceeds of all such insurance, and to apply the same towards the cost of repair, restoration or replacement of any or all of the Condominium in accordance with the provisions of the Act, the Declaration and these By-Laws;

(xv) Prosecution and defense of condemnation proceedings. To exercise and perform, on behalf of the Council, the Council's rights and duties with respect to the prosecution and defense of condemnation proceedings pursuant to the provisions of Article IV hereof;

(xvi) Lease or License of Common Elements. To lease or license the use of any of the Common Elements in a manner which is not inconsistent with the rights of the Unit Owners under the Act, the Declaration or these By-Laws;

(xvii) Designation of title holder. To (1) designate a nominee for the purpose of acquiring title to any Unit which may be purchased by the council; (2) designate and enter into a trust agreement with two or more Directors to act as trustees for the Council in holding title to any such Unit; and/or (3) authorize the President, the Vice-President or any other officer to execute, attest, enseat and acknowledge, on behalf of the Council, any and all mortgages, leases, or other instruments, the execution, attestation, enseat or acknowledgment

of which on behalf of the Council with respect to such Unit may be necessary in order to accomplish any of such purposes;

(xviii) Personal property. To cause the Council to acquire by purchase or in any other manner, and to take, receive, own, hold, use, employ, improve, mortgage, sell, dispose of and otherwise deal with, any Council Property, wherever located and in such instances where such actions are taken with personal property, all Members of the Board will be informed;

(xix) Additions and improvements.

(1) Subject to the operation and effect of the provisions of the Declaration, to make such alterations, additions and improvements to the Common Elements and any Council Property as in its opinion may be appropriate, and to require, before undertaking any such work, the consent in writing of such Unit Owners and first Mortgagees whose rights may, in the opinion of the Board of Directors, be prejudiced by such alteration, addition or improvement; provided, that the Board of Directors shall obtain the approval by the Council Membership of any alteration, addition or improvement which the Board of Directors shall estimate would cost more than \$500.00;

(2) When, in the opinion of the Board of Directors, any such alteration, addition or improvement is being made exclusively or substantially for the benefit of one or more, but less than all, Unit Owners, the cost shall be charged to such Unit Owner or Unit Owners in such proportion as the Board of Directors shall determine to be fair and equitable, provided that such Unit Owners shall have requested in writing that the same be made, and further provided that prior to undertaking such alteration, addition, or improvement such Unit Owner or Unit Owners shall have consented expressly and in writing to be so assessed. Nothing contained in the foregoing provisions of this subparagraph (xix) shall be deemed in any way to prevent the Unit Owners affected by any such alteration, addition or improvement from agreeing with the Council; either before or after such charge shall have been made, to have such charge allocated among themselves in different proportions,

(3) In every other case, the cost of any such alteration, addition or improvement shall be paid by the Council as part of the Common Expenses.

(xx) Offices. To create one or more offices of assistant secretary, assistant treasurer or otherwise, in addition to the offices of the President, the Vice-President, the Secretary and the Treasurer.

(xxi) Incidental powers. To exercise such other powers and duties as are vested in or imposed upon the board of directors of a non-stock corporation organized and existing, under the law of Maryland by the provisions of the Corporations and Associations Article of the Code, the Act or other applicable law.

2.4.12. Limitation of Directors' liability.

(a) No Director in his capacity as such, (i) shall be liable for any failure by the

Council to obtain or pay for any service which is to be obtained hereunder, or for any injury or damage to persons or property which may be caused by the elements, any Unit Owner or any other person, or which may result from the leakage or flow of electricity, gas, water, rain or dust from the outside of the Building, from any Unit, from any pipe, drain, conduit, appliance or equipment, or from any other place, unless caused by willful misconduct or gross negligence of such Director; (ii) shall be liable to any Unit Owner as a result of the performance of his duties for any mistake of judgment, negligence or otherwise, except for his own individual willful misconduct or gross negligence; (iii) shall have any personal liability in contract to any Unit Owner or other person under any agreement, deed, lease, mortgage, other instrument or transaction entered into by him on behalf of the Council or the Unit Owners in the performance of his duties; (iv) shall have any personal liability, in tort or otherwise, directly or indirectly, to any Unit Owner or any person by virtue of his act or failure to act, except for such Director's own individual willful misconduct or gross negligence in the performance of his duties; and (v) shall have any personal liability arising out of the use, misuse or condition of the Common Elements, or which might in any other way be chargeable against or imputed to him as a result or by virtue of his performance of his duties except for his own individual willful misconduct or gross negligence.

(b) Each Director, in his capacity as such, and his heirs and personal representatives shall be indemnified by the Council against all liability and expense (including, by way of example rather than of limitation, that of reasonable attorneys' fees), which may be reasonably imposed upon or incurred by him in connection with any proceeding in which he may become involved by reason of his being or having been a Director, or in connection with any settlement thereof, and (with respect to such expense) whether or not he is a Director at the time such expense is incurred, except for any such liability imposed or expense incurred in connection with any such proceeding wherein the Director is adjudged guilty of gross negligence or willful misconduct in the performance of his duties; provided, that the foregoing provisions of this paragraph shall not be applicable to any such liability or expense which may be assumed or incurred as the result of a settlement of such proceeding unless the Board of Directors (with such Director abstaining), acting upon the advice of its legal counsel, shall have approved such settlement and reimbursement as being in the best interests of the Council. Any amount paid by the Council pursuant to the foregoing provisions of this paragraph (b) shall be part of the Common Expenses. Nothing in the foregoing provisions of this paragraph shall be deemed to alter or impair any right to indemnification which such Director and/or officer may be entitled under applicable law, by authorization of the Council Membership or the Board of Directors, or otherwise.

(c) Every agreement, deed, lease, mortgage or other instrument which may be executed on behalf of the Council by any Director or Officer shall provide that such Director or Officer shall have no personal liability thereunder by virtue of such execution, and that any claim by any other party thereto arising hereunder shall be asserted against, and any liability thereunder shall be borne by, the Council. Any damages or expenses which may be awarded against or incurred by the Council and which may arise out of such liability shall be paid by the Council as part of the Common Expenses.

2.4.13. Compensation of Directors.

Each Director shall serve as such without compensation except to the extent that any compensation of such Director shall have been expressly authorized by the Council Membership.

Section 2.5. Officers.

2.5.1. Designation; qualifications of officers.

(a) The Officers shall consist of the President, the Vice-President, the Secretary, the Treasurer and (if the Board of Directors shall have created one or more offices of assistant secretary, assistant treasurer, or any such other office, pursuant to the provisions of Section 2.4.11(b)(xx) hereof) each such Assistant Secretary, Assistant Treasurer or other Officer.

(b) Each Officer (i) shall be a natural person; (ii) shall be at least eighteen (18) years old; and (iii) shall be either (1) alone or in combination with one or more other persons a Unit Owner, or (2) an officer, director, employee or agent of a corporation, partnership, trust or other legal entity (other than a natural person) which, either alone or in combination with one or more other persons, is a Unit Owner, provided that the Secretary shall have been given such proof of such natural person's status as officer, director, employee or agent of such entity as the Secretary may reasonably require. The Secretary may also be the Treasurer.

(c) The President and the Secretary shall be Directors. Any other Officer may but need not be a Director.

2.5.2. Election of Officers. The Officers shall be elected annually by the Board of Directors at the first Board Meeting following the Annual Membership meeting, and shall hold office until their successors have been elected by the Board of Directors and qualified.

2.5.3. Powers and duties of the President. The President shall be the chief executive officer of the Council and the chairman of the Board of Directors. He/she shall have the general powers and duties which are usually vested in the office of president of a corporation organized and existing under the law of Maryland (including, by way of example rather than of limitation, the power to appoint such committees from among the Unit owners as he may from time to time deem appropriate, to assist in the conduct of the affairs of the Council).

2.5.4. Powers and duties of the Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act.

2.5.5. Powers and duties of the Secretary. The Secretary (a) shall act as secretary of each Board Meeting and of each Membership Meeting at which he shall be present, (b) shall record all Votes cast on questions coming before each such meeting and the minutes of each such meeting, including such resolutions as may be adopted in a minute book to be kept for that purpose, (c) shall have charge of and keep such minute book and of such records and papers of the Council as the Board of Directors shall direct, (d) shall have the general powers and duties which are usually vested in the office of secretary of a corporation organized and existing under the law of Maryland (including, by way of example rather than of limitation, the duty to send

notices of Membership Meetings and Board Meetings to, respectively, the Unit Owners and the Directors) as well as such other duties as may be prescribed by these By-Laws or by the Board of Directors or the President, and (e) shall keep at the office of the Council the roster which is referred to in the provisions of Section 6.1 hereof, as well as copies of the Declaration, the Condominium Plat, these By-Laws and the Rules and Regulations, all as from time to time amended, all of which shall be available at such office for inspection by the Unit Owners and each Mortgagee during the Council's regular business hours.

2.5.6. Powers and duties of the Treasurer. The treasurer, on behalf of the Board of Directors, (a) shall oversee and monitor the depositing, budgeting, expenditure, and disbursement of all funds and assessments collected on behalf of the Council and entrusted to the Board and to management; (b) shall ensure that full, complete, and accurate accounts and records of all financial records are kept; (c) shall ensure that reports such as might be required by the law, the Declaration, the Board of Directors, and these By-Laws with such detailed, itemized, and chronological documentation as many be appropriate and required; (d) shall generate recommendations for Board approval related to all aspects of the Council's fiscal operations; (e) shall keep or cause to be kept all such records and reports in a known place and manner so as to be available for review and inspection by Unit Owners, prospective Unit Owners, and mortgagees during regular business hours as established by the Board or by management on behalf of the Board; and (f) shall chair an Advisory Committee whose purpose is to assist with the duties of the office and whose membership shall be appointed by the President of the Board.

The Treasurer shall have the general powers and duties that are usually vested in the office of treasurer of a corporation organized and existing under the law of Maryland. He/she shall review at each Annual Membership Meeting an audit and a summary thereof (prepared and certified by an independent certified public accountant of the Board's choosing) of the Common Expenses and the Common Profits, the allocation thereof to each Unit Owner, and any changes expected for the Council's succeeding fiscal year. Such an audit and summary shall be delivered to all Unit Owners by not less than five (5) days prior to the Annual Membership Meeting.

2.5.7. Compensation of Officers. The officers shall serve as such without compensation therefor unless such compensation shall have been expressly authorized by the Council Membership. Any such compensation shall be paid by the Council as part of the Common Expenses. Each Officer shall be entitled to be reimbursed by the Council for all expenses which are reasonably incurred by him in the discharge of his duties.

2.5.8. Resignation and removal of officers. Any Officer may resign his office at any time by giving written notice thereof to the Board of Directors. Unless such resignation shall indicate an earlier date, it shall become effective at the next Board Meeting. Any Officer may be removed from office at any time by resolution of the Board of Directors. Any Director who may resign or be removed from his position as such and who is then the President or the Secretary shall also be deemed thereby to have resigned or to have been removed from such office.

2.5.9. Filling vacancies in offices. If any office shall become vacant by reason of an Officer's death, resignation, retirement, disqualification, removal from office or otherwise the Directors shall at a Board Meeting duly called for such purpose, elect a successor to such officer.

2.5.10. Execution of instruments. No agreement, contract, check, deed, lease, mortgage or other instrument shall be binding upon the Council unless signed by two Officers, except to the extent that such power may otherwise be delegated to the Manager or any other person pursuant to a resolution of the Board of Directors.

Section 2.6. Resident agent.

The name and post office address of the resident agent of the Condominium and the Council in Maryland shall be such person that is from time to time designated by the Board of Directors. Such resident agent is authorized to accept service of process in any action relating to two or more Units, to the Common Elements, to the Council, to the Unit Owners as a class, or to the Council Membership, and shall serve until his successor has been designated through an amendment to these By-Laws.

Section 2.7. Fiscal year.

2.7.1. The fiscal year of the Council shall begin on the first (1st) day of January of the calendar year and shall end on the thirty-first (31st) day of December of that calendar year.

Section 2.8. Principal office.

The principal office of the Council shall be located at, and the mailing address of the Council shall be 6606 Park Heights Avenue, Baltimore Maryland 21215, or at such other place as shall be permitted by law and designated for such purpose from time to time by the Board of Directors.

ARTICLE III. INSURANCE; DAMAGE TO AND DESTRUCTION OF THE CONDOMINIUM.

Section 3.1. Insurance for benefit of Council, Unit Owners and Mortgagees.

3.1.1. Duty to procure and maintain. The Council shall procure and maintain, to the extent available, insurance coverage of the types which are enumerated in the provisions of Section 3.3 hereof upon the Condominium (including all of the Units and the Common Elements), all other personal property which may be located upon or within the Common Elements, and all Council Property.

3.1.2. Insureds. The policies of such insurance shall name as insureds thereunder the Council (both for itself and as trustee for the Unit Owners), each Unit Owner and each Mortgagee, as their interests may appear.

3.1.3. Insurers. Such insurance shall be purchased from one or more recognized insurance companies duly licensed to operate and do business in Maryland.

3.1.4. Exclusions from coverage. Nothing in the foregoing provisions of this Section shall be deemed in any way to impose upon the Council any obligation to procure or maintain any insurance upon the person or personal property of any Unit Owner, any family member, invitee, visitor or guest of any Unit Owner, or any Tenant or other occupant of any Unit. Any Unit Owner who may desire to obtain any such insurance shall be responsible for doing so at such Unit Owner's initiative and expense, and in accordance with the provisions of Section 3.4 hereof.

3.1.5. Review. The Board of Directors shall review the Council's insurance requirements and limits thereof once during each fiscal year of the Council.

3.1.6. Payment of premiums. The Council shall pay the premiums for such insurance as part of the Common Expenses.

Section 3.2. Master policies of insurance.

The Council shall obtain master policies of insurance which shall provide for the proceeds thereunder to be paid to the Council and to be held by the Council for disposition in accordance with the provisions of these By-Laws. Under such master policies, certificates of insurance shall be issued which indicate on their face that they are a part of such master policies, and that such master policies cover each Unit and the Common Elements. A certificate of insurance with proper mortgagee endorsements to such policy shall be issued to the Council, each Unit Owner and each Mortgagee. Such certificate shall show the relative amount of insurance covering each Unit and the percentage interest in the Common Elements which is appurtenant thereto, and shall provide that any improvements made to a Unit by any Unit Owner shall not affect the valuation and other improvements forming part of the Condominium for purposes of such insurance. Such master policies and certificates shall, to the extent obtainable by the Council using its best efforts, contain provisions (a) that the insurer waives its rights to subrogation as to any claim against the Council, any Officer, Director, agent or employee of the Council, each Unit owner, their respective servants agents and guests, and to any defense based on invalidity arising from the acts of the insureds and (b) that the insurer shall not be entitled to contribution from the issuer of any insurance which may be purchased by any Unit Owner in accordance with the provisions of Section 3.4 hereof. The original such master policies shall be deposited with the Council and a memorandum thereof shall be deposited with each first Mortgagee who may request the same. The Council shall pay the premiums for such insurance by not later than thirty (30) days prior to the expiration of the term of each such policy, and shall notify each Mortgagee who shall have requested such notification of such payment within ten (10) days after having made the same.

Section 3.3. Types of insurance.

The types of insurance coverage which the Council shall procure and maintain pursuant to the provisions of Section 3.1 hereof are as follows:

3.3.1. Casualty or physical damage insurance. Casualty or physical damage insurance in an amount equal to at least eighty percent (80%) of replacement value of the Building, all other insurable improvements which form part of the Condominium, and all Council Property, as such value shall be determined annually by the Board of Directors with the assistance of the issuer of such insurance provided, that, at the option of the Board of Directors, such policy or policies may contain a "deductible" provision in an amount which shall be determined by the Board of Directors but shall not exceed \$1,000.00 for Building and contents coverage and \$2,500.00 for air conditioning coverage.

(a) Such coverage shall afford protection against

(i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement, together with coverage for the payment of Assessments made with respect to damaged Units during the period of reconstruction; and

(ii) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use as the Building, (including, by way of example rather than of limitation, the risks of vandalism, malicious mischief and windstorm (and flood, if required by law)), or as the Board of Directors may from time to time believe warrant insurance.

(b) The policies affording such coverage shall provide that, notwithstanding any provisions thereof, which may give the carrier the right to elect to restore damage in lieu of making a cash settlement, such right shall not be exercisable without the approval of the Board of Directors, or, where such restoration would not be permitted under the provisions of the Declaration or of the Act, without the approval of those Unit Owners whose approval thereof may be required by such provisions.

(c) The policies affording such coverage shall provide (i) that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice thereof having been given to each insured (including by way of example rather than of limitation, each insured mortgagee), and (ii) that certificates of such insurance and all renewals thereof, together with acknowledgment of payment of premiums, shall be delivered to each Unit Owner and insured mortgagee upon request.

3.3.2. Public liability insurance. Public liability insurance insuring the Council, each officer, Director, employee or agent thereof, each Unit Owner and the Manager against liability for bodily injury, death, or property damage arising out of the use of the Common Elements by any person or out of any of their activities on behalf of the Council. Such insurance shall have limits of coverage in respect of bodily injury or death and Property Damage of not less than one million dollars (\$1,000,000.00) for any one person and of not less than one million dollars (\$1,000,000.00) for any one occurrence, and may have such higher limits of coverage, and may

be in such form, as shall from time to time be determined by the Board of Directors. Such insurance shall include coverage of claims of one insured against another insured.

3.3.3. Workmen's compensation insurance. Workmen's Compensation Insurance affording at least such coverage of the Council and its Directors, officers, employees and agents as shall be required by applicable law.

3.3.4. Fidelity insurance. Fidelity insurance covering the Manager and those Officers, Directors, employees and agents of the Council who handle Council Receipts or Council Property, in such amounts as shall from time to time be determined by the Board of Directors, unless such bond is afforded by the management company.

3.3.5. Other insurance. Such other coverage as the Board of Directors may deem advisable.

3.3.6. Insurance deductible.

Section 3.4. Unit Owners' insurance.

3.4.1. Coverage. Each Unit Owner may obtain insurance at his own expense affording coverage against (a) damage to or destruction of his Unit or any of his personal property which may be located anywhere upon the land or within the improvements which constitute the Condominium, and (b) personal liability incurred by such Unit Owner and arising out of the use of such Unit Owner's Unit by any person, but each policy which affords such coverage shall contain the same waiver of subrogation by the insurer as that which is referred to in the provisions of Section 3.2 hereof, and either shall provide that the insurer shall have no right of contribution against any casualty insurance affording coverage against such risk which may be held pursuant to the provisions of this Article (notwithstanding that such Unit Owner may be an insured thereunder) or shall be written by the same carrier as that which issued such insurance held by the Council.

3.4.2. Copy of policy to be filed with Council. A copy of each such policy or a certificate shall be filed with the Council by such Unit Owner within ten (10) days after his purchase thereof.

3.4.3. Relationship to insurance held by Council. If a loss is sustained and the amount of the proceeds which would otherwise be payable under any policy of insurance which may then be held by the Council pursuant to the provisions of Section 3.3 hereof shall be reduced because of proration of, or right of contribution from any insurance against the same risk which may be held by any Unit Owner under the provisions of this Section, such Unit Owner shall assign to the Council any proceeds of his insurance which may be payable on account of such loss, to the extent of the amount of such reduction, to be distributed by the Council in the same manner as that which is prescribed by these By-Laws for the distribution of such proceeds which are payable under such policy of insurance which is held by the Council, as aforesaid.

Section 3.5. Improvements made by Unit Owner to his Unit.

3.5.1. Notice to Council. Each Unit Owner shall, promptly upon his completion of the same, notify the Council of the existence of any improvements which may be made to his Unit, if the value of such improvements is in excess of one thousand dollars (\$1,000.00), and shall be liable to the Council for any increase in the premium for any policy of insurance which may be held by the Council pursuant to the provisions of, subsection 3.3.1 hereof which may result from the making of such improvements.

3.5.2. Consequences of failure to provide notice and pay additional premium.

Unless such Unit Owner shall have notified the Council of the existence of any such improvements in accordance with the foregoing provisions of this Section, and shall have paid to the Council the amount of any such increase in the premium for any such policy of insurance which may be held by the Council, as aforesaid, following the Council having made written demand therefor of such Unit Owner (if such demand shall have been made prior to the occurrence of such damage or destruction), such Unit Owner (a) shall not be entitled to receive, on account of any damage to or destruction of such improvements, any distribution of any proceeds which may be payable, under any policy of insurance which may be held by the Council, as the result of the occurrence of any damage to or destruction of the Building, and (b) shall not be entitled to have such improvements repaired or restored by the Council pursuant to the provisions of 3.6.3 hereof.

Section 3.6. Proceeds of insurance.

3.6.1. Receipt and distribution of proceeds by the Council.

(a) The Council shall receive any proceeds which may be payable under any policy of insurance which may be held by the Council pursuant to the provisions of this Article, and shall hold and distribute the same in trust for the purposes set forth in these By-Laws, for the benefit of the Unit Owners, their respective insured Mortgagees, the Council and any other insured thereunder.

(b) The Council shall not make any distribution of any such proceeds directly to a Unit Owner where a mortgagee endorsement is noted on the certificate of insurance covering his Unit, but shall make any such distribution only to such Unit Owner and his Mortgagee jointly.

3.6.2. Adjustment of losses.

Each Unit Owner shall be deemed to have delegated to the Council his right to adjust with the insurer all losses which may be payable under policies purchased by the Council.

3.6.3. Repair or reconstruction of the Condominium following a casualty.

(a) Except as may be otherwise provided by the Act, the Declaration or these By-Laws, if the Building shall be damaged or destroyed, it shall be fully and promptly repaired

and restored by the Council using any proceeds which may be payable, under any policy of insurance on account of the same which may then be held by the Council (or any insurance trustee), and the Unit Owners shall be liable to the Council for the amount by which the cost of such restoration and repair shall exceed the amount of such proceeds, in proportion to their respective undivided percentage interests in the Common Elements, except to the extent that such excess shall be declared a Common Expense by the Council.

(b) Subject to the operation and effect of the provisions of subsection 3.4.2(b) hereof, if any Unit Owner shall, as a result of the occurrence of any such damage to, or destruction of the Building, be paid any proceeds under any policy of insurance which may then be held by such Unit Owner pursuant to the provisions of Section 3.4 hereof, such Unit Owner may apply such proceeds in payment of the share of any such excess for which he may be liable, or of any Assessment which may be levied against his Unit as a result of any such declaration by the Council.

(c) The Council shall (subject to the operation and effect of the provisions of Section 3.5 hereof) be responsible for restoring the Condominium, to and only to substantially the same condition as it was in immediately prior to the occurrence of any damage to or destruction of the same. If, as a result of such repair or reconstruction, any change is made in the location of the improvements within any Unit or within the Common Elements, the Council shall record among the Land Records an amendment to the Condominium Plat which relocates the boundaries of such Unit or the Common Elements so as to confirm to the location of such improvements as so changed, and shall hold a power of attorney from each Unit Owner and Mortgagee for such purpose.

3.6.4. Estimate of cost of repair.

Immediately after the occurrence of any damage to or destruction of all or any portion of the Condominium which the Council is required by the provisions of these By-Laws to repair, the Board of Directors shall obtain a reliable and detailed estimate of the cost of such repair (including, by way of example rather than of limitation, the cost of any professional services and any bond, all which the Board of Directors may desire to obtain in connection with such repair).

3.6.5. Construction fund.

Any proceeds of insurance which may be received by the Council as a result of any damage to or destruction of the Condominium, and any other sums which may be received by the Council from any Unit Owner as a result of the same, shall constitute a construction fund which shall be disbursed by the Council (or by any insurance trustee, as the case may be,) in payment of the costs of the reconstruction and repair thereof, in the following manner:

(a) If the amount of the estimated cost of reconstruction and repair of the damaged or destroyed portion of the Condominium is less than fifty thousand dollars (\$50,000.00), such construction fund shall be disbursed by the Council, in payment of such cost upon authorization by the Board of Directors, provided that, at the written request, of a Mortgagee which is a beneficiary of any such fund, such fund shall be disbursed in the manner

which is set forth in the provisions of paragraph (b) of this subsection.

(b) If the amount of the estimated cost of reconstruction and repair of the damaged or destroyed portion of the Condominium is not less than fifty thousand dollars (\$50,000.00), such construction fund shall be disbursed in payment of such cost upon the approval of such disbursement by an architect licensed to practice in Maryland and employed by the Council to supervise such reconstruction and repair, from time to time as such reconstruction and repair shall progress. Such architect shall be required to furnish to the Council a certificate giving a brief description of the services and materials supplied by each contractor, subcontractor, materialman, architect or other person who has rendered services or furnished materials in connection with such reconstruction and repair, and stating (1) that the sum requested by each such person in payment therefor is justly due and owing, and that such sum does not exceed the value of the services and materials furnished; (2) that there is, to the best of such architect's knowledge, information and belief, no other outstanding indebtedness which has been incurred for such services and materials as so described; and (3) that the cost, as reasonably estimated by such architect, for so much of such repair and reconstruction as shall remain to be done after the date of such certificate does not exceed the amount which will remain in such construction fund after the payment therefrom of the sum so requested.

(c) If any amount shall remain in such construction fund after the reconstruction or repair of such casualty-damage has been fully completed and all of the costs thereof have been paid, such portion shall be distributed to the Unit owners and their insured Mortgagees, as their respective interests may appear.

Section 3.6.6. Insurance Deductible. If the cause of any damage to or destruction of any portion of the condominium regime originates from a unit, the other of the unit shall be responsible for the Council of Unit Owner's property insurance deductible in the amount not to exceed the greater of \$1,000.00 or such other amount as may be permitted by the Maryland Condominium Act.

Section 3.7. Substantial or total destruction of the Building.

3.7.1 Right of partition. If the Building shall be damaged or destroyed by fire or other casualty and the cost of repairing and reconstructing (as estimated by such architect pursuant to the provisions of subsection 3.6.5 (b) hereof) shall exceed two-thirds (2/3) of the then replacement cost of the Building, unless the Unit Owners shall unanimously within sixty (60) days after the occurrence of such casualty resolve to proceed with such repair and reconstruction, the Condominium shall be deemed to be owned in common by the owners of all of the Units in the same proportion as their respective undivided percentage interests in the Common Elements, and the Condominium shall be subject to an action for partition at the suit of any Unit Owner or Mortgagee.

3.7.2. Distribution of proceeds. Upon the completion of any such partition and of any sale of the Condominium made pursuant thereto, the net proceeds of such sale and of any insurance which may be payable to the Council as a result of such damage or destruction shall be held by the Council in one fund, which shall be distributed by the Council [or by any insurance

trustee, as the case may be] among all of the Unit Owners in proportion to their respective undivided percentage interests in the Common Elements, after first applying the share of each Unit Owner to the payment of any unpaid amount for which a lien then exists upon his Unit, in the order of priority of such liens.

Section 3.8. Damage Caused by the Owner, etc.

3.8.1. If any Unit Owner, his tenant, occupant, employee, agent, servant, contractor, or invitee causes damage to that Owner's unit, the Common Elements, or Limited Common Elements, the unit(s) of any other owner(s), or any part of the Condominium, then the Unit Owner who caused damage (whether such damage was actually caused by him or his tenant, guest, occupant, employee, agent, servant, contractor, or invitee) shall be liable for the cost of repairing such damage, including reimbursement of the insurance deductible under the policy of any other owner so damaged or the deductible under the Master Policy of the Council but as to the latter only not to exceed the amount set forth in Section 11-114 of the Act, as amended, as recoverable by a Unit Owner. These damages shall be assessed in accordance with these By-Laws and, if unpaid within thirty (30) days after written demand for the payment is made, shall become a lien against the unit and may be collected as provided for in these By-Laws.

ARTICLE IV. CONDEMNATION.

Section 4.1. Condemnation proceedings.

4.1.1. Council's right to prosecute and defend. The Council shall be entitled to prosecute and defend all proceedings with respect to the taking, injury or destruction by eminent domain of the Common Elements or any part thereof, or any Council Property, provided that the Council shall not compromise any claim without the approval of Unit Owners having a Majority of the outstanding Votes as a Membership Meeting.

4.1.2. Notice to Unit Owners. The Council shall give notice to each Unit Owner of any such proceeding, and each Unit Owner shall be entitled to participate therein on his behalf.

Section 4.2. When repair and reconstruction are required.

Subject to the operation and effect of the provisions of Section 4.3 hereof, in the event of a Condemnation of part of the Condominium the Council shall arrange for and supervise the prompt repair and restoration of the remainder of the Condominium in the same manner as that which is set forth in the provisions of Article III hereof in the case of damage by fire or other casualty, and the provisions of Article III hereof shall apply to the repair and restoration of the Condominium in the same manner as if the Condominium had been so damaged. The award made for the Condemnation shall be payable to the Council and shall be held and disbursed in the same manner as the proceeds of insurance received by the Council are required by the

provisions of Article III hereof to be held and disbursed by the Council upon the occurrence of any such casualty.

Section 4.3. Substantial or total Condemnation of the Condominium.

4.3.1. Right of partition. If (a) more than two-thirds (2/3) in number of the Units shall be rendered untenable by a Condemnation, and (b) more than two-thirds (2/3) of the Unit Owners shall fail to vote in favor of the alteration and reconstruction thereof at a Membership Meeting called for such purpose for a date which is within sixty (60) days after the date of such Condemnation then, with the approval in writing by one or more Mortgagees, having first Mortgages on at least two-thirds (2/3) of all of those Units which are then encumbered by a Mortgage, the Condominium shall be subject to an action for partition at the suit of any Unit Owner or Mortgagee, as if the Condominium were owned by the Unit Owners as tenants in common.

4.3.2. Distribution of proceeds of Condemnation and partition.

In the event of any such partition, the net proceeds of any sale of the Condominium made pursuant thereto, together with the total award for such Condemnation, shall be considered as one fund which shall be distributed by the Council among all of the Unit Owners in proportion to their respective undivided percentage interests in the Common Elements, after first applying the share of each Unit Owner to the payment of each unpaid amount for which a lien exists upon his Unit, in the order of the priority of such liens.

Section 4.4. Effect of Condemnation on undivided percentage interest in the Common Elements and percentage interest in the Common Expenses and Common Profits.

4.4.1. Adjustment of percentage interests. If a Condemnation shall occur and if, as a result of such Condemnation, the operation and effect of the Declaration, the Condominium Plat and these By-Laws are no longer applicable to any Unit or portion thereof so taken, and if the Condominium is not partitioned pursuant to the provisions of subsection 4.3.1 hereof, then the respective undivided percentage interests in the Common Elements and percentage interests in the Common Expenses and Common Profits of all units or portions thereof which were not so taken shall be adjusted as of the date of such Condemnation in the following manner:

(a) If such Condemnation is of all of one or more Units, the respective undivided percentage interests in the Common Elements and percentage interests in the Common Expenses and Common Profits of such units shall be reallocated among all of the other Units, in that proportion which the respective such percentage interests of each of the other Units immediately prior to such Condemnation bears to the aggregate of the respective percentage interests for all of the other Units immediately prior to such Condemnation.

(b) If such Condemnation is of part, but not all, of one or more Units, (i) the percentage interests of each such Unit shall be reduced to a percentage which bears the same ratio to the percentage interest of such Unit immediately prior to such Condemnation as the ratio which the floor area of the Unit immediately after such Condemnation bears to the floor area of the Unit immediately prior to such Condemnation, and (ii) the aggregate of such reduction in the percentage interests of all such Units shall be reallocated among all of the Units remaining after such Condemnation (including each Unit with respect to which such reduction shall have been made) in proportion to the respective percentage interests of such Units immediately prior to such Condemnation, except that in the case of each Unit with respect to which such reduction shall have been made, the percentage interests used in this computation shall be the percentage interests of the Unit as so reduced.

4.4.2. Amendment of the Declaration. Promptly after any Condemnation which necessitates the making of any adjustment of the undivided percentage interest in the Common Elements or the percentage interest in the Common Expenses and Common Profits pursuant to the provisions of this Section, an amendment to the Declaration setting forth such adjustment shall be executed, sealed and acknowledged by or on behalf of each Unit Owner and Mortgagee, and shall be recorded among the Land Records by the Council. The Council shall hold a power of attorney from each Unit Owner and Mortgagee for such purpose.

ARTICLE V. USE AND MAINTENANCE OF UNITS.

Section 5.1. Structural changes. No Unit Owner shall (a) make any structural modification or alteration within his Unit without obtaining the Council's prior written consent thereto; (b) take any other action which may tend to impair the structural integrity, soundness or safety of any part of the Building; (c) take any action which would impair the existence of, or the ability to enjoy, any easement, right or hereditament appurtenant to any Unit or the Common Elements; or (d) take any action which would adversely affect the Common Elements or the ability to use and enjoy the same without first obtaining the written consent thereto of each Unit Owner whose Unit or enjoyment thereof may be affected thereby. No Unit Owner shall Contract for or perform any maintenance, repair replacement, removal, alteration or modification of the Common Elements without first obtaining the Council's written consent thereto.

Section 5.2. Rights and responsibilities of Unit Owners with respect to use and maintenance of Units.

Each Unit Owner shall:

- (a) maintain, repair or replace at his own expense any portion of his Unit which may cause injury or damage to any other Unit or to the Common Elements;
- (b) paint, wallpaper, plaster, decorate and/or otherwise maintain the exposed surfaces of all portion of his Unit (including, by way of example rather than of limitation, all interior and exterior walls, ceilings, doors, door frames, windows, window glass,

window frames, vents, shutters, meter covers, front stoop, patio and floors, if and to the extent that any of the same form part of his Unit);

(c) pay any expense which may be duly incurred by the Council in making any repair to or replacement of the Common Elements which may result from the willful or negligent act or failure to act of such Unit Owner or of any Tenant, Contract Purchaser, or other occupant or user of his Unit;

(d) exercise his rights and perform his duties under the provisions of the Act, the Declaration and these By-Laws in such manner and at such hours as not unreasonably to disturb any other Unit Owner;

(e) refrain from (i) maintaining, repairing, altering, replacing, painting, decorating, or otherwise altering any of the Common Elements (including, by way of example rather than of limitation, any of the Common Elements which may lie within the space included within any Unit), and (ii) repairing, altering, replacing, painting, decorating, or changing any portion of his Unit which may be visible from any other Unit or from the common areas or exterior of the Building, without first obtaining the Council's written consent thereto;

(f) prior to performing any repair work of any kind, the responsibility for which lies with the Council, furnish the Council with written notice of the same (provided that the Council's failure to take action on any such notice shall not be deemed a waiver by it of its said responsibility or a consent by it thereto or its agreement to bear the expense of such work);

(g) comply in every respect with the Rules and Regulations, as the same shall from time to time be promulgated by the Council; and

(h) at all times keep his unit in a sanitary and safe condition.

Section 5.3. Non-liability of Directors. Nothing in the provisions of this Article shall be construed so as to impose a personal liability upon any Director or officer for the maintenance, repair or replacement of any Unit or the Common Elements.

Section 5.4. Restrictions on use of Units and Common Elements: Rules and Regulations.

(a) Restrictions. The Condominium, including but not limited to each unit, Common Elements, and Limited Common Element, shall be governed by the following restrictions and shall be occupied and used as follows:

(1) Except for the area of the Condominium designated for recreational use and except as provided in the Declaration, no Unit shall be used for other than housing and the related common purposes for which the property was designed. The Board of

Directors may permit reasonable, temporary non-residential uses from time to time:

(i) A unit or any other part of the Condominium shall not be used as a family day care home or no-impact home-based business as defined in Section 11-111.1 of the Act, as amended.

(ii) The prohibition set forth in subsection (i) may be eliminated upon the approval of a majority of the total eligible voters of the condominium.

(2) Nothing shall be done or kept in any unit or in the Common Elements or Limited Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential or commercial uses without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in the unit or in the Common Elements or Limited Common Elements which will result in the cancellation of insurance on the property or any part thereof which would be in violation of any law, regulation, or administrative ruling, or otherwise, as determined by the Board of Directors, annoy, harass, humiliate, or interfere with a Unit Owner's enjoyment of the Property, including his Unit or Common Elements or Limited Common Elements. No waste will be committed on the Common Elements or Limited Common Elements.

(3) No immoral, improper, offensive, annoying, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agency having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Council, whichever shall have the obligation to maintain or repair such portion of the property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) No Unit Owner, tenant, occupant, invitee, contractor, or guest shall obstruct any of the Common Elements or Limited Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements or Limited Common Elements (except those areas designated for such storage by the Condominium Instruments of the Board of Directors) without the approval of the Board of Directors. Nothing shall be altered or constructed in or removed from the Common Elements or Limited Common Elements except with prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The Common Elements and Limited Common Elements shall be used only for the furnishing of the service and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units.

(6) Sufficient carpeting or rugs shall be maintained on a minimum of eighty percent (80%) of the floor surfaces (except kitchens, closets, and bathrooms) in units located over other units to adequately reduce transmission of sound between units.

(b) Rules and regulations. Each unit and the Common Elements and

Limited Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed or amended by the Board of Directors from time to time. The Board shall furnish copies of the Rules and Regulations to each Unit Owner. Changes or amendments to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request. The methods and procedures adopted by the Board of Directors to promulgate and change or amend the Rules and Regulations shall comply with the provisions of Section 11-111 of the Act, as amended.

(c) Nothing contained in this section shall be deemed to limit the right of the Board of Directors to promulgate Rules and Regulations not inconsistent with the restrictions set forth in the Condominium Instruments including, but not limited to those enumerated in subsection (a), the Act, or which are otherwise consistent with applicable state, county, and local laws, ordinances, and regulations.

Section 5.5 Right of Access. By acceptance of the deed of conveyance, each Unit Owner thereby grants right of access and easement to the unit, as provided by Section 11-125(e) of the Act, as amended, and subsection 4.2(a) of the Declaration, to the Board of Directors or the managing agent for the purpose of enabling the exercise and discharge of their respective powers and responsibilities including without limitation making inspections, correcting any condition originating in the unit or in a Common Element or Limited Common Element, performing installations, alterations, or repairs to the mechanical or electrical systems or the Common Elements or Limited Common Elements in the unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that a reasonable effort to give notice for entry is made to the Unit Owner and, to the extent possible, that any such entry is at a time reasonably convenient to the Unit Owner. In case of emergency, such right of entry shall be immediate and irrespective of whether the Unit Owner is present. If damage is inflicted on the Common Elements, Limited Common Elements, or any unit through which access is taken, the Council shall promptly repair same. An entry pursuant to this section shall not be considered a trespass.

ARTICLE VI. MISCELLANEOUS PROVISIONS.

Section 6.1. Roster of Unit Owners, Mortgagees, Proxy Holders and Voting Representatives.

6.1.1. Duty to furnish information. Immediately upon a person having become the unit owner or a Mortgagee of a Unit, or the Proxy Holder of a Unit Owner's Votes, such Unit Owner, Mortgagee or Proxy Holder shall notify the Council of its status as such and shall supply the following information to the Secretary in writing:

- (a) the full and correct name of such Unit Owner, or Proxy Holder;
- (b) the number of the Unit of which such person is a Unit Owner or

Mortgagee, or with respect to the Unit Owner of which such person is a Proxy Holder;

(c) if such Unit Owner, Mortgagee or Proxy Holder shall consist of more than one person, the full and correct name of each such person;

(d) if such Unit Owner, Mortgagee or Proxy Holder, or any such person of which it shall consist, shall not be a natural person (i) the type of legal entity of which it shall consist and (ii) the state or other jurisdiction under which it shall have been organized and shall exist;

(e) omitted;

(f) unless such unit Owner and any such Proxy Holder shall consist of one natural person (or shall consist of two or more natural persons but shall not desire to designate any Voting Representative), the name of each natural person who is to be a Voting Representative for such Unit Owner or Proxy Holder;

(g) upon request by the Secretary, such evidence of such Unit Owner's, Mortgagee's or Proxy Holder's status as such as the Secretary may reasonably demand; and

(h) if such Unit Owner, Mortgagee, or Proxy Holder shall seek to lease or rent such a Unit, the Board of Directors shall be notified by letter of the proposed number of such occupants, their names and ages, and a copy of a signed lease no fewer than thirty (30) days prior to the lessees' occupancy. The Board shall reserve the right to approve all such rental or lease agreements.

6.1.2. Consequences of failure to furnish information.

Unless a Unit Owner, Mortgagee or Proxy Holder shall have notified the Council of its status as such and shall have supplied the Secretary with the information which is required to be supplied by the foregoing provisions of this Section, such person shall have no right under the provisions of the Act, the Declaration or these By-Laws (a) to be given any notice, demand, consent, approval, request or other communication or document by the Council or any Director or officer, (b) to participate in the consideration of or cast any Vote upon any question voted upon by the Council Membership, or (c) otherwise to be recognized as such by the Council or any Director or officer, employee or agent thereof, or by any Unit Owner.

6.1.3. Maintenance of roster: reliance thereon by the Council.

The Secretary shall maintain on a current basis a roster showing, with respect to each Unit, any and all information pertaining to the Unit Owner thereof, any Mortgagee thereof, any renter or lessee(s) thereof, and any Proxy Holder or Voting Representative with respect thereto, which shall have been supplied to the Secretary pursuant to the foregoing provisions of this Section. Unless the Council shall have received express written notice to the contrary, the Council, its Directors, officers, employees and agents, and each Unit Owner shall be entitled to rely upon the accuracy of such roster as reflecting the existence, current identity, composition,

legal standing, and Notice Address of the Unit Owner and any Mortgagee or Proxy Holder of a Unit, and the designation and identity of any Voting Representative for any such Unit Owner or Proxy Holder, all in making any determination for purposes of the provisions of the Act, the Declaration or these By-Laws as to whom any notice, demand, consent, approval, request or other communication or document is to be given or delivered by the Council or any Director or officer thereof, or by whom or on whose behalf any Vote may be cast at any Meeting, or in connection with any other action to be taken by the Council or any of its Directors or Officers.

Section 6.2. Notices.

Any notice, demand, consent, approval, request or other communication or document which is to be provided by or on behalf of the Council, any Director or Officer or any other person, to any person hereunder shall be in writing, and (a) shall be deemed to have been provided or delivered forty-eight (48) hours after having been deposited as certified or registered mail in the United States mails, postage prepaid, return receipt requested, (i) if the addressee shall be a Unit Owner, Proxy Holder, Voting Representative or Mortgagee who (in accordance with the provisions of Section 6.1 hereof) shall have notified the Council of its status as such and supplied the Council Secretary with the information which is referred to therein, to such person's address (herein referred to as such person's "Notice Address") as set forth in the roster which is referred to herein, and (ii) if the addressee shall be any other person, to such address in the United States of America as such person may have designated by notice to the other, or (b) shall be deemed to have been provided upon actual hand or other delivery to such person.

Section 6.3. Severability.

No determination or adjudication by any court, governmental or administrative body or agency or otherwise that any provision of these By-Laws or of any amendment hereto or modification hereof is invalid or unenforceable in any instance shall affect the validity or the enforceability (a) of any other provision of these By-Laws, of such amendment or modification, or of any other such amendment or modification, or (b) of such provision in any other instance or circumstance which is neither within the jurisdiction of such court, body or agency nor controlled by its said determination or adjudication. Each and every provision of these By-Laws and of each such amendment or modification shall be and remain valid and enforceable to the fullest extent allowed by law, and shall be construed wherever possible as being consistent with applicable law.

Section 6.4. Amendment.

These By-Laws may be amended in and only in the manner set forth in the provisions of the Declaration and the Act.

Section 6.5. Applicable law.

These By-Laws shall be given effect, and shall be construed, by application of the law of Maryland, and any action, suit or proceeding arising hereunder shall be brought in the courts of Maryland: provided, that if any such action, suit or proceeding shall arise under the Constitution, laws or treaties of the United States of America, or if there shall exist a diversity of citizenship between the parties thereto, so that such action, suit or proceeding shall be brought in a United States District Court, such action, suit or proceeding shall be brought in the United States District Court for the District of Maryland.

Section 6.6. Headings.

The headings of the Articles, Sections and subsections hereof are provided herein for and only for convenience of reference, and shall not be considered in construing the contents of any such Article, Section or subsection.

Section 6.7. Construction.

As used herein,

(a) all references in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; and

(b) all references in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Section 6.8. Severability. The invalidity or unenforceability of any provision of these Condominium Instruments shall not impair or otherwise affect the enforceability or validity of any other provision hereof.

ARTICLE VII. ASSESSMENTS.

Section 7.1. Right to levy Assessments.

The Council shall be entitled to obtain funds for the payment of the Common Expenses by levying an assessment (hereinafter referred to individually as an "Assessment" and collectively as "Assessments") against each Unit Owner and his respective Units, all upon the terms and subject to the conditions which are set forth in the provisions of the Act, the Declaration and these By-Laws.

Section 7.2. Procedure for levying Assessments.

Any determination by the Council either to levy Assessments against the Unit Owners or of the respective amounts of such Assessments shall be made in accordance with the provisions of the Act and the Declaration, subject to the operation and effect of the following provisions of this Section:

7.2.1. Classes of Assessments. The Assessments shall consist of annual Assessments (hereinafter referred to as "Annual Assessments") and special Assessments (hereinafter referred to collectively as "Special Assessments").

7.2.2. Period of Assessments.

(a) Each Assessment shall be levied with respect to one of those periods of one (1) year (each of which is hereinafter referred to as an "Assessment Year") which shall be co-extensive with the Council's fiscal years, as determined from time to time in accordance with the provisions of Section 2.7 hereof; and

(b) Not more than one (1) Annual Assessment shall be made with respect to a Unit for any Assessment Year.

7.2.3. Allocation of Assessments among Units.

The respective amounts of the Annual Assessments and any Special Assessments which are levied with respect to an Assessment Year shall be determined in accordance with the provisions of the Declaration.

7.2.4. Assessments to be universally levied.

No Assessment shall be levied for an Assessment Year with respect to any Unit unless an Assessment shall have been made for such Assessment Year with respect to each Unit, in amounts which shall have been determined in accordance with the provisions of subsection 7.2.3 hereof.

7.2.5. Limitation upon Initial Assessments.

(a) The Council shall not be entitled to levy with respect to each Unit, for the initial Assessment Year, an Annual Assessment in an amount which is in excess of the product obtained by multiplying (1) the percentage interest in the Common Expenses and Common Profits which is applicable to such Unit by (2) the sum of Three Hundred Two Thousand and 00/100 Dollars (\$302,000.00) plus increases in Assessments which, in the reasonable judgment of the Board of Directors, are necessitated by (i) increases in the cost of fuel or utilities, (ii) increases in or imposition of, any real estate personal property and other taxes; (iii) repairs of a capital nature (not required to be made by Developer under any warranty); (iv) cost of expansion of services over those services provided for tenants of the building immediately prior to conversion to a condominium, the then current level of services to be maintained during the initial Assessment Year and for so long thereafter as Developer is entitled to vote fifty-one

percent (51%) or more of the voting interest in the Condominium.

7.2.6. Adoption by Board of Directors; notice of Assessment; when Assessment becomes due and payable.

(a) By not later than sixty (60) days prior to the commencement of an Assessment Year, the Board of Directors shall adopt a budget for the Council for such Assessment Year, which shall set forth the aggregate amount of the Annual Assessments to be made against the Unit Owners for such Assessment Year and shall set forth the respective amount of the Annual Assessment for each Unit, as determined in accordance with the provisions of the Act and the Declaration and the foregoing provisions of this Article. The Board of Directors shall cause a copy of such budget to be provided to each Unit Owner at its Notice Address by not later than forty-five (45) days prior to the commencement of such Assessment Year.

(b) If the respective amount of such Annual Assessment for each Unit shall not exceed the maximum respective amount thereof which the Council shall be entitled pursuant to the provisions of subsection 7.2.5(a) hereof to impose with respect to each Unit without obtaining the Council Membership's approval thereof, such Annual Assessment (or the initial installment thereof, if the Council shall have determined pursuant to the provisions of subsection 7.2.7 hereof to permit the payment thereof in installments) shall become due and payable upon the first (1st) day of such Assessment Year, without the necessity of further action by the Council.

(c) If the respective amount of the Annual Assessment for each Unit shall exceed the maximum respective amount thereof which the Council shall be entitled pursuant to the provisions of subsection 7.2.5(a) hereof to impose with respect to each Unit without obtaining the Council Membership's approval thereof, such Annual Assessments (or the initial installment thereof, if the Council shall have determined pursuant to the provisions of subsection 7.2.7 hereof to permit the payment thereof in installments) shall become due and payable upon the later to occur of

(i) the first (1st) day of such Assessment Year, and

(ii) the fifth (5th) day after the Council Membership shall have approved the levy of such Annual Assessment with respect to each Unit for such Assessment Year.

(d) If the Board of Directors shall levy a Special Assessment with respect to each Unit for an Assessment Year pursuant to the provisions of Section 7.2.5(a) hereof, such Special Assessment (or the initial installment thereof, if the Board of Directors shall have determined pursuant to the provisions of Section 7.2.7 hereof to permit the payment thereof in installments) shall become due and payable on the latest to occur of

(i) the first (1st) day of such Assessment Year;

(ii) the fifth (5th) day after the imposition of such Special Assessment

with respect to each Unit for such Assessment Year shall have been levied by the Council, as aforesaid; and

(iii) such later date as shall have been specified for such purpose by the Council.

7.2.7. Payment of Assessments in Installments.

The Board of Directors shall be entitled to permit the Annual Assessment and/or any Special Assessment which is levied with respect to each Unit for any Assessment Year to be paid to the Council in monthly, quarterly or other installments in accordance with a schedule which shall be determined by the Board of Directors prior to the commencement of such Assessment Year, in which event such Assessments shall be payable in such manner.

Section 7.3. Personal liability of Unit Owners for Assessments.

7.3.1. (a) Each Unit Owner shall be personally liable for the payment of each Assessment (or each installment thereof, if the Council shall have determined pursuant to the provisions of subsection 7.2.7 hereof to permit the payment thereof in installments) which shall become due with respect to his Unit either (i) while he is the Unit Owner thereof, or (ii) prior to his having become the Unit Owner thereof if either (1) a statement of condominium lien with respect to such Assessment shall have become recorded among the Land records by the Council prior to his having become the Unit Owner thereof, pursuant to the provisions of section 11-110 of the Act, or (2) such person shall have become the Unit Owner of such Unit other than by a "grant for value," as that term is used in the said provisions.

(b) A Unit Owner may not avoid such liability by waiving any right to the use and enjoyment of the Common Elements or otherwise which such Unit Owner may hold under the provisions of the Act, the Declaration or these By-Laws, by abandoning or otherwise terminating his use and enjoyment of such Unit, or by conveying to another person the title to his Unit.

(c) Nothing in the foregoing provisions of this Section shall be deemed in any way to alter or impair any right which any Unit Owner may have against any prior Unit Owner of his Unit for the recovery of any amount which such Unit Owner may have paid on account of such liability.

7.3.2. No Unit Owner shall be personally liable for the payment of any Assessment (or any such installment thereof) which shall become due with respect to his Unit, other than as set forth in the foregoing provisions of this Section.

Section 7.4. Lien of Assessment; priority of lien of Assessment.

7.4.1. Imposition of condominium lien.

(a) At any time following the levying of an Assessment with respect to a Unit and prior to the Council's receipt of payment in full of the same, the Council may execute, enseat, acknowledge and record among the Land Records a statement of condominium lien either (i) with respect to such Assessment, or (ii) with respect to any installment thereof, if the Council shall have determined pursuant to the provisions of subsection 7.2.7 hereof to permit the payment thereof in installments, and if the Council shall elect to make such statement of condominium lien applicable to such installment rather than to such Assessment in full, in accordance with the provisions of section 11-110 of the Act.

(b) Provided that the form of any such statement of condominium lien shall be such that, upon its having been executed, enseat, acknowledged and recorded among the Land Records, it will constitute a "statement of condominium lien" for purposes of the provisions of section 11-110 of the Act, such form shall be as determined by the Council in the exercise of its sole discretion.

7.4.2. Each Assessment (or installment thereof, if the Council shall have determined pursuant to the provisions of Section 7.2.7 hereof to permit the payment thereof in installments) which shall have been made with respect to a Unit shall constitute a lien upon the title to such Unit from and after the date upon which a statement of condominium lien with respect to such Assessment shall have been recorded among the Land Records by the Council pursuant to the provisions of section 11-110 of the Act and the provisions of subsection 7.4.1 hereof until the Assessment shall have been paid in full to the Council, provided that such statement of condominium lien shall have been recorded among the Land Records prior to both (a) the second (2nd) anniversary of the date upon which such Assessment or installment thereof shall first have become due, and (b) the recordation among the Land Records of a deed or other instrument which effects a "grant for value" (as that term is used in the provisions of section 11-110(d) of the Act) of such Unit by the person who was the Unit Owner of such Unit at the time that such Assessment or installment thereof shall first have become due.

7.4.3. The lien of each Assessment or installment thereof which may be created pursuant to, the foregoing provisions of this Section shall be subordinate to the lien of any Mortgage covering the Unit with respect to which such Assessment shall have been levied, if and only if such Mortgage shall have been recorded among the said Land Records prior to the recordation of a statement of condominium lien with respect to such Assessment or installment thereof, pursuant to the provisions of subsection 7.4.1 hereof.

7.4.4. Enforcement of lien of Assessment.

(a) The lien of each Assessment may be enforced and foreclosed by the Council, or on behalf of the Council by the President, the Manager or any other person who may be specified for such purpose by the Board of Directors, in the same manner and subject to the same requirements as are specified by the law of Maryland for the foreclosure of mortgages or deeds of trust containing a power of sale or an assent to a decree, and covering real property situate and lying in the said County.

(b) The Council shall be entitled to protect the Council's right to collect any unpaid Assessment by purchasing on behalf of the Council the Unit against which it shall have been levied, at any judicial or other sale involving the enforcement of any lien against the Unit, provided that such action shall be authorized by the Council Membership; and to hold, lease, sublet, sell, convey and mortgage any such Unit so purchased. The Board of Directors shall be entitled to authorize the Council to borrow any or all of the funds which may be needed to make such purchase. The payment of the purchase price for such Unit and of any interest charged for any funds so borrowed shall be a Common Expense, and any income from any resale, mortgage or lease of such Unit shall be Council Income.

(c) Anything contained in the foregoing provisions of this Section to the contrary notwithstanding each such lien shall expire, automatically and without the necessity of any action by the Council or any other person, if no action to enforce and foreclose such lien shall have been brought within three (3) years following the recordation among the Land Records of a statement of condominium lien with respect thereto pursuant to the foregoing provisions of this Section.

Section 7.5. Accrual of interest on unpaid Assessments.

Each Assessment (or each installment thereof if the Council shall have determined pursuant to the provisions of Section 7.2.7 hereof to permit the payment thereof in installments) shall bear interest on the unpaid balance thereof from the thirtieth (30th) day after the date upon which the same shall first become due, until paid, at the greater of (i) the rate of eighteen percent (18%) per annum, or (ii) the highest rate of interest per annum which shall from time to time be permitted under applicable law to be charged with respect to the same.

Section 7.6. Right of Council to seek recovery of unpaid Assessments.

7.6.1. The Council shall be entitled (a) to recover in an action at law or inequity, from any person who shall be liable for the payment of an Assessment or any installment thereof, so much of such Assessment as shall remain unpaid following application thereto of the proceeds of any foreclosure sale made pursuant to the provisions of subsection 7.4.3 hereof, and (b) to obtain in an action at law or in equity, from any such person, a money judgment for any or all of any such Assessment for which such person shall be liable, all without waiving any lien of such Assessment.

Section 7.7. Certificate as to payment or non-payment of Assessments. The Council shall, upon written request at any time by any person who shall have any liability for an Assessment or any installment thereof, or shall have any interest in a Unit which is subject to the lien of such Assessment, deliver to such person (or to any other person designated for such purpose by such request) a certificate signed by the President or the Secretary, which sets forth whether such Assessment or installment thereof shall have been paid. Any such certificate which shall be delivered, as aforesaid, shall (if relied upon by such person) constitute conclusive

evidence of the payment of any Assessment or installment thereof which is therein stated to have been paid.

ARTICLE VIII. COMPLIANCE AND DEFAULT.

Section 8.1. Enforcement.

(a) Compliance and Relief. Each Unit Owner shall be governed by, and shall comply with, all terms of the Condominium Instruments and the Act as any of the same may be amended from time to time. In enforcing the terms of the Condominium Instruments and the Act, the Council shall follow the procedures set forth in Section 11-113 of the Act to the extent applicable. In addition to the remedies and procedures provided in the Act, a default in any payment due from a Unit Owner or violation of the terms of the Condominium Instruments or Rules and Regulations promulgated pursuant to thereto shall subject the Unit Owner(s) to all remedies and procedures set forth in the Condominium Instruments, the Act or otherwise afforded by the state, county or local law, ordinance or regulation.

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by (1) a Unit Owner's act, neglect or carelessness, (2) the act, neglect or carelessness of a Unit Owner's family, (3) the act, neglect, or carelessness of a Unit Owner's contractor, tenant, lessee, employee, agent, guest, licensee, or occupant, or (4) the act, neglect or carelessness of a tenant or lessee's guest, employee, agent, licensee, occupant, or contractor. Such liability shall include any increase in casualty insurance rates occasioned by their use, misuse, occupancy, or abandonment of any unit or its appurtenance. Nothing contained herein, however, shall be constructed as modifying any waiver by any insurance company to its rights of subrogation.

(c) Costs and Attorney's Fees. In any proceedings including but not limited to judicial, administrative or arbitration arising out of alleged default by a Unit Owner to comply with the Act, Condominium Instruments, Rules and Regulations or any state, federal or local government ordinance or regulation or in any other proceeding by and between a Unit Owner(s) and the Council, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the presiding official (i.e., judge, administrative law judge, arbitrator).

(d) No Waiver of Rights. The failure of the Council, the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or conditions which may be granted by the Condominium Instruments or the Act shall not constitute a waiver of the right of the Council, the Board of Directors or the Unit Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Council, the Board of Directors or any Unit Owner pursuant to any term, provision, covenant, or condition of the Condominium Instruments or the Act 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 the same from exercising such other privileges as may be

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granted to such party by the Condominium Instruments or the Act or at law or in equity.

(e) Abating and Enjoining Violations. The violation of any of the Rules and Regulation adopted by the Board of Directors or a breach of any provision of the Condominium Instruments or the Act, which violation/breach, in the sole opinion of the Board of Directors, involves the health or safety of a Unit Owner(s), guest, invitee, tenant, or occupant, property of the Council or Unit Owner(s), or the Condominium shall give the Board of Directors on its own behalf or through its designated agent, servant employee or contractor, the right to enter the Unit(s) or Limited Common Elements appurtenant thereto in which such violation/breach exists and summarily to abate and/or remove any structure, thing or condition that may exist therein contrary to the intent and meaning hereof. All other violations not affecting health or safety of a Unit Owner, guest, tenant, invitee, occupant, or the property of the Council, Unit Owner or the Condominium shall be removed or abated pursuant to Section 11-113 of the Act or any other right or remedy afforded by law. Any action taken by the Board of Directors on its own behalf or its designated agent, servant, employee or contractor pursuant to this subsection shall not be deemed a trespass. The cost of all proceedings or action, including attorney's fees to abate or alleviate the violation or breach shall be Limited Common Expense and shall be assessed and collected against the Unit Owner(s) as set forth in these By-laws.

(f) Legal Proceedings. Failure to comply with any of the terms of Condominium Instruments, the Act, and/or the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, fines and charges, any other relief provided for by the Condominium Instruments or the Act or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Council, the Board of Directors, the managing agent, the Council's attorney or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

(g) Fines. Pursuant to Section 11-109 and 11-113 of the Act, the Board of Directors and the Covenants Committee may levy reasonable fines against the Unit Owners for violation of the Rules and Regulations, the Condominium Instruments or the Act. No fine may be levied for more than twenty-five dollars (\$25.00) or one percent (1%) of the annual assessment attributable to the Unit Owner for any one (1) violation whichever is greater, but each day a violation continues, after written notice is given to the Unit Owner pursuant to Section 11-113 of the Act is a separate violation for which a fine may be levied. Prior to the imposition of a fine, the Board of Directors or Covenants Committee shall comply with Section 11-113 of the Act. Fines assessed are considered special assessments and are collectable as set forth in these By-laws.

Section 8.2. Lien for Assessments.

(a) Lien. The total annual assessments of each Unit Owner for Common Expenses or any Special Assessments, or any other sum duly levied (including without limitation fines, interest, late charges, attorney's fees, returned check charges, insufficient fund charges, etc.) pursuant to these By-laws, is hereby declared to be a lien levied against the unit of such Unit Owner as provided in Section 11-110 of the Act, as amended. The Board of Directors or the Council's

designated legal counsel, shall file or record such other further notice of any such other further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. Upon default in payment of any installment of an assessment payable in installments, the Council may demand payment of all remaining annual installments coming due within that fiscal year in accordance with Section 11-110(e)(3) of the Act, as amended.

(c) Late charge. Any assessment, or installment thereof, not paid after fifteen (15) days from when dues shall accrue a late charge in the amount of fifteen dollars (\$15.00) or one-tenth of the total amount of the delinquent assessment or installment, whichever is greater, in accordance with Section 11-110 (e)(2) of the Act, as amended.

(d) Interest. In the event of a default by a Unit Owner in paying any sum assessed against the unit, the principal amount unpaid shall, at the discretion of the Board of Directors, bear interest at the maximum permissible interest rate provided for under the Act or eighteen percent (18%) per annum, whichever is greater.

(e) Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the State of Maryland by power of sale (pursuant to Section 11-110 of the Act, as amended) or action in the name of the Board of Directors, acting on behalf of the Council. The Plaintiff in such proceeding shall have the right to the appointment of a receiver, if available, under laws of the State of Maryland.

(f) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without filing a lien, instituting foreclosure proceedings, or waiving of the lien, if filed, and foreclosure may be maintained notwithstanding the pendency of any suit to recover money judgment.

(g) Fees/Expenses. Upon a default in any payment due by Unit Owner, the defaulting Unit Owner is liable for all costs and fees incurred by the Council in collecting the outstanding monies, including but not limited to, attorney's fees, court costs, insufficient funds fees, returned check fees, private processor fees, etc.

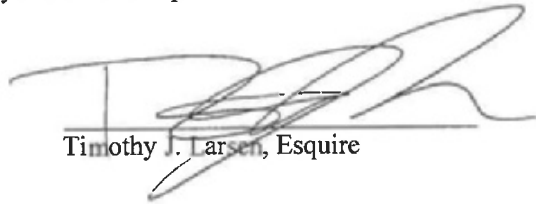
(h) Trustee Fee/Auctioneer Fee. Upon the foreclosure of a lien placed on a unit in accordance with Section 8.2, a Unit Owner is responsible to pay a trustee fee of five percent (5%) of the gross sale price obtained by the trustee upon selling for the unit and the actual cost of the auctioneer fee.

Section 8.3. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to the By-laws upon any unit (and any penalties, fines, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received so long as the rights of the holder of a mortgage are duly recorded prior to the recording of the lien; provided, however, that such subordination shall apply only to assessments

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which have become due and payable prior to a sale or transfer of such unit pursuant to foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the unit at such sale from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner provided herein.

THIS IS TO CERTIFY that the within amended by-laws were prepared by, or under the supervision of the undersigned, an attorney duly authorized to practice before the Court of Appeals of Maryland.



Timothy J. Larsen, Esquire

AFTER RECORDING, PLEASE
RETURN TO:

John M. Oliveri, Esquire
Timothy J. Larsen, Esquire
Oliveri & Associates, LLC
635 N. Bestgate Road, Suite 200
Annapolis, Maryland 21401
(410) 295-3000

LIBER 18326 PAGE 376

CERTIFICATE OF SECRETARY OF COUNCIL OF UNIT OWNERS OF IMPERIAL
CONDOMINIUM, INC. FILED PURSUANT TO SECTION 11-104 OF THE REAL
PROPERTY ARTICLE OF THE ANNOTATED CODE OF MARYLAND

I HEREBY CERTIFY AS FOLLOWS:

1. That I am the person specified in the By-Laws to count votes at the April 17, 2008 meeting of the Council of Unit Owners of Imperial Condominium, Inc.
2. That the foregoing Second Amendment of By-Laws of the Council of Unit Owners of Imperial Condominium, Inc. were duly approved by unit owners having the required seventy-five (75%) percent of the votes at the meeting.
3. That the foregoing Second Amendment of By-Laws shall be effect as of its original recordation on May 28, 2009.
4. That at the April 17, 2008 meeting, the Second Amendment of By-Laws was approved by 75.18% of the unit owners with 95 votes approving the amendment and 35 votes against the amendment.
5. As of April 17, 2008, there were 141 eligible unit owners to vote on the Second Amendment of By-Laws.


Paulette McCoy
Secretary, Council of Unit Owners of
Imperial Condominium, Inc.

4293

000032

RECEIVED

JUL 28 2016

CIRCUIT COURT
FOR BALTIMORE CITY

LR - Amendment
Recording Fee 75.00
Grantor/Grantee Name:
COUNCIL OF UNIT
OWNERS...IMPERIAL
CONDO
Reference/Control #: LR - Amendment
Surchage 40.00
SubTotal: 115.00
Total: 115.00
07/29/2016 10:14
CC24-M6
#66255504 CC0001
Baltimore City
Mitche11/CC008.01.02 -
Register 02

40
75
AP

Record and Return to:
Bruce D. Brown, Esquire
Rosen Hoover, P.A.
100 North Charles St., Suite 1010
Baltimore, MD 21201
File # 01058.001

BOOK: 20654 PAGE: 177

THE COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC.

**FIRST AMENDMENT TO CORRECTED AND RESTATED SECOND AMENDMENT
OF BY-LAWS**

THIS FIRST AMENDMENT TO CORRECTED AND RESTATED SECOND AMENDMENT OF BY-LAWS (this "Amendment"), dated this 12 day of NOVEMBER, 2018, by THE COUNCIL OF UNIT OWNERS OF THE IMPERIAL CONDOMINIUM, INC. (the "Council").

EXPLANATORY STATEMENTS

A. The Imperial Condominium (the "Condominium") was established by a Declaration dated March 28, 1997 and recorded among the Land Records of Baltimore City (the "Land Records") in Liber 3460, folio 288 et seq. (the "Declaration") and By-Laws recorded among the Land Records in Liber 3460, folio 331, et seq. The By-Laws have been subsequently amended, most recently by a Corrected and Restated Second Amendment of By-Laws dated July 28, 2016. The By-Laws and all subsequent amendments thereto, including but not limited to the Corrected and Restated Second Amendment of By-Laws, are collectively referred to herein as the "By-Laws".

B. The Council and its members now desire to amend certain provisions of the By-Laws and have duly authorized and approved the Amendment to the By-Laws hereinafter set forth in the manner and by the vote required by Section 11-104 of the Real Property Article, Annotated Code of Maryland (the "Maryland Condominium Act").

NOW, THEREFORE, for the purposes aforesaid, the Council does hereby state and declare as follows:

1. That Article II, Section 2.3.4(a) currently provides as follows:

a. The presence, on the date and at the time and place for which a Membership Meeting shall have been called, of one or more Voting Representatives whose respective Votes shall constitute, in the aggregate, a Majority of the total number of Votes which are then outstanding shall be required for, and shall constitute, a quorum for such Membership Meeting.

That Section 2.3.4(a) is deleted in its entirety, and the following new Section 2.3.4(a) is enacted in lieu thereof:

a. The presence, on the date and at the time and place for which a Membership Meeting shall have been called, of one or more Voting Representatives whose respective Votes shall constitute, in the aggregate, twenty-five percent (25%) of the total number of

unbooked
none

Votes which are then outstanding shall be required for, and shall constitute, a quorum for such Membership Meeting.

2. That Article II, Section 2.4.3 currently provides as follows:

2.4.3. Terms of directorships.

- a. Each Director shall serve for no longer than three (3) consecutive terms of one year each.
- b. Any Director who has previously served three (3) consecutive terms may be elected to Board Membership after a 1-year period has passed since his or her last term of office.

That Section 2.4.3 is hereby deleted in its entirety, and the following new Section 2.4.3 is enacted in lieu thereof:

2.4.3. Terms of directorships.

- a. At each Annual Membership Meeting occurring on or after the effective date of this Amendment, a successor shall be elected to each of the Directors whose term(s) as such shall then expire. Each such successor Director shall be elected to serve for a term of one (1) year.
- b. Anything contained in the provisions of this Subsection to the contrary notwithstanding, each Director shall serve as such until his/her successor has been elected and qualified.

3. That Article II, Section 2.4.11(b)(iv) currently provides as follows:

(iv) Expenditures.

To authorize the use and expenditure of any or all Council Receipts (except for so much thereof as the Council shall have resolved to require to be deposited in a reserve fund pursuant to the provisions of Section 7.2.5(a) hereof, for the operation, management, maintenance, renewal, replacement, repair and protection of the Common Elements and all Council Property, provided that no expenditure for capital improvements in excess of \$500.00 for any one item shall be authorized by the Board of Directors unless the same shall have been authorized by the Council Membership by a Majority of the total Votes outstanding at an Annual Meeting or a Special Meeting.

That Section 2.4.11(b)(iv) is hereby deleted in its entirety, and the following new Section 2.4.11(b)(iv) is enacted in lieu thereof:

(iv) Expenditures.

To authorize the use and expenditure of any or all Council Receipts (except for so much thereof as the Council shall have resolved to require to be deposited in a reserve fund pursuant to the provisions of Section 7.2.5(a) hereof, for the operation, management, maintenance, renewal, replacement, repair and protection of the Common Elements and all Council Property, provided that no expenditure for capital improvements in excess of \$15,000.00 for any one item shall be authorized by the Board of Directors unless the same shall have been authorized by the Council Membership by a Majority of the total Votes outstanding at an Annual Meeting or a Special Meeting

4. All capitalized terms set forth in this Amendment shall have the meanings ascribed to them in the Declaration and By-Laws, as amended, except as otherwise clearly provided herein.

5. Except as set forth above, all other provisions of the By-Laws, as amended, shall remain in full force and effect.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the President and Secretary of the Board of Directors certify that the foregoing Amendment to By-Laws was approved in accordance with the provisions of Section 11-104 of the Maryland Condominium Act, having been approved by the affirmative vote of Unit Owners representing at least sixty percent (60%) of the total votes of the Council at a meeting called for that purpose.

WITNESS:

[Handwritten signatures of Drew Ross and Harry W. Feinstein]

THE COUNCIL OF UNIT OWNERS OF THE
IMPERIAL CONDOMINIUM, INC.

By: *[Signature of Drew Ross]* (SEAL)

Name: DREW ROSS, President

By: *[Signature of Harry W. Feinstein]* (SEAL)

Name: HARRY W. FEINSTEIN Secretary

STATE OF MARYLAND, CITY/COUNTY OF _____, TO WIT:

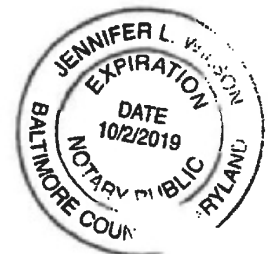
I HEREBY CERTIFY that on this 12 day of NOVEMBER, 2018, before me, the subscriber, a Notary Public of the state aforesaid, personally appeared Drew Ross and Harry Feinstein, who acknowledged themselves to be the President and Secretary of the Board of Directors of The Council of Unit Owners of the Imperial Condominium, Inc. and that they, being authorized so to do, executed the foregoing instrument herein contained by signing for the Council by themselves as President and Secretary.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Signature of Notary Public]
Notary Public

My Commission Expires: 10/2/2019

01058.001\Amendment to By-Laws 10.08.18



5109

BALTIMORE CITY CIRCUIT COURT (Land Records) MB 20654, p. 0181, MSA_CE164_29811. Date available 11/27/2018. Printed 03/06/2023.

LR - Amendment
Recording Fee 20.00
Name: COUNCIL OF UNIT
OWNERS... IMPERIAL
CONDO
Ref: IMPERIAL
CONDOMINIUM (1ST AMND
2ND B/L)
LR - Amendment
Surcharge 40.00
SubTotal: 60.00
Total: 60.00
11/16/2018 09:33
CC24-MG
#11281013 CC0801 -
Baltimore City
Mitche11/CC08.01.02 -

*unlinked
none*

The CUO of the Imperial Condominium, Inc.

Condominium Declaration/CC&R



GLR/2-18-77

THE IMPERIAL CONDOMINIUM

DECLARATION

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C	Schedule of percentage interests and Votes
D	Initial Form of the By-Laws

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APR -5-77 261742d ***276cc

THE IMPERIAL CONDOMINIUM

DECLARATION

THIS DECLARATION, made this 28th day of March, 1977, by LELA CONSTANCE RUSSELL and LEWIS WESLEY RUSSELL, each having an address at 4600 Lee Highway, Arlington, Virginia 22207 (hereinafter referred to collectively as "the Developer"),

WITNESSETH, THAT WHEREAS the Developer is the owner of all of that tract of land, situate and lying in Baltimore City, Maryland, which is more particularly described in Exhibit A hereto, together with the improvements thereon and the appurtenances thereto; and

WHEREAS the Developer intends by this Declaration to subject the said tract of land, improvements and appurtenances to a condominium regime established pursuant to the law of Maryland,

NOW, THEREFORE, the Developer hereby declares the Developer's intent to subject, and does hereby subject, to a regime established under the provisions of title 11 of the Real Property Article of the Annotated Code of Maryland (1974 edition, as amended), all of that tract of land situate and lying in the said City which is described in Exhibit A hereto, the outlines of which have been set forth on a plat which has been designated as "Drawing No. 1" and is one of those certain plats which are dated January, 1974, are entitled "The Imperial Condominium, 6606 Park Heights Avenue, Baltimore, Maryland", have been labeled (and are hereby designated) as Exhibits B-1 through B-12 hereto, and are being recorded among the Land Records of the said City

simultaneously with the recordation thereamong of this Declaration,

TOGETHER WITH all of the improvements on such tract (including, by way of example rather than of limitation, those buildings, the location and the dimensions of which are shown within such tract on the said plats), and all of the rights, alleys, ways, waters, privileges, appurtenances and advantages, to the same belonging or in any way appertaining (all of which tract, improvements and appurtenances are hereinafter referred to collectively as "the Condominium"),

SUBJECT TO the operation and effect of any and all mortgages, deeds of trust and other instruments which shall have been recorded among the said Land Records prior to the recordation thereamong of this Declaration,

UPON THE TERMS and subject to the conditions which are hereinafter set forth:

Section 1. Definitions.

(a) (i) As used in the provisions of this Declaration, each of the following terms shall be deemed to have the meaning which is hereinafter in this Section ascribed to it:

(1) "the Act" shall mean the statute entitled "Horizontal Property Act" and codified as title 11 of the Real Property Article of the Code.

(2) "Assessment" shall mean an amount assessed by the Council against a Unit Owner with respect to a Unit.

(3) "the Board of Directors" shall mean the board of directors of the Council (as hereinafter defined), as established by the By-Laws.

(4) "the Building" shall mean that structure which forms part of the improvements which are included

within the Condominium, the location of which is designated by shading on Exhibit B-1 hereto, and the two wings of which have been designated 'Building "A"' and 'Building "B"' on the Condominium Plat.

(5) "the By-Laws" shall mean those by-laws, the initial form of which is referred to in the provisions of Section 5(a) hereof, as from time to time amended in accordance with the provisions thereof and of the Act and this Declaration.

(6) "the Code" shall mean the Annotated Code of Maryland (in each instance of reference whichever edition shall contain the most recent codification of the statute to which reference is made), as from time to time amended.

(7) "the Common Elements" shall have the meaning which is ascribed to it by the provisions of Section 3 hereof.

(8) "Common Expenses" shall mean the aggregate of (A) any and all expenses which shall be incurred by the Council in the exercise of the rights and powers, and in the discharge of the duties, which are vested in, exercisable by or imposed upon the Council under the Act, the Declaration or the By-Laws, and (B) any and all amounts which the Council shall resolve to require to be deposited in a reserve fund pursuant to the By-Laws.

(9) "Common Profits" shall, for the period with respect to which reference is made, mean the amount, if any, by which the Council Receipts for such period shall exceed the Common Expenses for such period.

(10) "the Condominium" shall have the meaning which is hereinabove ascribed to it.

(11) "the Condominium Plat" shall mean, collectively, those plats which have been designated as Exhibits

(12) "the Condominium Regime" shall mean the condominium regime to which, pursuant to the provisions of section 11-102 of the Act, all of the land, improvements thereon and appurtenances thereto which from time to time collectively constitute the Condominium shall have been subjected by the recordation of this Declaration, the By-Laws and the Condominium Plat, as from time to time amended, among the Land Records.

(13) "Contract Purchaser" shall mean any person who shall have entered into a contract (other than a land installment contract, as that term is defined by the provisions of title 10, section 10-101(b) of the Real Property Article of the Code, which at such time shall have been recorded among the Land Records) which, at the time with respect to which reference is made, shall entitle such person to purchase a Unit from the Developer or from any other Unit Owner, but who shall not as yet have acquired the legal title of record to such Unit pursuant to such contract.

(14) "Council Receipts" shall mean any and all monies beneficially received or derived by the Council in any manner whatsoever, including, by way of example rather than of limitation, any and all income received by the Council (A) from leasing or licensing the use of any of the Common Elements, on behalf of the Unit Owners, (B) from leasing or licensing the use of any of the real or personal property or other assets which are owned by the Council, (C) as interest accrued upon an unpaid Assessment, (D) as in-

terest derived from any other source, (E) as a dividend, or (F) through the payment to the Council of any or all of an Assessment.

(15) "the Council Membership" shall mean, collectively, all of the Unit Owners in their capacities as members of the Council.

(16) "the Council of Unit Owners" and "the Council" shall mean the entity which is referred to in the provisions of Section 5(b) hereof.

(17) "the Developer" shall mean the persons which are hereinabove named as such, and such persons' heirs, personal representatives, successors and assigns in interest hereunder; provided, that no Unit Owner, Mortgagee, Lessee or Contract Purchaser shall, merely by virtue of its status as such, be deemed to be the Developer.

(18) "this Declaration" shall mean this instrument, as from time to time amended in accordance with the provisions hereof and of the Act.

(19) "the General Common Elements" shall have the meaning which is ascribed to it by the provisions of Section 3(c) hereof.

(20) "the Land Records" shall mean the Land Records of Baltimore City, Maryland.

(21) "Lessee" shall mean any lessee or sub-lessee of any Unit from the Developer or any other Unit Owner, or from any other person.

(22) "the Limited Common Elements" shall have the meaning which is ascribed to it by the provisions of Section 3(c) hereof.

(23) "Mortgage" shall mean any mortgage or deed of trust encumbering one or more Units, and any other security interest in one or more Units which shall exist by

virtue of any other form of security instrument or arrangement which may be used from time to time in the locality of the Condominium (including, by way of example rather than of limitation, any such other form of security arrangement which shall arise under any deed of trust, sale and leaseback documents, lease and leaseback documents, security deed or conditional deed, or any financing statement, security agreement or other documentation used pursuant to the provisions of the Uniform Commercial Code or of any successor or similar statute), provided that such mortgage, deed of trust or other form of security instrument, and an instrument evidencing any such other form of security arrangement, shall have been recorded among the Land Records.

(24) "Mortgagee" shall mean the party secured by a Mortgage which is in effect at the time with respect to which reference is made.

(25) "Mortgagee in Possession" shall mean any person who, at the time with respect to which reference is made, either (A) shall be a Mortgagee which shall have possession of a Unit as a result of a default under a Mortgage with respect to which such person is a Mortgagee, or (B) shall be the Unit Owner of such Unit as the result of the delivery to such person of a deed conveying to such person the Mortgagor's equity of redemption in such Unit either as the result of a foreclosure proceeding under a Mortgage covering such Unit under to which such person shall have been a Mortgagee, or in lieu of a foreclosure proceeding under such Mortgage.

(26) "Mortgagor" shall mean the Unit Owner of a Unit, the legal title to which shall be encumbered by a Mortgage.

(27) "percentage interest in the Common Expenses and Common Profits" shall mean that fraction of the

Common Expenses and Common Profits which is appurtenant to a Unit and which the Unit Owner thereof shall have, all under the provisions of section 11-107(B) of the Act and of Section 4 hereof.

(28) "person" shall mean any natural person, trustee, corporation, partnership or other legal entity.

(29) "the Rules and Regulations" shall mean the rules and regulations which are adopted by the Council pursuant to the By-Laws, as amended from time to time in accordance with the same.

(30) "undivided percentage interest in the Common Elements" shall mean that undivided interest in the Common Elements which is appurtenant to a Unit and which is owned by the Unit Owner thereof, all under the provisions of section 11-107(A) of the Act and of Section 4 hereof.

(31) "Unit" shall have the meaning which is ascribed to it by the provisions of Section 3 hereof.

(32) "Unit Owner" shall mean any person or combination of persons (including, by way of example rather than of limitation, the Developer) who (A) shall hold the legal title to a Unit under a deed or other instrument, or (B) shall be the purchaser of a Unit under a land installment contract (as that term is defined by the provisions of title 10, section 10-101(b) of the Real Property Article of the Code), if and only if such deed, other instrument or land installment contract shall have been recorded among the Land Records at the time with respect to which reference is made; provided, that (A) no Lessee or Contract Purchaser shall, merely by virtue of such person's status as such, be deemed for purposes hereof to be a Unit Owner; and (B) no Mortgagee shall be deemed for purposes hereof to be a Unit Owner of a Unit unless, at the time with respect to which

reference is made, such Mortgagee shall be a Mortgagee in Possession of such Unit which shall have a acquired of record the Mortgagor's equity of redemption in such Unit.

(33) "Votes" shall mean the votes which, under the provisions of section 11-109(c) of the Act and Section 5 hereof, the Unit Owners are entitled to cast in their capacities as such at meetings of the Council Membership.

(ii) Any other term to which meaning is specifically ascribed by any of the provisions of this Declaration shall for purposes of this Declaration and of the By-Laws be deemed to have such meaning.

(b) Any term to which meaning is specifically ascribed by any of the provisions of this Declaration and/or of the By-Laws, and which is used in the Act, shall, wherever possible, be construed in a manner which is consistent with any construction of such term as so used in the Act. Where such consistency of construction is not possible, the definitions set forth hereinabove shall govern to the extent allowed by law.

Section 2. Name.

The Condominium shall be known as "The Imperial Condominium".

Section 3. Units and Common Elements.

(a) The Condominium shall be comprised of (i) those portions of the Condominium which are referred to in the provisions of Section 3(b) hereof (each of which is hereinafter referred to as a "Unit"), and (ii) common elements (hereinafter referred to collectively as "the Common Elements").

(b) Units.

(i) The Condominium shall contain one hundred forty-one (141) Units.

(ii) The location within the Condominium, and the dimensions, of each of the Units which shall exist at the time with respect to which reference is made, are shown on the Condominium Plat, and are more particularly defined by the provisions of Sections 3(b)(iv) and 3(e) hereof.

(iii) Each of the Units shall have, and for purposes of the Act, this Declaration and the By-Laws shall be known by, a number corresponding to the number which is shown with respect to such Unit on the Condominium Plat.

(iv) Except as may be otherwise provided herein, each of the Units shall consist of all of the following:

(1) The space bounded by and contained within:

(A) the following portions of the vertical perimetrical walls of the apartment forming part of such Unit:

(I) the inside unfinished surface of any of such walls which are concrete, brick or masonry, and the inside one-half of the thickness of any of such walls which are not concrete, brick or masonry; and

(II) with respect to any window opening or doorway opening to the outside surface of any of the said walls, the exterior surface (in the closed position) of the outermost window, storm window or screen, or the outermost door, storm door or screen door, set within such opening;

(B) the lower unfinished surface of the poured concrete portion of the ceiling of such apartment; and

(C) the upper unfinished surface of the concrete portion of the subfloor of such apartment.

(2) Any and all windows, screens, doors, screen doors and storm doors and storm windows, if any, which are set within any of the said walls.

(3) Any and all kitchen or other appliances installed therein (including, by way of example rather than of limitation, the heat exchanger which is installed therein).

(4) Any circuit breaker panel installed therein, any and all electrical installations and fixtures for the exclusive use of such apartment (including, by way of example rather than of limitation, any and all outlets, switches, lampholders or other electrical service terminals, wherever located, which shall exist for the exclusive use of such apartment) and any and all wiring and conduit running from any such circuit breaker panel to any of such installations and fixtures.

(5) Any and all heating and air conditioning duct work running from such unit to the outlets thereof into such apartment, and any and all such outlets.

(6) Any and all range hood or bath fans for such apartment, and any duct work connecting the same to any common exhaust duct serving such apartment as well as other apartments.

(7) Any and all bathroom and kitchen plumbing fixtures and connections thereto for such apartment, including, by way of example rather than of limitation, any and all sinks, faucets, commodes, bathtubs, shower stalls, hot or cold water pipes or drain pipes connecting any of the same with any common water or drain pipes serving such apartment as well as other apartments.

(8) Any and all improvements, fixtures and installations of every kind and nature whatsoever located

within the boundaries of such apartment as are hereinabove set forth, as well as any and all improvements, fixtures and installations specifically designated by the provisions hereof as being part of such Unit, whether or not such improvements, fixtures and installations are located within the said boundaries.

(9) The airspace contained within any balcony or deck to which a doorway opens directly from such apartment.

(v) Anything contained in the foregoing provisions of this Section 3(b) to the contrary notwithstanding, whenever any loadbearing or structural wall, partition or column, or any exhaust duct or water or drain pipe serving such apartment as well as other apartments, is located within the said boundaries, such Unit shall be deemed to include only the non-loadbearing or nonstructural portions of such wall, partition or column, and shall be deemed not to include such duct or pipe. In addition, the heating and air conditioning unit which is presently located in the wall dividing Unit G from Unit H shall be part of the Common Elements.

(vi) Each Unit shall have all of the incidents of real property under applicable law. Nothing in the provisions of this Declaration shall be deemed to confer upon (1) any Unit Owner, by virtue of his status as such, or (2) any other person having any other interest in such Unit, by virtue of such interest, any interest in any other Unit.

(c) The Common Elements.

(i) The Common Elements (1) shall consist of all of the Condominium other than the Units, and (2) shall be comprised of the Limited Common Elements and the General Common Elements.

(ii) The Limited Common Elements.

(1) The Limited Common Elements shall consist of those of the Common Elements which, by the provisions of this Declaration or of the Condominium Plat, are

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(3) With respect to each Unit, each of the following shall constitute a Limited Common Element which is hereby reserved for the exclusive use by the Unit Owner thereof:

(4) With respect to all of the Units which are located on the same story of the Building, that portion of the air space which is contained within such story and which on the Condominium Plat is designated by dotted shading and labeled "L.C.E." (which airspace consists primarily of the hallways and corridors on such story) shall constitute a Limited Common Element which is hereby reserved for the exclusive use by the respective Unit Owners of such Units.

(iii) The General Common Elements.

The General Common Elements shall consist of all of the Common Elements other than the Limited Common Elements (including, by way of example rather than of limitation, all of the air space which is contained within the first floor of the Building, as shown on those sheets of the Condominium Plat which constitute Exhibits

B-2 and B-9 hereto, except for those portions of such air space as shown on Exhibit B-9 hereto which are included within a Unit).

(iv) Ownership of the Common Elements.

The Common Elements shall be owned by all of the Unit Owners as tenants-in-common, each of which shall have that undivided percentage interest therein which is set forth in the provisions of Section 4 hereof.

(d) (i) Each Unit shall have the benefit of an easement for the lateral and vertical support of the improvements included within such Unit, which easement shall burden the Common Elements and each other Unit.

(ii) Each Unit shall have the benefit of a non-exclusive easement for the use of

(1) each and every main, duct, stack, raceway, wire, conduit, line, drain, pipe, meter or other device which shall be located within any one or more other Units or within any of the Common Elements, and which shall be used in providing any utility or service to such Unit; and

(2) each and every street, sidewalk, corridor, stairway, elevator, elevator shaft, lobby or entranceway which shall from time to time be included within either (A) the General Common Elements or (B) those of the Limited Common Elements, the right to the exclusive use of which shall have been reserved to the Unit Owner of such Unit (either alone or together with the Unit Owner or Unit Owners of one or more other Units).

(e) The existing physical boundaries of any Unit (as defined by the provisions of Section 3(b) hereof) or of any Common Element which shall have been constructed or reconstructed in such a way that such existing physical boundaries substantially conform to the boundaries therefor as are shown on the Condominium Plat shall conclusively be presumed to be the boundaries of such Unit or Common Ele-

ment, regardless of whether there shall have occurred any shifting, settlement or lateral movement of the building or other portion of the Condominium within or upon which such Unit or Common Element shall be located, and regardless of whether there shall exist any minor variation between the boundaries therefor as are shown on or by reference to the Condominium Plat and the existing physical boundaries of such Unit or Common Element.

(f) If any of the improvements included within the Common Elements should encroach upon any Unit, or if any of the improvements included within a Unit should encroach upon another Unit or upon the Common Elements, as a result of any construction, reconstruction or repair of any building or other improvement forming part of the Condominium which shall have been undertaken for any reason (including, by way of example rather than of limitation, the partial or total destruction thereof by fire or other casualty, or as a result of the condemnation thereof or the taking of the same through the exercise of a power of eminent domain) in accordance with the provisions of this Declaration, the By-Laws and applicable law, an easement for such encroachment and for the maintenance of the improvements so encroaching shall exist for so long as such improvements shall exist.

(g) The conveyance of any Unit having the benefit or the burden of an easement created by any of the provisions of this Declaration shall constitute a conveyance of such benefit or burden, without the necessity of any reference thereto in any instrument by which such conveyance of such Unit shall be made. No such benefit or burden may be conveyed separately from the Unit having such benefit or burden.

Section 4. Percentage Interests.

(a) Each Unit Owner, by virtue of his ownership of a Unit, shall own (i) an undivided percentage interest in the Common Elements, and (ii) a percentage interest in the Common Expenses and Common Profits, each of which shall be determined in accordance with the provisions of this Section.

(b) Each Unit Owner's undivided percentage interest in the Common Elements shall equal the fraction thereof which is set forth with respect to his Unit in a schedule which is attached hereto as Exhibit C.

(c) Each Unit Owner's percentage interest in the Common Expenses and Common Profits shall equal the fraction thereof which is set forth with respect to his Unit in Exhibit C.

(d) Nothing in the provisions of this Declaration shall be deemed either (i) to require that either the undivided percentage interest in the Common Elements, or the percentage interest in the Common Expenses and Common Profits, which are owned by any Unit Owner be determined by reference to the value, for any purpose and irrespective of how determined, of any of the Units or of the Condominium, or of both, to the extent that such reference is not otherwise required by applicable law, or (ii) to fix the price or value of any Unit, or to prohibit the Developer or any Unit Owner from fixing any price or value for any Unit owned by the Developer or such Unit Owner, for any purpose whatsoever, and in the exercise of its or his sole discretion.

(e) The percentage interests which are created by the foregoing provisions of this Section

(i) may not be separated from the respective Units to which they are appurtenant;

(ii) shall have a permanent character; and

(iii) other than pursuant to the provisions of section 11-107(d) of the Act, shall not be changed unless and until

(A) each Unit Owner and each Mortgagee shall have consented thereto in writing, and

(B) this Declaration shall have been amended so as to effect such change through the recordation of an appropriate amendatory instrument among the Land Records.

(f) Any instrument, matter, circumstance, action, occurrence or proceeding which shall in any manner affect a Unit shall also affect, in a like manner, the undivided percentage interest in the Common Elements, and the percentage interest in the Common Expenses and Common Profits, which are appurtenant to such Unit.

Section 5. The By-Laws; the Council of Unit Owners; Votes; Council Property.

(a) The By-Laws. The affairs of the Condominium shall be governed in accordance with the By-laws, the initial form of which has been labeled (and is hereby designated) as Exhibit D hereto, is to be recorded among the Land Records immediately following the recordation thereamong of this Declaration, and may be amended from time to time in accordance with the provisions thereof and of the Act and this Declaration.

(b) The Council of Unit Owners.

(i) The affairs of the Condominium shall be governed by the Council of Unit Owners of The Imperial Condominium, Inc. (hereinafter referred to as "the Council of Unit Owners"), an entity which shall constitute both a council of unit owners organized and existing under the provisions of the Act and a nonstock corporation organized and existing under the law of Maryland.

(ii) The membership of the Council shall be comprised of, and shall be limited to, all of the Unit Owners.

(iii) (1) The Council shall have the rights, powers and duties which are vested in, exercisable by or imposed upon it by any of the provisions of this Declaration, the By-Laws or applicable law.

(2) Without limiting the operation and effect of the foregoing provisions of this subsection, the Council shall designate, for use with respect to each of those Units which are designated as Units A, B, C, D, F, and H on the Condominium Plat, two (2) of the automobile parking spaces which presently exist within the Building, and shall designate, for use with respect to each of the other Units, one (1) of the said spaces.

(c) Votes.

(i) Subject to the operation and effect of the provisions of the By-Laws or applicable law, the Unit Owner of each Unit shall be entitled to cast at meetings of the Council Membership one (1) Vote in the affairs thereof.

(ii) The Votes which a Unit Owner shall be entitled to cast, as aforesaid, shall be appurtenant to such Unit and may not be separated from such Unit. Nothing in the foregoing provisions of this paragraph (ii) shall be deemed to prohibit any Unit Owner from giving a proxy to cast such Votes to any person in accordance with the provisions of this Declaration and the By-Laws, or shall be deemed to alter or impair the operation and effect of any provision of this Declaration, the By-Laws or applicable law pursuant to which either (1) a Unit Owner's right to cast

such Votes may be suspended, or (2) his exercise of such right may be conditioned upon his having furnished to the Council any information which he may be required so to furnish by any of the provisions of the By-Laws.

(d) Council Property. Except for his ownership of a percentage interest in the Common Expenses and Common Profits pursuant to the provisions of this Declaration, no Unit Owner shall, by virtue of his status as such or as a member of the Council, have either (i) any right, title or interest in or to any of the property or other assets of the Council, or (ii) any right to possess, use or enjoy any such property or other assets other than as may be either (1) expressly provided by the provisions of this Declaration, the By-Laws or applicable law, or (2) expressly and duly granted to such Unit Owner by the Council.

Section 6. The Developer's Construction, Marketing and Sales Activities.

(a) The Developer shall have, and hereby reserves, an easement for ingress and egress in, over and through the Condominium, to and from each of the public streets and roadways which at the time of the exercise of such easement shall abut the Condominium, from and to each of the Units, for access by

(i) the Developer, for any purpose whatsoever consistent with applicable law in connection with the construction, replacement, repair, maintenance, development, marketing or leasing of any or all of the land and improvements within the Condominium;

(ii) any contractor or subcontractor utilized by the Developer in the construction, replacement, repair or maintenance of any of the improvements which are being or are to be constructed within the Condominium;

(iii) any real estate agent or broker utilized or employed by the Developer in connection with the

development, marketing or leasing of any of the Units, for the purposes of such development, marketing or leasing; and

(iv) the agents, employees, invitees, licensees, visitors, designees and guests of each of the persons or entities referred to in the foregoing provisions of this Section, for any purpose attendant or related to any of the purposes which are referred to in the said provisions.

(b) (i) The burden of the easement which is reserved under the foregoing provisions of this Section shall not terminate until such time, if any, as the benefit of such easement shall have terminated with respect to all of the Units pursuant to the provisions of Section 6(c) hereof, at which time the burden of such easement shall terminate with respect to all of the Condominium.

(ii) Anything contained in the foregoing provisions of this subsection (b) to the contrary notwithstanding, the burden of such easement shall, with respect to each Unit, terminate immediately upon there having occurred the conveyance or transfer by the Developer (to a person who, by virtue of such conveyance, shall be the Unit Owner of such Unit and who shall not have succeeded to the Developer's right, title and interest under this Declaration) of both the legal title to such Unit and the beneficial ownership thereof.

(c) The benefit of the easement which is reserved under the foregoing provisions of this Section shall terminate as to all of the Condominium upon the conveyance of record by the Developer (to a person who, by virtue of such conveyance, shall be the Unit Owner of such Unit and who shall not have succeeded to the Developer's right, title and interest as the Developer under this Declaration), of the legal title to each Unit.

(d) In addition to the easement reserved under the foregoing provisions of this Section, the Developer and the other persons which are enumerated therein shall be entitled to use and maintain the improvements included within any one or more of the Units of which the Developer shall then be the Unit Owner as offices or sample dwellings, in connection with the Developer's development, construction, replacement, repair, maintenance, marketing or leasing of any or all of the Units then included within the Condominium until the Developer shall no longer hold the legal title to any Unit.

(e) Without limiting the operation and effect of the foregoing provisions of this Section, nothing in the provisions of this Declaration shall be deemed to prohibit or restrict the Developer from taking any action with respect to any Unit of which the Developer shall then be the Unit Owner (including, by way of example rather than of limitation, the leasing of such Unit) unless any other person would, were he the Unit Owner of such Unit be, limited or restricted in the same manner.

Section 7. Conveyance or Dedication of Easements.

Each purchaser, heir, assignee or other transferee of or to the legal or beneficial title to, or of any other interest in, any Unit (including, by way of example rather than of limitation, each Unit Owner) shall be conclusively presumed, by his acceptance thereof, irrevocably to have appointed the Council to be his attorney-in-fact, with full power and authority (which power and authority shall be deemed to be irrevocable and to be coupled with an interest),

(a) to grant, convey or dedicate in the name of and on behalf of the Condominium, the Council and/or such purchaser, heir, assignee or other transferee, (i) to any

one or more public or quasi-public governmental bodies or authorities, or to any one or more public utility companies or authorities, one or more such licenses, easements and/or rights-of-way in, over and through the Common Elements for the construction, installation, use, operation, maintenance, repair and replacement of any and all sanitary, or sedimentary control, storm sewer lines, drains, culverts, ponds or pumping stations; water lines, mains, or pumping stations; electrical lines or cables; telephone or television lines or cables; gas lines or mains; and any other similar facilities, for similar or other purposes, all as the Council shall consider necessary or appropriate in connection with the provision of any utility or utility service to the Condominium, and (ii) to the said County or to any other governmental body having jurisdiction over the Condominium, any of the streets, roadways and accompanying sidewalks which then form part of the Common Elements (provided, that anything contained in the foregoing provisions of this subsection (a) to the contrary notwithstanding, no such grant, conveyance or dedication shall be made unless the entity to which the same is to be made shall have agreed with, or shall have provided reasonable assurances to, the Council in a bona fide manner that it thereafter will operate and maintain the same for the use and enjoyment by the Unit Owners who theretofore shall have been entitled to use and enjoy the same, together with the use and enjoyment by any other members of the general public who may thereafter be entitled to use and enjoy the same).

(b) in connection with any grant made pursuant to the foregoing provisions of this Section, to execute, enseal, acknowledge, deliver and record on behalf of and in the name of the Condominium, the Council and/or such purchaser,

heir, personal representative, successor, assign or other transferee, any and all documents, the execution, enrolling, acknowledgment, delivery or recordation of which in the name of and on behalf of the same shall be deemed necessary or appropriate by the Council in order to effectuate the provisions of this Section or to exercise any of the said rights and powers.

Section 8. Rights and Obligations of Mortgagees.

(a) (i) Regardless of whether a Mortgagee in Possession of a Unit shall be the Unit Owner thereof, (1) such Mortgagee in Possession shall have, in addition to its rights hereunder as a Mortgagee, all of the rights under the provisions of this Declaration, the By-Laws and applicable law which would otherwise be held by the Unit Owner of such Unit, subject to the operation and effect of anything to the contrary which may be contained in its Mortgage, and (2) the Council, each other Unit Owner and any other person shall be entitled in any matter arising under the provisions of this Declaration and involving the exercise of such rights, to deal with such Mortgagee in Possession as if it were the Unit Owner of such Unit.

(ii) Any Mortgagee in Possession of a Unit shall (except as may otherwise be provided by the provisions of this Declaration, the By-Laws or applicable law) bear all of the obligations under the provisions of this Declaration, the By-Laws and applicable law which are borne by the Unit Owner of such Unit; provided, that nothing in the foregoing provisions of this paragraph (ii) shall be deemed in any way to relieve any Unit Owner of any of such obligations, or of any liability to such Mortgagee in Possession on account of any failure by such Unit Owner to satisfy any of the same.

(b) Any Mortgagee of a Unit shall be entitled to written notification by the Council of any default by the Mortgagor of such Unit in the performance of such Mortgagor's obligations under the provisions of this Declaration or the By-Laws which shall not have been cured within a period of thirty (30) days immediately following the commencement of such default, provided that such Mortgagee shall have notified the Council of its status as such, and shall have supplied the Council with the information with respect thereto which is required by the By-Laws to be supplied to the Council, all in the manner which is set forth therein.

(c) Any Mortgagee in Possession shall be exempt from any right of first refusal or any similar restriction held by the Council, to and only to the extent that such right of first refusal or similar restriction shall arise under any of the provisions of the Act, this Declaration or the By-Laws, it being the Developer's intention that nothing in the foregoing provisions of this subsection be deemed in any way to alter or impair the operation and effect of any right of first refusal or similar restriction which at any time may be given by a Unit Owner or by any other person to the Council or to any other person and which may have priority over the rights held by such Mortgagee in Possession under its Mortgage, but which does not arise under any of the provisions of the Act, this Declaration or the By-Laws.

(d) The interest in a Unit which is held by a Mortgagee thereof under its Mortgage shall be

(i) free of any claim or lien for any Assessment which shall have been levied with respect to such Unit prior to the recordation of such Mortgage among the Land Records (unless prior to such recordation a statement of condominium lien [as that term is defined by the provi-

sions of the Act, and sufficient for the purposes thereof] covering such Assessment shall have been recorded among the Land Records), other than any claim for a pro rata share of the amount represented by such Assessment which shall result from any pro rata reallocation of such assessment among all of the Units, including such Unit; and

(ii) free of any such claim or lien arising during the period following such recordation of such Mortgage, and before such Mortgagee's having become a Mortgagee in Possession of such Unit.

(e) Unless each first Mortgagee of each Unit which would be affected by such action shall have given its prior written approval thereof, neither the Council nor any Unit Owner shall by act or omission

(i) change or seek to change the percentage interest in the Common Expenses and Common Profits, or the undivided percentage interest in the Common Elements, of any such Unit;

(ii) partition or subdivide, or seek to partition or subdivide, any such Unit;

(iii) seek to abandon or to terminate the Condominium Regime;

(iv) seek to abandon, partition, subdivide, encumber, sell or transfer any of the Common Elements (provided, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements, or pursuant to other provisions of this Declaration, shall not be deemed to be prohibited by the foregoing provisions of this paragraph (iv)); or

(v) use hazard insurance proceeds for losses to any of the Units or the Common Elements for other than the repair, replacement or reconstruction of such improve-

ments, except to the extent and in the manner provided by the Act in the case of substantial loss to the Units or to the Common Elements.

(f) A Mortgagee shall, upon request of the Council, and provided that such Mortgagee shall have notified the Council of its status as such and shall have supplied the Council with the information with respect thereto which is required by the By-Laws to be supplied to the Council, all in the manner which is set forth therein, be entitled

(i) to inspect the books and records of the Council during normal business hours;

(ii) to receive an annual audited financial statement of the Council within ninety (90) days following the end of any fiscal year of the Council; and

(iii) to be furnished with written notice of all meetings of the Council Membership, and to designate a representative to attend all such meetings.

(g) (i) Should there occur any substantial damage to or destruction of any Unit, or if any Unit or portion thereof should be made the subject of any condemnation or eminent domain proceeding or the acquisition thereof should otherwise be sought by any condemning authority, any Mortgagee of such Unit shall, provided that it shall have provided the Council with the notice and information which are referred to in the provisions of Section 8(f) hereof, be entitled to timely written notice thereof.

(ii) Should there occur any substantial damage to or destruction of any of the Common Elements, or if any of the Common Elements should be made the subject of any condemnation or eminent domain proceeding or the acquisition thereof should otherwise be sought by any condemning authority, any Mortgagee shall, provided that it

shall have provided the Council with the notice and information which are referred to in the provisions of Section 8(f) hereof, be entitled to timely written notice thereof.

(iii) Nothing in the provisions of this Declaration shall be deemed to entitle the Unit Owner of a Unit or any other party to priority over any Mortgagee of such Unit in the distribution with respect to such Unit of the proceeds of any insurance which may accrue as a result of any such damage or destruction, or of the proceeds of any award or settlement as a result of any such condemnation, eminent domain proceeding or acquisition.

(iv) Without limiting the generality of the foregoing provisions of this subsection (g), if the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Corporation or the Government National Mortgage Corporation shall be a Mortgagee and shall have provided the Council with the notice and information which are referred to in the provisions of Section 8(f) hereof, the Council shall provide to such Mortgagee (c/o the Developer at the Developer's address, or c/o any other person who shall be the servicer of any Mortgage which shall then be held by such Mortgagee, at such persons' address) written notice of any loss to or taking of any of the Common Elements having a value in excess of Ten Thousand Dollars (\$10,000.00).

(h) Any first Mortgagee of a Unit which shall be a Mortgagee in Possession shall be entitled to lease all or any portion of such Unit for any purpose consistent with applicable law, provided that such lease shall conform to the standards set forth in the provisions of Section 1(d) (ii) hereof.

Section 9. Miscellaneous.

(a) Management Agreements.

(i) Any agreement which may be entered into by the Council under which any person is to provide manage-

ment services for the Council or the Unit Owners with respect to the Condominium

(1) shall expressly provide that the Council may, without having to obtain the consent of any other party thereto, terminate such agreement for cause at any time provided that the Council shall have given each other party thereto written notice of its intention to do so by no later than thirty (30) days prior to the date upon which such termination shall become effective;

(2) shall be for a term not exceeding one (1) year in length; and

(3) may provide for a renewal of such agreement from time to time by the agreement of the parties thereto, provided that no such renewal provision and no such renewal or combination of renewals made pursuant thereto shall be effective to bind the Council to such agreement for any period longer than one (1) year from the date of the making of any such renewal or combination of renewals. To the extent that any such agreement shall not expressly so provide, it shall conclusively be deemed expressly so to provide.

(ii) Anything contained in the foregoing provisions of this subsection (a) to the contrary notwithstanding, the Council shall not effectuate any decision by it both (1) to terminate any such management agreement, and (2) thereafter to assume or undertake the management of the Condominium without utilizing or employing professional management services with respect to the same, without obtaining the prior written approval thereof by each first Mortgagee.

(b) Fidelity Bonds. Each director, officer and employee of the Council, any manager of the Condominium, and each director, partner, officer or employee of such manager,

whose duties as such shall require him to handle or be responsible for funds of the Council or funds in the possession or control of the Council through any trust or other arrangement, shall prior to his commencement of such duties furnish the Council with a fidelity bond covering such person's said activities, in form and amount and with a corporate surety which are reasonable and appropriate under the circumstances and which are satisfactory to the Board of Directors. The premium for any such bond shall be paid by the Council, and shall constitute a Common Expense.

(c) Right of Entry. The Council, acting through the Board of Directors, the president or the vice-president of the Council, or any manager of the Condominium, and their duly authorized representatives, shall be entitled to enter any Unit whenever such entry shall reasonably be necessary in order to install, inspect, maintain, repair or replace any of the Common Elements to which access can reasonably be obtained only through entering such Unit. Such right of entry shall be exercised only (i) during the hours of from 8:00 A.M. to 8:00 P.M., (ii) after the Board of Directors, either of such officers or such manager, as the case may be, shall have given to the Unit Owner of such Unit at least five (5) days' written notice of the intention to exercise such right, and (iii) while such Unit Owner or his authorized representative shall be present; provided, that anything contained in the foregoing provisions of this subsection (c) to the contrary notwithstanding, in any emergency situation in which the satisfaction of all of such conditions would not be possible without unreasonably jeopardizing any or all of the Condominium or the health, safety, comfort or welfare of the occupants of any of the Units, such conditions need be satisfied only to the extent that

such satisfaction is reasonably possible without so jeopardizing the Condominium or the said occupants.

(d) Leases.

(i) No Unit Owner shall lease or license or otherwise permit the use of his Unit for transient or hotel purposes, or shall lease or license less than his entire Unit for any purpose, but nothing in the foregoing provisions of this sentence shall be deemed to preclude a Unit Owner from leasing or licensing his entire Unit at any time or from time to time for any purpose other than transient or hotel purposes.

(ii) Any lease or licensing agreement which may be entered into by a Unit Owner or any other person as Landlord and covering a Unit, or by the Council and covering any of the Common Elements, shall be in writing, and shall expressly provide (A) that the terms of the lease or license thereby created shall in all respects be subject to the operation and effect of the provisions of this Declaration, the By-Laws and the Condominium Plat, and (B) that any failure by the lessee or licensee thereunder to comply with such provisions shall constitute a default under such agreement. To the extent that any such agreement shall not expressly so provide, it shall be deemed expressly so to provide.

Section 10. General.

(a) Effectiveness. This Declaration shall be and become effective upon and only upon its having been executed, sealed and acknowledged by the Developer, and recorded among the Land Records.

(b) Assignment. Nothing in any of the provisions of this Declaration shall be deemed in any way to alter or impair the right of the Developer to assign or otherwise to

transfer, at any time and from time to time, any or all of its right, title and interest hereunder to any person.

(c) Amendment.

(i) Except as is otherwise provided in the provisions of this Declaration,

(1) this Declaration and the Condominium Plat may be amended with and only with the express written consent thereto of each person who shall then be a Unit Owner or a Mortgagee; and

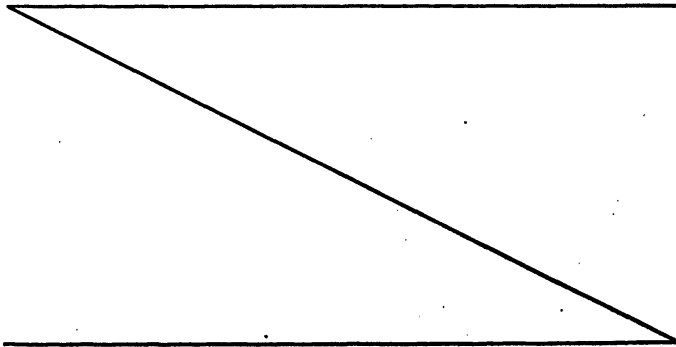
(2) the By-Laws may be amended (A) by and only by the affirmative vote of Unit Owners having seventy-five percent (75%) or more of the total number of Votes which are then held by all of the Unit Owners, and (B) where such amendment would materially impair the rights, priorities, remedies, or interest, under the Declaration, the By-Laws or the Condominium Plat, of any Mortgagee who

shall have notified the Council of its status as such and shall have supplied the Council with the information with respect thereto which is required by the By-Laws to be supplied to the Council, all in the manner which is set forth in the By-Laws.

(ii) Anything contained in any of the provisions of this Declaration to the contrary notwithstanding for purposes of the provisions of the first sentence of this subsection (c) an amendment of the By-Laws in accordance with the provisions thereof and of this Declaration shall not be deemed to be an amendment of this Declaration; and

(iii) Any such amendment shall be and become effective upon and only upon the recordation of an appropriate amendatory instrument or plat among the Land Records.

(d) Waiver. The Developer shall not be deemed to have waived the exercise of any right which the Developer may hold hereunder unless such waiver is made either expressly and in writing or pursuant to a provision of this Declaration which expressly permits such waiver to be made in any other manner (and, without limiting the generality of the foregoing, no delay or omission by the Developer in exercising any such right shall be deemed to constitute a waiver of the exercise thereof). No such waiver made with



respect to one or more instances involving the exercise of any such right shall be deemed to constitute a waiver with respect to any other instance involving the exercise of such right, or with respect to other such rights.

(c) Applicable Law. This Declaration shall be given effect, and shall be construed, by application of the law of Maryland, and any action, suit or proceeding arising hereunder shall be brought in the courts of Maryland; provided, that if any such action, suit or proceeding shall be based upon a cause of action, right or remedy created or existing under or by virtue of the Constitution, laws or treaties of the United States of America, or if there shall exist a diversity of citizenship between the parties thereto, so that such action, suit or proceeding shall be brought in a United States District Court, such action, suit or proceeding shall be brought in the United States District Court for the District of Maryland.

(f) Headings. The headings of the sections and subsections hereof are provided herein for and only for convenience of reference, and shall not be considered in construing the contents of such sections or subsections.

(g) Severability. No determination or adjudication by any court, governmental or administrative body or agency or otherwise that any provision of this Declaration, the By-Laws, the Condominium Plat or any amendment to any of the same is invalid or unenforceable in any instance shall affect the validity or the enforceability (i) of any other provision thereof, or (ii) of such provision in any other instance which is not controlled by such determination or adjudication. Each and every provision of each of the same shall be and remain valid and enforceable to the fullest extent allowed by law, and shall be construed wherever possible as being consistent with applicable law.

(h) Construction. As used herein,

(i) all references made herein in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; and

(ii) all references made herein in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

(i) Contract Purchasers and Lessees. Nothing in the provisions of this Declaration or of the By-Laws shall be deemed in any way to condition the effectiveness of any action upon there having been obtained the consent thereto or joinder therein of any Contract Purchaser or Lessee of a Unit, notwithstanding that such effectiveness may be conditioned upon the consent thereto or joinder therein of the Unit Owner of such Unit.

(j) Exhibits. Each and every document, plat or other writing which is referred to herein as being attached hereto as an exhibit or is otherwise designated herein as an exhibit hereto is hereby made a part hereof.

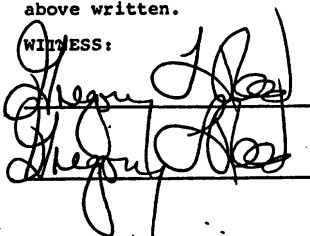
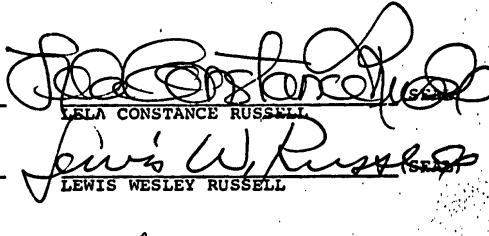
(k) Covenants to Run with Land. The provisions of this Declaration, the By-Laws and the Condominium Plat shall conclusively be deemed to be covenants running with, benefiting and burdening the title to (i) all of the real property which from time to time shall constitute the Condominium, (ii) each Unit and (iii) the Common Elements. If any Unit Owner or other person shall fail to comply with any of such provisions, such failure shall give rise to a cause of action for the recovery of damages, injunctive relief, or both, in any or all of the Council and each Unit Owner, and their respective heirs, personal representatives, successors and assigns in interest hereunder.

(1) The Developer's Affirmation Pursuant to
Section 11-102.1 of the Act.

The Developer hereby affirms under penalty of perjury that the notice requirements of section 11-102.1 of the Real Property Article of the Annotated Code of Maryland, if applicable to this Declaration or to the Condominium, have been fulfilled.

IN WITNESS WHEREOF, the Developer has caused this Declaration to be executed and ensealed on its behalf by its duly authorized representatives, the day and year first above written.

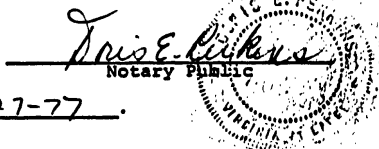
WITNESS:


LELA CONSTANCE RUSSELL

LEWIS WESLEY RUSSELL

STATE OF Virginia : COUNTY OF at Large TO WIT:

I HEREBY CERTIFY that on this 29th day of March, 1977, before me, the subscriber, a Notary Public for the State and county aforesaid, personally appeared LELA CONSTANCE RUSSELL, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that she is one of the persons named in the foregoing instrument as "the Developer", that she has executed the said instrument for the purposes therein set forth, and that the same is her act and deed.

AS WITNESS my hand and Notarial Seal.


Tris E. Rykers
Notary Public

My commission expires on 11-27-77.

STATE OF Virginia : COUNTY OF at Large TO WIT:

I HEREBY CERTIFY that on this 29th day of March, 1977, before me, the subscriber, a Notary

Public for the state and county aforesaid, personally appeared LEWIS WESLEY RUSSELL, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is one of the persons named in the foregoing instrument as "the Developer", that he has executed the said instrument for the purposes therein set forth, and that the same is his act and deed.

AS WITNESS my hand and Notarial Seal.

Doris E. Perkins
Notary Public

My commission expires on 11-27-77.

CONSENT AND AGREEMENT OF TRUSTEES AND BENEFICIARY

ROBERT W. IRVING and FREDERICK E. CHIPPENDALE, Trustees, and THE EQUITABLE TRUST COMPANY, a banking association organized and existing under the law of Maryland, who are, respectively, the trustees and the beneficiary under a deed of trust, dated April 12, 1973, and recorded among the Land Records of Baltimore City, Maryland, in Liber R.H.B. 3012 at folio 52 and a deed of trust dated March 22, 1977 and recorded among the Land Records of Baltimore City, Maryland, in Liber 3455 at folio 236, et. seq., which deeds of trust were consolidated and modified by a Consolidation and Modification Agreement dated March 22, 1977 and recorded among the Land Records of Baltimore City, Maryland in Liber 3455, folio 250 hereby:

(a) consent to the execution, ensealing, acknowledgment and recordation among the Land Records of the foregoing Declaration by the persons named therein as "the Developer", and to the resulting subjection of the real property which is described in Exhibit A thereto to a condominium regime pursuant to the provisions of title 11 of the Real Property Article of the Annotated Code of Maryland (1974 edition, as amended); and

(b) agree that, by such recordation, their interest in and to the said real property under the provisions of such deed of trust shall be and become converted from an interest in such real property as a whole parcel to an identical interest in and to (1) each of the units of the condominium created by such recordation, and (2) the respective undivided percentage interests in the common elements of such condominium which are attendant to such units, all as set forth in the provisions of such Declaration.

Nothing in the foregoing provisions of this Consent and Agreement shall be deemed in any way to create between the said persons named in such Declaration as "the Developer" and any of the undersigned any relationship of partnership or of joint venture, or to impose upon any of the undersigned any liability, duty or obligation whatsoever.

IN WITNESS WHEREOF, each of the said trustees and

beneficiary has executed and ensealed this Consent and Agreement, or has caused the same to be executed and ensealed on its behalf by its duly authorized representatives, the day and year first above written.

WITNESS:

[Signature] Robert W. Irving (SEAL)
ROBERT W. IRVING

[Signature] Frederick E. Chippendale (SEAL)
FREDERICK E. CHIPPENDALE

ATTEST:

THE EQUITABLE TRUST COMPANY

[Signature] by Charles H. Eppig (SEAL)

STATE OF MARYLAND: CITY OF BALTO: TO WIT:

I HEREBY CERTIFY that on this 5 day of APRIL, 1977, before me, a Notary Public for the state and county aforesaid, personally appeared ROBERT W. IRVING, trustee, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he has executed the same as trustee for the purposes therein set forth, and that the same is his act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.



Edith Nelson
Notary Public

My commission expires on 11/1/78.

STATE OF MARYLAND: CITY OF BALTO: TO WIT:

I HEREBY CERTIFY that on this 5 day of APRIL, 1977, before me, a Notary Public for the state and county aforesaid, personally appeared FREDERICK E. CHIPPENDALE, trustee, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he has executed the same as trustee for the purposes therein set forth, and that the same is his act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial

Seal, the day and year first above written.

Edith Nelson
Notary Public

My commission expires on 7/1/78.



STATE OF MARYLAND, CITY OF BALTO.: TO WIT:

I HEREBY CERTIFY that on this 5 day of APRIL 1977, before me, a Notary Public for the state and county afore-said, personally appeared CHARLES H. W. EFFINGER, JR., known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is the 2ND VICE PRES. of THE EQUITABLE TRUST COMPANY, a banking association organized and existing under the law of Maryland, that he has been duly authorized to execute, and has executed, the foregoing instrument on behalf of the said entity for the purposes therein set forth, and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Edith Nelson
Notary Public

My commission expires on 7/1/78.



THE IMPERIAL CONDOMINIUM
EXHIBIT A TO THE DECLARATION

Legal Description of the Property

All that lot or parcel of ground, lying and being situate in
the City of Baltimore, State of Maryland, more particularly described
as follows:

BEGINNING for the same at an iron pipe driven in the ground
at the intersection of the southwest side of Park Heights Avenue,
74 feet wide, with the southeast side of Clarks Lane (formerly
called Megeath Avenue, as laid out on the Plat of "Carolina",
recorded among the Judicial Records of Baltimore County in Liber
E.B.A. No. 22, folio 221), and running thence binding on the
part of the first line of the parcel of land firstly described
in a Deed from Martha K. Muller and husband to William Schluderberg,
dated July 14, 1908 and recorded among the Land Records of Baltimore
County in Liber W.P.C. No. 331, folio 105 etc., as described in
said Deed, north 50 degrees 45 minutes east 37 feet to the center
line of Park Heights Avenue, thence binding on the center line of
Park Heights Avenue, south 37 degrees 55 minutes east 230 feet
to the beginning of the lot described in a Deed from William
Schluderberg to George Schluderberg, dated June 12, 1916 and
recorded among the said Land Records in Liber W.P.C. No. 463,
folio 114, etc.; thence binding reversely on the last line of said
lot as described in said Deed and continuing the same direction,
south 50 degrees 45 minutes west, in all, 415 feet; thence parallel
to Park Heights Avenue, south 37 degrees 55 minutes east 170 feet
to intersect the third line of the parcel of land firstly described
in said Deed from Martha K. Muller and husband to William
Schluderberg; thence binding on part of said third line of said
first parcel, south 50 degrees 45 minutes west 146 feet and 6 inches
to a stone at the end of said line; thence binding reversely on
the second line of the secondly described parcel of said Deed,
south 50 degrees 45 minutes west 40 feet; thence binding reversely
on the first line of said second parcel and continuing the same
direction, north 40 degrees 35 minutes west 414 feet to a fence
on the southeast side of Clarks Lane, as now opened and used;
thence binding on the southeast side of Clarks Lane, as fenced,
north 50 degrees 6 minutes east 556 feet; and thence north 86
degrees 50 minutes east 34 feet and 4 inches to the beginning.

SUBJECT to the right of the public to the use of so much
of said property as lies within the beds of Park Heights Avenue and
Clarks Lane. The remainder of said property being shown upon
a Plat entitled "Final Subdivision Plan for 6608 Park Heights
Avenue", recorded among the Land Records of Baltimore City in
Plat Pocket Folders J.F.C. Nos. 1819 and 1906. Said Plat shows
a strip of land approximately 7.50 feet wide along Park Heights
Avenue, delineated as "Widening Strip".

THE IMPERIAL CONDOMINIUM

Exhibit C to the Declaration

For purposes of the provisions of Section 4 of the Declaration, the undivided percentage interest in the Common Elements, and the percentage interest in the Common Expenses and Common Profits which are held by each Unit Owner shall equal the percentage which is hereinafter set forth with respect to his Unit.

<u>Unit Number</u>	<u>Corresponding Percentage Interest</u>
105	0.631
107	0.631
109	0.631
111	0.648
115	0.614
201	0.820
202	0.830
203	0.634
204	0.456
205	0.663
206	0.645
207	0.651
208	0.645
209	0.631
210	0.647
211	0.663
212	0.505
214	0.819
215	0.611
216	0.645
218	0.652
220	0.652
222	0.645
224	0.819
226	0.505
228	0.647
230	0.645
232	0.645
234	0.456
236	0.830

301	0.820
302	0.830
303	0.834
304	0.456
305	0.663
306	0.645
307	0.651
308	0.645
309	0.651
310	0.647
311	0.663
312	0.505
314	0.819
315	0.811
316	0.645
318	0.652
320	0.652
322	0.645
324	0.819
326	0.505
328	0.647
330	0.645
332	0.645
334	0.456
336	0.830
401	0.820
402	0.830
403	0.834
404	0.456
405	0.663
406	0.645
407	0.651
408	0.645
409	0.651
410	0.647
411	0.663
412	0.505
414	0.819
415	0.811

410	0.045
416	0.032
420	0.052
422	0.045
424	0.619
426	0.505
428	0.047
430	0.045
432	0.045
434	0.456
436	0.830
501	0.820
502	0.830
503	0.634
504	0.456
505	0.063
506	0.045
507	0.651
508	0.045
509	0.051
510	0.647
511	0.663
512	-0.505
514	0.819
515	0.811
516	0.645
518	0.652
520	0.652
522	0.045
524	0.819
526	0.505
528	0.647
530	0.045
532	0.045
534	0.456
536	0.830

601	0.813
603	0.834
605	0.663
607	0.651
609	0.651
611	0.663
615	0.811
701	0.820
703	0.834
705	0.663
707	0.651
709	0.651
711	0.663
715	0.611
801	0.820
803	0.834
805	0.663
807	0.651
809	0.651
811	0.663
815	0.611
901	0.820
903	0.834
905	0.663
907	0.651
909	0.651
911	0.663
915	0.811

A	1.523
B	0.897
C	1.264
D	1.368
E	1.107
F	1.450
G	0.277
H	1.270

The CUO of the Imperial Condominium, Inc.

Insurance Policy





IMPECON-01

APETERSON

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/2/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Maury, Donnelly & Parr, Inc. 24 Commerce St. Baltimore, MD 21202	CONTACT NAME: PHONE (A/C, No, Ext): (410) 685-4625 FAX (A/C, No): (410) 685-3071 E-MAIL ADDRESS:	
INSURED Imperial Condominium, Inc. c/o WPM Real Estate Management 11433 Cronridge Drive Owings Mills, MD 21117	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Harford Mutual Insurance Companies	14141
	INSURER B : Midvale Indemnity Company	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY			MP10722916	1/1/2024	1/1/2025	EACH OCCURRENCE \$ 1,000,000
	☐ CLAIMS-MADE ☒ OCCUR		DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000				
			MED EXP (Any one person) \$ 5,000				
			PERSONAL & ADV INJURY \$ 1,000,000				
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	☐ POLICY ☐ PROJECT ☒ LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000
	OTHER:						\$
B	☒ UMBRELLA LIAB ☒ OCCUR			PRP-229824000-00-1702515	1/1/2024	1/1/2025	COMBINED SINGLE LIMIT (Ea accident) \$
	☒ EXCESS LIAB ☐ CLAIMS-MADE		BODILY INJURY (Per person) \$				
	☐ DED ☐ RETENTION \$		BODILY INJURY (Per accident) \$				
			PROPERTY DAMAGE (Per accident) \$				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						\$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y / ☒ N						PER STATUTE ☐ OTH-ER ☐
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
141 Units

Separation Of Insureds -

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
b. Separately to each insured against whom claim is made or "suit" is brought
SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

CANCELLATION

WPM Real Estate Management 11433 Cronridge Drive Owings Mills, MD 21117	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE



AGENCY CUSTOMER ID: IMPECON-01

APETERSON

LOC #: 1

ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY Maury, Donnelly & Parr, Inc.		NAMED INSURED Imperial Condominium, Inc. c/o WPM Real Estate Management 11433 Cronridge Drive Owings Mills, MD 21117	
POLICY NUMBER SEE PAGE 1		EFFECTIVE DATE: SEE PAGE 1	
CARRIER SEE PAGE 1	NAIC CODE SEE P 1		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:

When this Policy has been in effect for more than 45 days or is a renewal policy,
we may cancel this Policy by mailing to the first Named Insured at the last mailing
address known to us written notice of cancellation at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

(2) 45 days before the effective date of cancellation if we cancel for a permissible reason other than nonpayment of premium, stating
the reason for cancellation.

The CUO of the Imperial Condominium, Inc.

Reserve Reports



REPLACEMENT RESERVE REPORT FY 2018

THE IMPERIAL



REPLACEMENT RESERVE REPORT FY 2018
THE IMPERIAL

Community Management by:

BRODIE MANAGEMENT, INC.

Mr. Philip Baum

3601 Clarks Lane
Baltimore, MD 21215
410-825-6060

Consultant:

millerdodson | Capital
ASSOCIATES Reserve
Consultants

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millerdodson | Capital
ASSOCIATES Reserve
Consultants

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REPLACEMENT RESERVE REPORT

THE IMPERIAL

BALTIMORE, MARYLAND



Scope. The Imperial is a condominium community located in Baltimore, Maryland. The Imperial was constructed in 1976. The community consists of one high-rise and one mid-rise building with a total of 141 units. The survey examined the common elements of the property, including:

- Asphalt drive and parking.
- Concrete sidewalks, steps, planters, and curb & gutter.
- Retaining walls, fencing, and site lighting.
- Building exteriors and common interior areas.

Level of Service. This study has been performed as a Level II Update, With Site Visit/On-Site Review as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, the component inventory is based on the study that was performed by Miller - Dodson on November 3, 2011. This information was adjusted to reflect changes to the inventory that were provided by the community manager, and the quantities were adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings. The condition of all commonly owned components was ascertained from a site visit and the visual inspection of each component by the Analyst. The life expectancy and the value of components are provided based in part on these observations. The fund status and funding plan have been derived from analysis of this data.

Section A

Replacement Reserve Analysis

Executive Summary - A1
General Information - A2
Current Funding - A3
Cash Flow Method Funding - A4
Inflation Adjusted Funding - A5
Comments - A6

Section B

Replacement Reserve Inventory

Replacement Reserve Inventory
General information - B1
Replacement Reserve Inventory
Comments - B2
Schedule of Projected Replacements
and Exclusions - B3

Section C

Projected Annual Replacements

Projected Annual Replacements
General Information - C1
Calendar of
Projected Annual Replacements - C2

Section D

Condition Assessment

Appendix

Accounting Summary - CF1
Component Method - CM1

Overview, Standard Terms, and Definitions
Video Answers to Frequently Asked Questions

To aid in the understanding of this report and its concepts and practices, on our web site, we have developed [videos](#) addressing frequently asked topics. In addition, there are posted [links](#) covering a variety of subjects under the resources page of our web site at mdareserves.com.

Purpose. The purpose of this Replacement Reserve Study is to provide The Imperial (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the Association's current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1. The alternative Component Method of funding is provided in the Appendix.

Basis. The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Miller - Dodson performed a visual evaluation on March 16 and 21, 2017 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller - Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were not used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller - Dodson can provide scanning services.

Current Funding. This reserve study has been prepared for Fiscal Year 2018 covering the period from January 1, 2018 to December 31, 2018. The Replacement Reserves on deposit as of March 2017 are reported to be \$508,785. The planned contribution for the fiscal year is \$145,000. This results in a Reserve Fund balance at the start of the fiscal year as follows:

March 2017 balance	\$508,785
Ten months contribution	120,830
FY 2018 opening balance	\$629,615

The balance and contribution figures have been supplied by the property management agent and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Acknowledgement. Miller - Dodson Associates would like to acknowledge the assistance and input of Mr. Philip Baum. Mr. Baum provided very helpful insight into the current operations at the property.

Analyst's Credentials. This study has been performed by James E. Piper, who holds a Bachelors Degree and a Masters Degree in Mechanical Engineering from the University of Akron and a PhD from the University of Maryland. Dr. Piper is a Registered Professional Engineer in the State of Maryland, and the author of articles and books on the subject of the condition assessment of facilities. He has over 20 years experience in the evaluation and the management of the physical plant of the University of Maryland. He is currently a Reserve Specialist (RS) for Miller - Dodson Associates.

Respectfully submitted,



James Piper
Reserve Specialist

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EXECUTIVE SUMMARY

The Imperial Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 125 Projected Replacements identified in the Replacement Reserve Inventory.

\$307,456

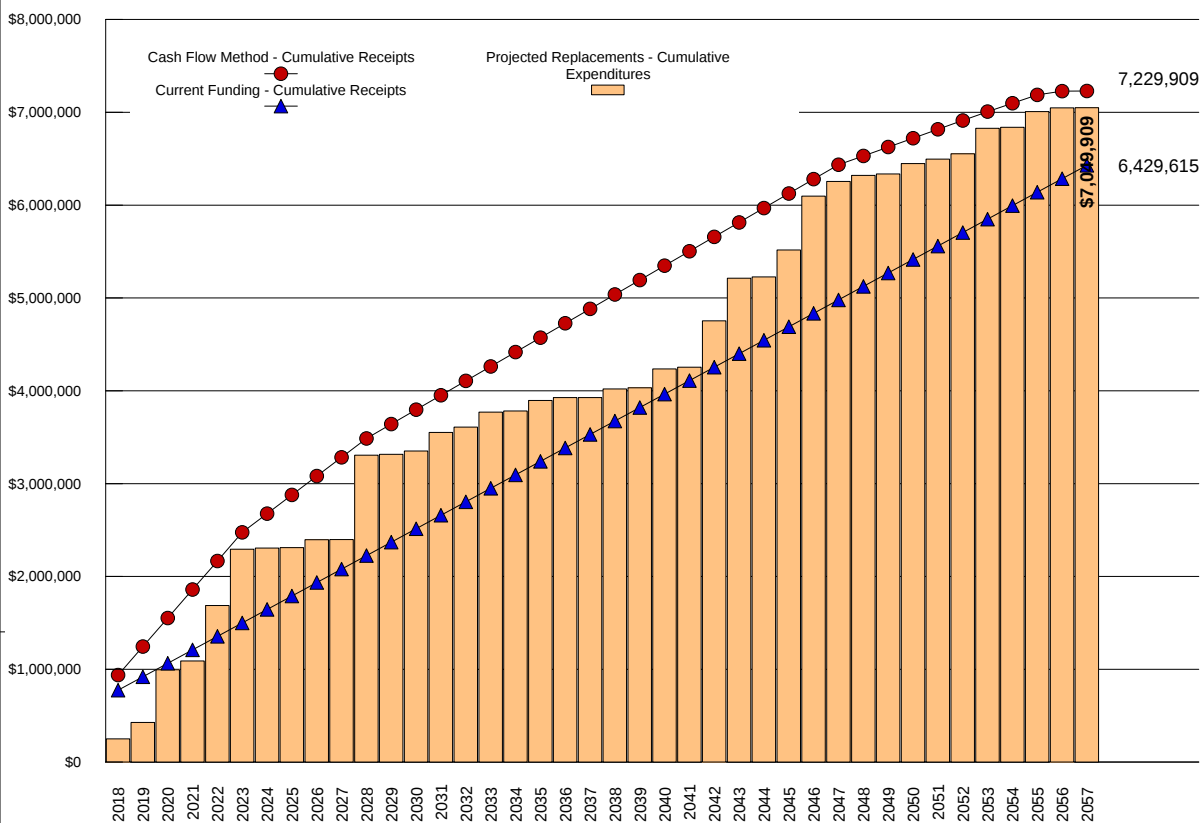
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2018

\$181.71 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A5.

Imperial reports a Starting Balance of \$629,615 and Annual Funding totaling \$145,000. Current funding is inadequate to fund the \$7,049,909 of Projected Replacements scheduled in the Replacement Reserve Inventory over the 40-year Study Period. See Page A3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The Current Funding Objective as calculated by the Component Method (Fully Funded) is \$2,813,289 making the reserve account 22.4% funded. See the Appendix for more information on this method.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Imperial Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2018 STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2018.

40 Years STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period.

\$629,615 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$629,615 at the start of the Study Year.

Level Two LEVEL OF SERVICE

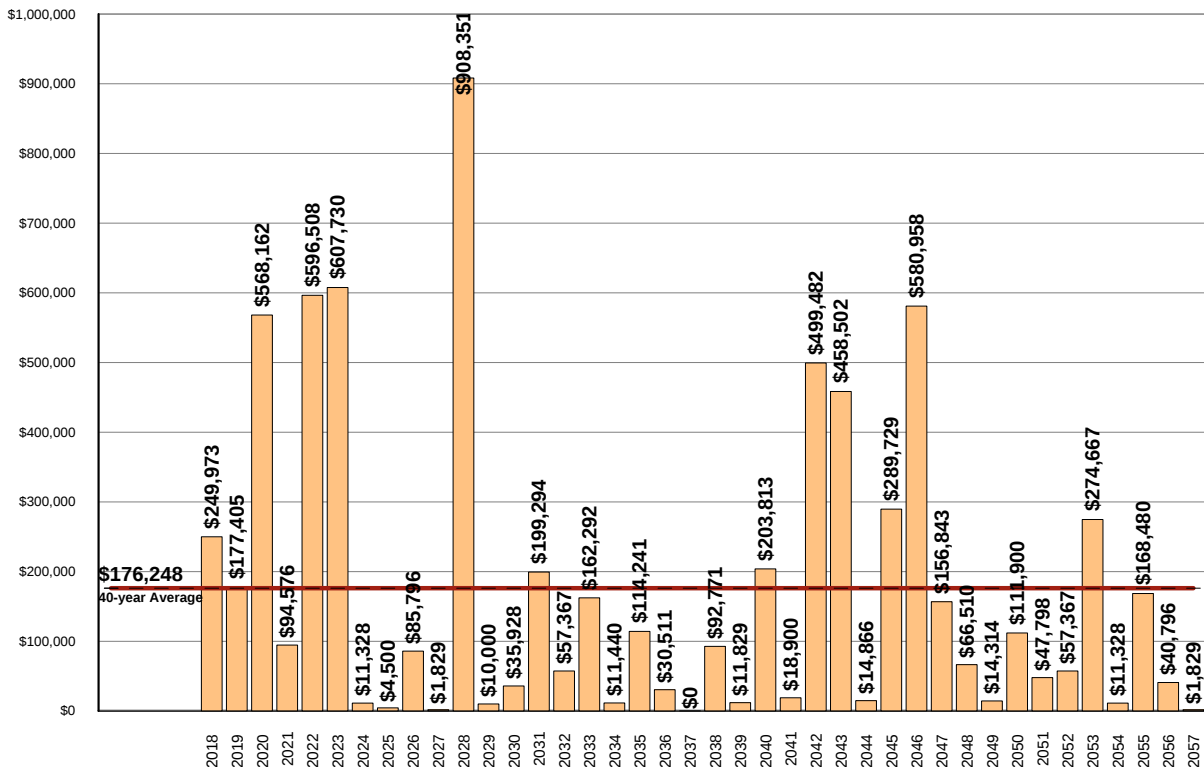
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

\$7,049,909 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Imperial Replacement Reserve Inventory identifies 125 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$7,049,909 over the 40-year Study Period. The Projected Replacements are divided into 22 major categories starting on Page B3. Pages B1-B2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of \$176,248. Section C provides a year by year Calendar of these expenditures.



UPDATING

UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A4 and A5. The Projected Replacements listed on Page C2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$7,049,909 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40										
Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Starting Balance	\$629,615									
Projected Replacements	(\$249,973)	(\$177,405)	(\$568,162)	(\$94,576)	(\$596,508)	(\$607,730)	(\$11,328)	(\$4,500)	(\$85,796)	(\$1,829)
Annual Deposit	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
End of Year Balance	\$524,643	\$492,238	\$69,076	\$119,500	(\$332,008)	(\$794,738)	(\$661,066)	(\$520,566)	(\$461,362)	(\$318,191)
Cumulative Expenditures	(\$249,973)	(\$427,378)	(\$995,540)	(\$1,090,115)	(\$1,686,623)	(\$2,294,353)	(\$2,305,681)	(\$2,310,181)	(\$2,395,977)	(\$2,397,806)
Cumulative Receipts	\$774,615	\$919,615	\$1,064,615	\$1,209,615	\$1,354,615	\$1,499,615	\$1,644,615	\$1,789,615	\$1,934,615	\$2,079,615
Year	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Projected Replacements	(\$908,351)	(\$10,000)	(\$35,928)	(\$199,294)	(\$57,367)	(\$162,292)	(\$11,440)	(\$114,241)	(\$30,511)	
Annual Deposit	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
End of Year Balance	(\$1,081,542)	(\$946,542)	(\$837,470)	(\$891,763)	(\$804,131)	(\$821,423)	(\$687,863)	(\$657,104)	(\$542,614)	(\$397,614)
Cumulative Expenditures	(\$3,306,157)	(\$3,316,157)	(\$3,352,085)	(\$3,551,378)	(\$3,608,746)	(\$3,771,038)	(\$3,782,478)	(\$3,896,719)	(\$3,927,229)	(\$3,927,229)
Cumulative Receipts	\$2,224,615	\$2,369,615	\$2,514,615	\$2,659,615	\$2,804,615	\$2,949,615	\$3,094,615	\$3,239,615	\$3,384,615	\$3,529,615
Year	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Projected Replacements	(\$92,771)	(\$11,829)	(\$203,813)	(\$18,900)	(\$499,482)	(\$458,502)	(\$14,866)	(\$289,729)	(\$580,958)	(\$156,843)
Annual Deposit	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
End of Year Balance	(\$345,385)	(\$212,214)	(\$271,026)	(\$144,926)	(\$499,408)	(\$812,910)	(\$682,776)	(\$827,505)	(\$1,263,463)	(\$1,275,306)
Cumulative Expenditures	(\$4,020,000)	(\$4,031,829)	(\$4,235,641)	(\$4,254,541)	(\$4,754,023)	(\$5,212,525)	(\$5,227,391)	(\$5,517,120)	(\$6,098,078)	(\$6,254,921)
Cumulative Receipts	\$3,674,615	\$3,819,615	\$3,964,615	\$4,109,615	\$4,254,615	\$4,399,615	\$4,544,615	\$4,689,615	\$4,834,615	\$4,979,615
Year	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057
Projected Replacements	(\$66,510)	(\$14,314)	(\$111,900)	(\$47,798)	(\$57,367)	(\$274,667)	(\$11,328)	(\$168,480)	(\$40,796)	(\$1,829)
Annual Deposit	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
End of Year Balance	(\$1,196,815)	(\$1,066,129)	(\$1,033,029)	(\$935,828)	(\$848,195)	(\$977,862)	(\$844,189)	(\$867,669)	(\$763,465)	(\$620,294)
Cumulative Expenditures	(\$6,321,430)	(\$6,335,744)	(\$6,447,644)	(\$6,495,443)	(\$6,552,810)	(\$6,827,477)	(\$6,838,804)	(\$7,007,284)	(\$7,048,080)	(\$7,049,909)
Cumulative Receipts	\$5,124,615	\$5,269,615	\$5,414,615	\$5,559,615	\$5,704,615	\$5,849,615	\$5,994,615	\$6,139,615	\$6,284,615	\$6,429,615

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$629,615 & annual funding of \$145,000), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 125 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$145,000 throughout the 40-year Study Period.

Annual Funding of \$145,000 is approximately 47 percent of the \$307,456 recommended Annual Funding calculated by the Cash Flow Method for 2018, the Study Year.

Evaluation of the 125 Projected Replacements calculates an average annual expenditure over the next 40 years of \$176,248. Annual funding of \$145,000 is 82 percent of the average annual expenditure.

Our calculations identify funding shortfalls in 36 years of the Study Period with the initial shortfall in 2022. The largest shortfall, \$-1,275,306, occurs in 2047. All shortfalls can be seen and evaluated in Table 3 above.

In summary, Current Funding as reported by the Association and shown above, does not provide adequate funding for the \$7,049,909 of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period.

CASH FLOW METHOD FUNDING

\$307,456

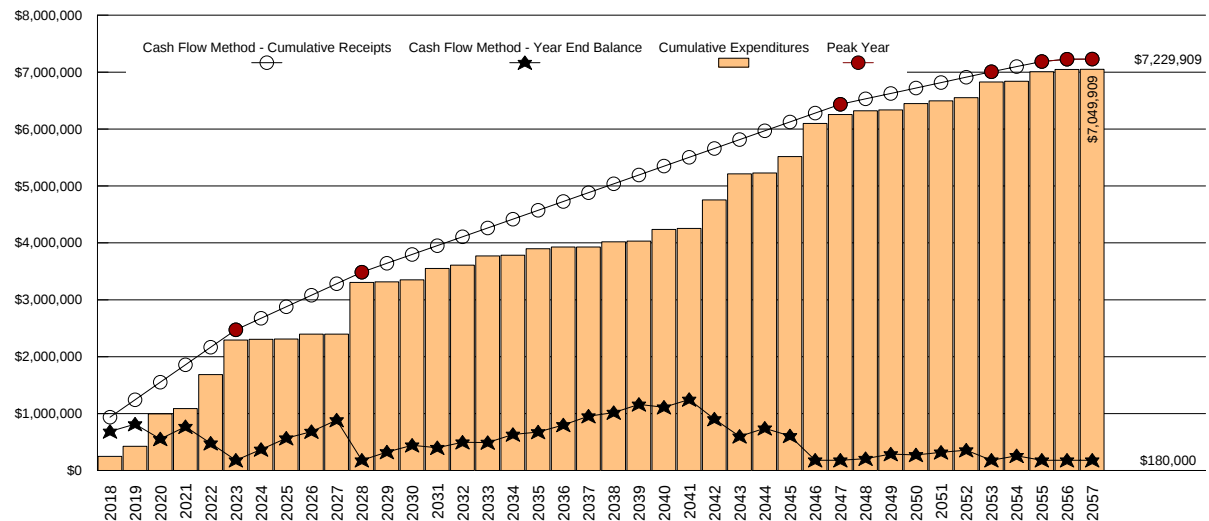
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2018

\$181.71 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2023 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$2,294,353 of replacements from 2018 to 2023. Recommended funding declines from \$307,456 in 2023 to \$202,361 in 2024. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$180,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$176,248, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$7,049,909 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2057 and in 2057, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 1 through 40



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40

Year	2018	2019	2020	2021	2022	1st Peak - 2023	2024	2025	2026	2027
Starting Balance	\$629,615									
Projected Replacements	(\$249,973)	(\$177,405)	(\$568,162)	(\$94,576)	(\$596,508)	(\$607,730)	(\$11,328)	(\$4,500)	(\$85,796)	(\$1,829)
Annual Deposit	\$307,456	\$307,456	\$307,456	\$307,456	\$307,456	\$307,456	\$202,361	\$202,361	\$202,361	\$202,361
End of Year Balance	\$687,099	\$817,150	\$556,445	\$769,325	\$480,274	\$180,000	\$371,033	\$568,894	\$685,459	\$885,991
Cumulative Expenditures	\$249,973	\$427,378	\$995,540	\$1,090,115	\$1,686,623	\$2,294,353	\$2,305,681	\$2,310,181	\$2,395,977	\$2,397,806
Cumulative Receipts	\$937,071	\$1,244,528	\$1,551,984	\$1,859,441	\$2,166,897	\$2,474,353	\$2,676,714	\$2,879,075	\$3,081,436	\$3,283,797
Year	2nd Peak - 2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Projected Replacements	(\$908,351)	(\$10,000)	(\$35,928)	(\$199,294)	(\$57,367)	(\$162,292)	(\$11,440)	(\$114,241)	(\$30,511)	
Annual Deposit	\$202,361	\$155,195	\$155,195	\$155,195	\$155,196	\$155,196	\$155,196	\$155,197	\$155,197	\$155,198
End of Year Balance	\$180,000	\$325,195	\$444,463	\$400,365	\$498,193	\$491,097	\$634,854	\$675,810	\$800,496	\$955,694
Cumulative Expenditures	(\$3,306,157)	(\$3,316,157)	(\$3,352,085)	(\$3,551,378)	(\$3,608,746)	(\$3,771,038)	(\$3,782,478)	(\$3,896,719)	(\$3,927,229)	(\$3,927,229)
Cumulative Receipts	\$3,486,157	\$3,641,352	\$3,796,548	\$3,951,743	\$4,106,939	\$4,262,135	\$4,417,331	\$4,572,528	\$4,727,726	\$4,882,923
Year	2038	2039	2040	2041	2042	2043	2044	2045	2046	3rd Peak - 2047
Projected Replacements	(\$92,771)	(\$11,829)	(\$203,813)	(\$18,900)	(\$499,482)	(\$458,502)	(\$14,866)	(\$289,729)	(\$580,958)	(\$156,843)
Annual Deposit	\$155,198	\$155,199	\$155,199	\$155,199	\$155,200	\$155,200	\$155,200	\$155,200	\$155,200	\$155,200
End of Year Balance	\$1,018,122	\$1,161,492	\$1,112,878	\$1,249,178	\$904,896	\$601,594	\$741,928	\$607,399	\$181,642	\$180,000
Cumulative Expenditures	(\$4,020,000)	(\$4,031,829)	(\$4,235,641)	(\$4,254,541)	(\$4,754,023)	(\$5,212,525)	(\$5,227,391)	(\$5,517,120)	(\$6,098,078)	(\$6,254,921)
Cumulative Receipts	\$5,038,122	\$5,193,320	\$5,348,520	\$5,503,719	\$5,658,919	\$5,814,119	\$5,969,319	\$6,124,520	\$6,279,720	\$6,434,921
Year	2048	2049	2050	2051	2052	4th Peak - 2053	2054	5th Peak - 2055	6th Peak - 2056	7th Peak - 2057
Projected Replacements	(\$66,510)	(\$14,314)	(\$111,900)	(\$47,798)	(\$57,367)	(\$274,667)	(\$11,328)	(\$168,480)	(\$40,796)	(\$1,829)
Annual Deposit	\$95,426	\$95,426	\$95,426	\$95,426	\$95,426	\$95,426	\$89,904	\$89,904	\$40,796	\$1,829
End of Year Balance	\$208,916	\$290,028	\$273,554	\$321,182	\$359,241	\$180,000	\$258,576	\$180,000	\$180,000	\$180,000
Cumulative Expenditures	(\$6,321,430)	(\$6,335,744)	(\$6,447,644)	(\$6,495,443)	(\$6,552,810)	(\$6,827,477)	(\$6,838,804)	(\$7,007,284)	(\$7,048,080)	(\$7,049,909)
Cumulative Receipts	\$6,530,347	\$6,625,773	\$6,721,199	\$6,816,625	\$6,912,051	\$7,007,477	\$7,097,380	\$7,187,284	\$7,228,080	\$7,229,909

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller + Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$307,456 2018 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2018 Study Year calculations have been made using current replacement costs (see Page B2), modified by the Analyst for any project specific conditions.

\$325,856 2019 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2019 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$687,099 on January 1, 2019.
- All 2018 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$249,973.
- Construction Cost Inflation of 4.50 percent in 2018.

The \$325,856 inflation adjusted funding in 2019 is a 5.98 percent increase over the non-inflation adjusted 2019 funding of \$307,456.

\$350,304 2020 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2020 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$827,566 on January 1, 2020.
- All 2019 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$185,388.
- Construction Cost Inflation of 4.50 percent in 2019.

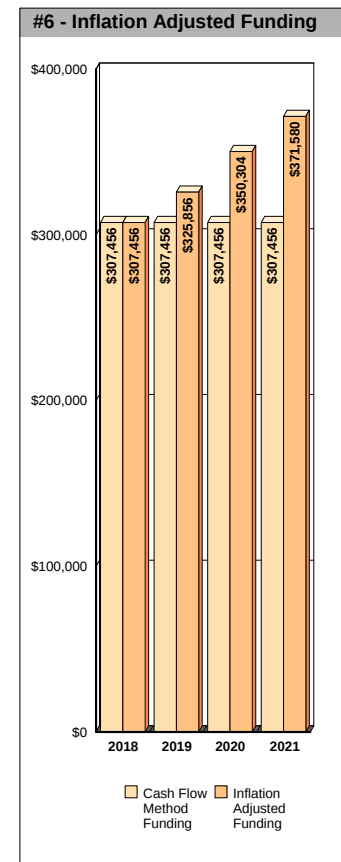
The \$350,304 inflation adjusted funding in 2020 is a 13.94 percent increase over the non-inflation adjusted 2020 funding of \$307,456.

\$371,580 2021 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2021 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$557,424 on January 1, 2021.
- All 2020 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$620,447.
- Construction Cost Inflation of 4.50 percent in 2020.

The \$371,580 inflation adjusted funding in 2021 is a 20.86 percent increase over the non-inflation adjusted funding of \$307,456.



YEAR FIVE & BEYOND

The inflation adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study be professionally updated every 3 to 5 years.

INFLATION ADJUSTMENT

Prior to approving a budget based upon the 2019, 2020 and 2021 inflation adjusted funding calculations above, the 4.50 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact Miller Dodson + Associates prior to using the Inflation Adjusted Funding.

INTEREST ON RESERVES

The recommended funding calculations do not account for interest earned on Replacement Reserves.

In 2018, based on a 1.00 percent interest rate, we estimate the Association may earn \$6,584 on an average balance of \$658,357, \$7,573 on an average balance of \$757,333 in 2019, and \$6,925 on \$692,495 in 2020. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2018 funding from \$307,456 to \$300,873 (a 2.14 percent reduction), \$325,856 to \$318,282 in 2019 (a 2.32 percent reduction), and \$350,304 to \$343,379 in 2020 (a 1.98 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- Imperial has 141 units. The type of property is a condominium association.
- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 125 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.

REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

Imperial - Replacement Reserve Inventory identifies 160 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 125 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$4,494,406. Replacements totaling \$7,049,909 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** 35 of the items are Excluded Items, and expenditures for these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The Excluded Items are listed in the Replacement Reserve Inventory to identify specific items and categories of items that are not to be funded from Replacement Reserves. There are multiple categories of items that are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs and capital improvements.

Value. Items with a replacement cost of less than \$1,000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.

Long-lived Items. Items that when properly maintained, can be assumed to have a life equal to the property as a whole, are typically excluded from the Replacement Reserve Inventory.

Unit improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

The rationale for the exclusion of an item from funding by Replacement Reserves is discussed in more detail in the 'Comments' sections of the Section B - Replacement Reserve Inventory.

- **CATEGORIES.** The 160 items included in the Imperial Replacement Reserve Inventory are divided into 22 major categories. Each category is printed on a separate page, Pages B3 to B23.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level Two - Update (with site visit and on-site review), as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

Level II Studies are based entirely on the component inventory from a prior study. This information is adjusted to reflect changes to the inventory that are provided by the Association, and the quantities are adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings that are made available to us. The condition of all components is ascertained from a site visit and the visual inspection of each component by the analyst. The Remaining Economic Life and replacement cost of components are provided based in part on these observations. The fund status and Funding Plan are derived from analysis of this data.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 125 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

Normal Economic Life (Yrs). The number of years that a new and properly installed item should be expected to remain in service.

Remaining Economic Life (Yrs). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

Each of the 35 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

- **REVIEW OF EXPENDITURES.** This Replacement Reserve Study should be reviewed by an accounting professional representing the Association prior to implementation.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.

SITE COMPONENTS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
1	Concrete flatwork, 3%	sf	201	\$9.10	6	3	\$1,829
2	Concrete curb & gutter, 3%	lf	15	\$35.50	6	6	\$533
3	Concrete steps, 6%	lf	12	\$66.25	6	6	\$795
4	Asphalt pavement, parking	sf	46,485	\$1.65	20	15	\$76,700
5	Seal coat parking area	sf	46,485	\$0.20	5	none	\$9,297
6	Asphalt pavement, ramp & drive	sf	8,990	\$1.65	20	15	\$14,834
7	Seal coat ramp & drive	sf	8,990	\$0.20	5	none	\$1,798
8	Concrete pavers, reset	sf	981	\$4.75	20	10	\$4,660
9	Concrete planter wall	sf	90	\$19.50	40	10	\$1,755
10	New modular block retaining wall	sf	520	\$45.00	35	32	\$23,400
11	Concrete planter boxes	sf	292	\$33.50	40	25	\$9,782
12	Modular block retaining wall	sf	90	\$45.00	35	20	\$4,050
13	Concrete retaining wall	sf	960	\$60.00	50	24	\$57,600
14	Brick wall, tuckpoint & repair, 10%	sf	3,455	\$8.75	20	4	\$30,231
15	Brick monument tuckpoint & repair	sf	312	\$8.75	20	18	\$2,730
16	Aluminum caping	lf	656	\$8.10	30	13	\$5,314
17	Chain link fence, 6'	lf	348	\$13.50	30	20	\$4,698
18	Metal railing	lf	58	\$36.00	30	5	\$2,088
SITE COMPONENTS - Replacement Costs - Subtotal							\$252,093

SITE COMPONENTS
COMMENTS

- We have assumed that the Association will replace the asphalt pavement by the installation of a 2 inch thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement are included in the cost shown above.

SITE COMPONENTS (cont.)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
19	Tall site lighting, HID	ea	2	\$2,250.00	30	7	\$4,500
20	Tall site lighting LED	ea	1	\$2,450.00	30	28	\$2,450
21	Tall site lighting dual head, LED	ea	2	\$2,650.00	30	28	\$5,300
22	Site lighting, 10'	ea	6	\$1,250.00	30	none	\$7,500
23	Site lighting, 6' LED	ea	2	\$750.00	30	28	\$1,500
24	SiteLighting, wall packs	ea	7	\$700.00	25	23	\$4,900

SITE COMPONENTS (cont.) - Replacement Costs - Subtotal \$26,150

SITE COMPONENTS (cont.)
COMMENTS

MID-RISE BUILDING EXTERIOR (MID)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
25	MID Roofing, built-up	sf	31,352	\$12.00	20	4	\$376,224
26	MID Roofing, first floor overhang	sf	1,971	\$10.00	20	4	\$19,710
27	MID Downspouts	lf	400	\$12.00	20	4	\$4,800
28	MID Brick tuckpointing, 10%	sf	1,704	\$14.50	20	14	\$24,708
29	MID Aluminum siding	sf	825	\$8.50	40	22	\$7,013
30	MID Glass Storefront	lf	106	\$539.00	40	15	\$57,134
31	MID Common area windows	sf	181	\$42.00	35	5	\$7,602
32	MID Exterior doors, metal	ea	5	\$950.00	25	4	\$4,750
33	MID Balcony restoration	ea	53	\$1,200.00	30	5	\$63,600
34	MID Balcony sealant	sf	2,915	\$4.50	10	none	\$13,118
35	MID Penthouse railing	lf	803	\$40.00	35	17	\$32,120

MID-RISE BUILDING EXTERIOR (MID) - Replacement Costs - Subtotal \$610,778

MID-RISE BUILDING EXTERIOR (MID)
COMMENTS

HIGH RISE BUILDING EXTERIOR (HI)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
36	HI Roofing, built-up	sf	12,000	\$14.00	20	2	\$168,000
37	HI Skylights	sf	192	\$60.00	20	2	\$11,520
38	HI Downspout	lf	1,440	\$12.00	20	2	\$17,280
39	HI Brick tuckpointing, 10%	sf	1,728	\$18.90	20	14	\$32,659
40	HI Exterior doors, glass & aluminum	ea	6	\$1,450.00	20	4	\$8,700
41	HI Exterior doors, metal	ea	1	\$950.00	25	4	\$950
42	HI Overhead door	ea	1	\$2,400.00	25	4	\$2,400
43	HI Balcony restoration	ea	56	\$1,200.00	30	5	\$67,200
44	HI Balcony waterproofing	sf	3,080	\$4.50	10	none	\$13,860
45	HI Penthouse railing	lf	460	\$40.00	35	17	\$18,400

HIGH RISE BUILDING EXTERIOR (HI) - Replacement Costs - Subtotal \$340,969

HIGH RISE BUILDING EXTERIOR (HI)
COMMENTS

CONNECTING CORRIDOR (CC)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
46	CC Roof	sf	1,400	\$10.00	20	3	\$14,000
47	CC Windows	sf	606	\$42.00	35	3	\$25,452
48	CC Carpet	sf	1,034	\$9.00	12	1	\$9,306
49	CC Wood floor refinish	sf	247	\$3.60	7	3	\$889
50	CC Wood floor replace	sf	247	\$19.70	30	26	\$4,866
51	CC Fan coil units	ea	2	\$1,800.00	30	8	\$3,600

CONNECTING CORRIDOR (CC) - Replacement Costs - Subtotal \$58,113

CONNECTING CORRIDOR (CC)
COMMENTS

MIDRISE BUILDING INTERIOR (MID)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
52	MID Carpet	sf	10,255	\$9.00	12	1	\$92,295
53	MID Ceramic floor tile	sf	1,273	\$22.00	25	17	\$28,006
54	MID Ceiling tile	sf	861	\$4.15	25	3	\$3,573
55	MID Fluorescent strip lighting	ea	153	\$75.00	30	10	\$11,475
56	MID Fluorescent light fixtures	ea	14	\$125.00	30	8	\$1,750
57	MID Exit lights	ea	23	\$75.00	30	none	\$1,725
58	MID Emergency lights	ea	29	\$80.00	20	none	\$2,320
59	MID Elevator lobby light	ea	5	\$250.00	30	8	\$1,250
60	MID Recessed ceiling lights	ea	140	\$75.00	30	3	\$10,500
61	MID Stair light fixtures	ea	24	\$60.00	30	16	\$1,440
62	MID Restroom fixtures	ls	2	\$3,800.00	20	12	\$7,600
63	MID Mailboxes	ls	1	\$14,500.00	30	2	\$14,500
64	MID Laundry vinyl floor tile	sf	224	\$5.00	25	none	\$1,120
65	MID Mailboxes	ls	1	\$11,562.00	40	2	\$11,562
MIDRISE BUILDING INTERIOR (MID) - Replacement Costs - Subtotal							\$189,116

MIDRISE BUILDING INTERIOR (MID)
COMMENTS

HIGH-RISE BUILDING INTERIOR (HI)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
66	HI Carpet	sf	6,931	\$9.00	12	1	\$62,379
67	HI Ceramic floor tile	sf	1,583	\$22.00	25	17	\$34,826
68	HI Ceiling Tile	sf	1,189	\$4.15	25	3	\$4,934
69	HI furnishings	ls	1	\$8,000.00	15	3	\$8,000
70	HI Strip fluorescent lighting	ea	102	\$75.00	30	10	\$7,650
71	HI Fluorescent light fixtures	ea	23	\$125.00	30	8	\$2,875
72	HI Exit lights	ea	21	\$75.00	30	none	\$1,575
73	HI Emergency lights	ea	56	\$80.00	20	none	\$4,480
74	HI Elevator lobby light	ea	9	\$250.00	30	8	\$2,250
75	HI Recessed ceiling lights	ea	150	\$75.00	30	3	\$11,250
76	HI Stair light fixtures	ea	40	\$60.00	30	10	\$2,400
77	HI Laundry vinyl floor tile	sf	480	\$5.00	25	none	\$2,400

HIGH-RISE BUILDING INTERIOR (HI) - Replacement Costs - Subtotal \$145,019

HIGH-RISE BUILDING INTERIOR (HI)
COMMENTS

DIRECTOR'S CLUB (DC)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
78	DC Carpet	sf	1,172	\$9.00	15	3	\$10,548
79	DC Ceiling tile	sf	340	\$4.15	25	8	\$1,411
80	DC Fluorescent light fixtures	ea	6	\$110.00	25	8	\$660
81	DC HVAC Unit	ea	1	\$18,000.00	40	12	\$18,000
82	DC Furnishings	ls	1	\$5,000.00	25	5	\$5,000
83	DC Kitchen vinyl floor tile	sf	125	\$5.00	25	18	\$625
84	DC Kitchen cabinets	lf	14	\$250.00	25	18	\$3,500
85	DC Kitchen formica countertop	sf	36	\$55.00	25	18	\$1,980
86	DC Kitchen appliances	ls	1	\$1,800.00	25	18	\$1,800

DIRECTOR'S CLUB (DC) - Replacement Costs - Subtotal \$43,524

DIRECTOR'S CLUB (DC)
COMMENTS

COMMERCIAL SPACES (CS)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
87	CS Corridor vinyl tile	sf	685	\$5.00	30	1	\$3,425
88	CS Corridor ceiling tile	sf	685	\$4.15	25	4	\$2,843
89	CS Corridor light fixtures	ea	8	\$125.00	25	4	\$1,000
90	CS Renovation allowance	ls	1	\$10,000.00	5	1	\$10,000

COMMERCIAL SPACES (CS) - Replacement Costs - Subtotal \$17,268

COMMERCIAL SPACES (CS)
COMMENTS

BUILDING MECHANICAL SYSTEMS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
91	Heating boiler, 2,369 Mbh	ea	2	\$48,000.00	40	5	\$96,000
92	Domestic water heater	ea	2	\$36,000.00	40	8	\$72,000
93	Chiller #1, 207 tons	ea	1	\$144,900.00	25	4	\$144,900
94	Chiller #2, 207 tons	ea	1	\$144,900.00	25	2	\$144,900
95	Cooling tower #1	ea	1	\$67,000.00	25	2	\$67,000
96	Cooling tower #2	ea	1	\$67,000.00	25	2	\$67,000
97	Circulation pump, 25 hp	ea	2	\$9,000.00	30	2	\$18,000
98	Circulation pump, 10 hp	ea	2	\$5,000.00	30	2	\$10,000
99	Circulation pump, 40 hp	ea	3	\$12,000.00	30	2	\$36,000
100	Circulation pump, 1.5 hp	ea	2	\$1,200.00	30	2	\$2,400
101	Air Compressor	ea	1	\$3,500.00	20	5	\$3,500
102	Domestic water pipe reline	ls	1	\$451,200.00	50	10	\$451,200
103	HVAC piping	ls	1	\$282,000.00	50	10	\$282,000
104	Riser valve replacements	ls	1	\$50,000.00	50	5	\$50,000
BUILDING MECHANICAL SYSTEMS - Replacement Costs - Subtotal							\$1,444,900

BUILDING MECHANICAL SYSTEMS
COMMENTS

BUILDING MECHANICAL SYSTEMS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
105	MID Corridor HVAC units	ea	2	\$45,000.00	40	none	\$90,000
106	HI Corridor HVAC Units	ea	2	\$45,000.00	40	none	\$90,000
107	HI Fan coil units	ea	2	\$1,800.00	30	3	\$3,600

BUILDING MECHANICAL SYSTEMS - Replacement Costs - Subtotal \$183,600

BUILDING MECHANICAL SYSTEMS
COMMENTS

ELEVATORS

PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
108	MID Elevator cabs & doors	ea	2	\$30,700.00	30	28	\$61,400
109	MID Elevator controls	ea	2	\$83,400.00	30	28	\$166,800
110	MID Elevator machinery	ea	2	\$41,700.00	50	48	\$83,400
111	MID Elevator cab renovation	ea	2	\$7,500.00	15	13	\$15,000
112	HI Elevator cabs & doors	ea	2	\$45,900.00	30	28	\$91,800
113	HI Elevator controls	ea	2	\$106,600.00	30	28	\$213,200
114	HI Elevator machinery	ea	2	\$53,300.00	50	48	\$106,600
115	HI Elevator cab renovation	ea	2	\$7,500.00	15	13	\$15,000

ELEVATORS - Replacement Costs - Subtotal \$753,200

ELEVATORS

COMMENTS

ELECTRICAL SYSTEMS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
116	Primarily electrical switchgear	Is	1	\$105,750.00	50	10	\$105,750

ELECTRICAL SYSTEMS - Replacement Costs - Subtotal \$105,750

ELECTRICAL SYSTEMS
COMMENTS

PARKING GARAGE (PG)
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
117	PG Roof waterproof membrane, rear	sf	28,505	\$9.00	20	5	\$256,545
118	PG Roof waterproof membrane, front	sf	2,850	\$9.00	15	5	\$25,650
119	PG Double garage door	ea	1	\$3,800.00	15	12	\$3,800
120	PG Single garage door	ea	2	\$2,600.00	15	12	\$5,200
121	PG Fluorescent light fixtures	ea	84	\$120.00	25	none	\$10,080
122	PG Emergency lights	ea	7	\$100.00	15	none	\$700
123	PG Unit heaters	ea	7	\$850.00	25	5	\$5,950
124	PG Exhaust fan	ea	1	\$2,500.00	40	10	\$2,500

PARKING GARAGE (PG) - Replacement Costs - Subtotal \$310,425

PARKING GARAGE (PG)
COMMENTS

EQUIPMENT PROJECTED REPLACEMENTS							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
125	John Deere Gator	ea	1	\$13,500.00	15	5	\$13,500
EQUIPMENT - Replacement Costs - Subtotal							\$13,500

EQUIPMENT COMMENTS	

VALUATION EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Miscellaneous signage	ls	1				EXCLUDED
	Fire extinguisher cabinet	ls	1				EXCLUDED
	Sprinkler head	ls	1				EXCLUDED
	Signage	ls	1				EXCLUDED
	Interior door unit	ls	1				EXCLUDED

VALUATION EXCLUSIONS

COMMENTS

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1,000.00 have not been scheduled for funding from Replacement Reserves. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Exterior brick veneer	ls	1				EXCLUDED
	Building foundation(s)	ls	1				EXCLUDED
	Concrete floor slabs (interior)	ls	1				EXCLUDED
	Wall, floor, & roof structure	ls	1				EXCLUDED
	Trash chute	ls	1				EXCLUDED

LONG-LIFE EXCLUSIONS

COMMENTS

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life but periodic repointing is required and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Electrical wiring serving one unit	ls	1				EXCLUDED
	Gas service serving one unit	ls	1				EXCLUDED
	Cable TV service serving one unit	ls	1				EXCLUDED
	Telephone service serving one unit	ls	1				EXCLUDED
	Unit interior	ls	1				EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

COMMENTS

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Primary electric feeds	Is	1				EXCLUDED
	Electric transformers	Is	1				EXCLUDED
	Cable TV systems and structures	Is	1				EXCLUDED
	Telephone cables and structures	Is	1				EXCLUDED
	Gas mains and meters	Is	1				EXCLUDED

UTILITY EXCLUSIONS

COMMENTS

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement	ls	1				EXCLUDED
	Crack sealing of asphalt pavement	ls	1				EXCLUDED
	Painting of curbs	ls	1				EXCLUDED
	Striping of parking spaces	ls	1				EXCLUDED
	Numbering of parking spaces	ls	1				EXCLUDED
	Landscaping and site grading	ls	1				EXCLUDED
	Exterior painting	ls	1				EXCLUDED
	Interior painting	ls	1				EXCLUDED
	Janitorial service	ls	1				EXCLUDED
	Repair services	ls	1				EXCLUDED
	Partial replacements	ls	1				EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

COMMENTS

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS
EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Government, roadways & parking	ls	1				EXCLUDED
	Government, sidewalks & curbs	ls	1				EXCLUDED
	Government, lighting	ls	1				EXCLUDED
	Government, stormwater mgmt.	ls	1				EXCLUDED

GOVERNMENT EXCLUSIONS
COMMENTS

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 125 Projected Replacements in the Imperial Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Imperial Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

PROJECTED REPLACEMENTS - YEARS 1 TO 6

Item	2018 - STUDY YEAR	\$	Item	2019 - YEAR 2	\$	Item	2020 - YEAR 3	\$
5	Seal coat parking area	\$9,297	48	CC Carpet	\$9,306	36	HI Roofing, built-up	\$168,000
7	Seal coat ramp & drive	\$1,798	52	MID Carpet	\$92,295	37	HI Skylights	\$11,520
22	Site lighting, 10'	\$7,500	66	HI Carpet	\$62,379	38	HI Downspout	\$17,280
34	MID Balcony sealant	\$13,118	87	CS Corridor vinyl tile	\$3,425	63	MID Mailboxes	\$14,500
44	HI Balcony waterproofing	\$13,860	90	CS Renovation allowance	\$10,000	65	MID Mailboxes	\$11,562
57	MID Exit lights	\$1,725				94	Chiller #2, 207 tons	\$144,900
58	MID Emergency lights	\$2,320				95	Cooling tower #1	\$67,000
64	MID Laundry vinyl floor tile	\$1,120				96	Cooling tower #2	\$67,000
72	HI Exit lights	\$1,575				97	Circulation pump, 25 hp	\$18,000
73	HI Emergency lights	\$4,480				98	Circulation pump, 10 hp	\$10,000
77	HI Laundry vinyl floor tile	\$2,400				99	Circulation pump, 40 hp	\$36,000
105	MID Corridor HVAC units	\$90,000				100	Circulation pump, 1.5 hp	\$2,400
106	HI Corridor HVAC Units	\$90,000						
121	PG Fluorescent light fixtures	\$10,080						
122	PG Emergency lights	\$700						
Total Scheduled Replacements		\$249,973	Total Scheduled Replacements		\$177,405	Total Scheduled Replacements		\$568,162
Item	2021 - YEAR 4	\$	Item	2022 - YEAR 5	\$	Item	2023 - YEAR 6	\$
1	Concrete flatwork, 3%	\$1,829	14	Brick wall, tuckpoint & repair	\$30,231	5	Seal coat parking area	\$9,297
46	CC Roof	\$14,000	25	MID Roofing, built-up	\$376,224	7	Seal coat ramp & drive	\$1,798
47	CC Windows	\$25,452	26	MID Roofing, first floor overf	\$19,710	18	Metal railing	\$2,088
49	CC Wood floor refinish	\$889	27	MID Downspouts	\$4,800	31	MID Common area windows	\$7,602
54	MID Ceiling tile	\$3,573	32	MID Exterior doors, metal	\$4,750	33	MID Balcony restoration	\$63,600
60	MID Recessed ceiling lights	\$10,500	40	HI Exterior doors, glass & al	\$8,700	43	HI Balcony restoration	\$67,200
68	HI Ceiling Tile	\$4,934	41	HI Exterior doors, metal	\$950	82	DC Furnishings	\$5,000
69	HI furnishings	\$8,000	42	HI Overhead door	\$2,400	91	Heating boiler, 2,369 Mbh	\$96,000
75	HI Recessed ceiling lights	\$11,250	88	CS Corridor ceiling tile	\$2,843	101	Air Compressor	\$3,500
78	DC Carpet	\$10,548	89	CS Corridor light fixtures	\$1,000	104	Riser valve replacements	\$50,000
107	HI Fan coil units	\$3,600	93	Chiller #1, 207 tons	\$144,900	117	PG Roof waterproof membr	\$256,545
Total Scheduled Replacements		\$94,576	Total Scheduled Replacements		\$596,508	118	PG Roof waterproof membr	\$25,650
						123	PG Unit heaters	\$5,950
						125	John Deere Gator	\$13,500
Total Scheduled Replacements		\$94,576	Total Scheduled Replacements		\$596,508	Total Scheduled Replacements		\$607,730

PROJECTED REPLACEMENTS - YEARS 7 TO 12

2024 - YEAR 7			\$
2	Concrete curb & gutter, 3%	\$533	
3	Concrete steps, 6%	\$795	
90	CS Renovation allowance	\$10,000	
Total Scheduled Replacements		\$11,328	

2025 - YEAR 8			\$
19	Tall site lighting, HID	\$4,500	
Total Scheduled Replacements		\$4,500	

2026 - YEAR 9			\$
51	CC Fan coil units	\$3,600	
56	MID Fluorescent light fixture	\$1,750	
59	MID Elevator lobby light	\$1,250	
71	HI Fluorescent light fixtures	\$2,875	
74	HI Elevator lobby light	\$2,250	
79	DC Ceiling tile	\$1,411	
80	DC Fluorescent light fixtures	\$660	
92	Domestic water heater	\$72,000	
Total Scheduled Replacements		\$85,796	

2027 - YEAR 10			\$
1	Concrete flatwork, 3%	\$1,829	
Total Scheduled Replacements		\$1,829	

2028 - YEAR 11			\$
5	Seal coat parking area	\$9,297	
7	Seal coat ramp & drive	\$1,798	
8	Concrete pavers, reset	\$4,660	
9	Concrete planter wall	\$1,755	
34	MID Balcony sealant	\$13,118	
44	HI Balcony waterproofing	\$13,860	
49	CC Wood floor refinish	\$889	
55	MID Fluorescent strip lightin	\$11,475	
70	HI Strip fluorescent lighting	\$7,650	
76	HI Stair light fixtures	\$2,400	
102	Domestic water pipe reline	\$451,200	
103	HVAC piping	\$282,000	
116	Primarily electrical switchgea	\$105,750	
124	PG Exhaust fan	\$2,500	
Total Scheduled Replacements		\$908,351	

2029 - YEAR 12			\$
90	CS Renovation allowance	\$10,000	
All Replacements not listed		\$10,000	

PROJECTED REPLACEMENTS - YEARS 13 TO 18

[illegible]

PROJECTED REPLACEMENTS - YEARS 19 TO 24

[illegible]

PROJECTED REPLACEMENTS - YEARS 25 TO 30

[illegible]

PROJECTED REPLACEMENTS - YEARS 31 TO 36

2048 - YEAR 31		
2	Concrete curb & gutter, 3%	\$533
3	Concrete steps, 6%	\$795
5	Seal coat parking area	\$9,297
7	Seal coat ramp & drive	\$1,798
8	Concrete pavers, reset	\$4,660
22	Site lighting, 10'	\$7,500
34	MID Balcony sealant	\$13,118
44	HI Balcony waterproofing	\$13,860
57	MID Exit lights	\$1,725
72	HI Exit lights	\$1,575
82	DC Furnishings	\$5,000
122	PG Emergency lights	\$700
123	PG Unit heaters	\$5,950
Total Scheduled Replacements		\$66,510

2049 - YEAR 32		
49	CC Wood floor refinish	\$889
87	CS Corridor vinyl tile	\$3,425
90	CS Renovation allowance	\$10,000
Total Scheduled Replacements		\$14,314

2050 - YEAR 33		
10	New modular block retaining	\$23,400
62	MID Restroom fixtures	\$7,600
63	MID Mailboxes	\$14,500
97	Circulation pump, 25 hp	\$18,000
98	Circulation pump, 10 hp	\$10,000
99	Circulation pump, 40 hp	\$36,000
100	Circulation pump, 1.5 hp	\$2,400
Total Scheduled Replacements		\$111,900

2051 - YEAR 34		
1	Concrete flatwork, 3%	\$1,829
60	MID Recessed ceiling lights	\$10,500
69	HI furnishings	\$8,000
75	HI Recessed ceiling lights	\$11,250
78	DC Carpet	\$10,548
79	DC Ceiling tile	\$1,411
80	DC Fluorescent light fixtures	\$660
107	HI Fan coil units	\$3,600
Total Scheduled Replacements		\$47,798

2052 - YEAR 35		
28	MID Brick tuckpointing, 10%	\$24,708
39	HI Brick tuckpointing, 10%	\$32,659
All Replacements not listed		\$57,367

2053 - YEAR 36		
4	Asphalt pavement, parking	\$76,700
5	Seal coat parking area	\$9,297
6	Asphalt pavement, ramp & c	\$14,834
7	Seal coat ramp & drive	\$1,798
18	Metal railing	\$2,088
33	MID Balcony restoration	\$63,600
43	HI Balcony restoration	\$67,200
118	PG Roof waterproof membr	\$25,650
125	John Deere Gator	\$13,500
Total Scheduled Replacements		\$274,667

PROJECTED REPLACEMENTS - YEARS 37 TO 42

Item	2054 - YEAR 37	\$	Item	2055 - YEAR 38	\$	Item	2056 - YEAR 39	\$
2	Concrete curb & gutter, 3%	\$533	19	Tall site lighting, HID	\$4,500	15	Brick monument tuckpoint &	\$2,730
3	Concrete steps, 6%	\$795	48	CC Carpet	\$9,306	47	CC Windows	\$25,452
90	CS Renovation allowance	\$10,000	52	MID Carpet	\$92,295	49	CC Wood floor refinish	\$889
			66	HI Carpet	\$62,379	51	CC Fan coil units	\$3,600
						56	MID Fluorescent light fixture	\$1,750
						59	MID Elevator lobby light	\$1,250
						71	HI Fluorescent light fixtures	\$2,875
						74	HI Elevator lobby light	\$2,250
Total Scheduled Replacements		\$11,328	Total Scheduled Replacements		\$168,480	Total Scheduled Replacements		\$40,796
Item	2057 - YEAR 40	\$	Item	2058 (beyond Study Period)	\$	Item	2059 (beyond Study Period)	\$
1	Concrete flatwork, 3%	\$1,829	5	Seal coat parking area	\$9,297	90	CS Renovation allowance	\$10,000
			7	Seal coat ramp & drive	\$1,798			
			31	MID Common area windows	\$7,602			
			34	MID Balcony sealant	\$13,118			
			44	HI Balcony waterproofing	\$13,860			
			55	MID Fluorescent strip lightin	\$11,475			
			58	MID Emergency lights	\$2,320			
			70	HI Strip fluorescent lighting	\$7,650			
			73	HI Emergency lights	\$4,480			
			76	HI Stair light fixtures	\$2,400			
			105	MID Corridor HVAC units	\$90,000			
			106	HI Corridor HVAC Units	\$90,000			
Total Scheduled Replacements		\$1,829	Total Scheduled Replacements		\$254,000	Total Scheduled Replacements		\$10,000

CONDITION ASSESSMENT

General Comments. Miller - Dodson Associates conducted a Reserve Study at The Imperial in March 2017. The Imperial is in average condition for a condominium constructed in 1976. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost effective.

SITE COMPONENTS

Concrete Flatwork. The concrete flatwork includes the community sidewalks and road aprons. The Association maintains an inventory of approximately 6,700 square feet of concrete flatwork. The overall condition of the concrete flatwork is good.

The standards we used for recommending replacement are as follows:

1. Trip hazard, 0.5 inch height difference.
2. Severe cracking.
3. Severe spalling
4. Uneven riser heights on steps.
5. Steps with risers in excess of 8.25 inches.



Photo 1 - Drive apron

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of 30% of the inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of 0.5% per year.

Curb and Gutter. The Association maintains an inventory of 500 linear feet of concrete curb and gutter. All components have been well maintained and are in excellent condition. Any problems noted are in the form of

minor cracks, spalling, or settlement that can be repaired by continued periodic replacement of broken sections.

Because it is highly unlikely that all of the community's concrete curb and gutter sections will fail and require replacement in the period of the study, we have programmed funds for the replacement of 30 percent of the inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of 0.5% per year.

Concrete Steps. The community has several sets of exterior steps that are constructed from concrete. The steps currently are in good condition.

The standards we used for recommending replacement are as follows:

- Trip hazard, 0.5 inch height difference.
- Severe cracking.
- Severe spalling
- Uneven riser heights on steps.
- Steps with risers in excess of 8.25 inches.

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of 60 percent of the inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of one percent per year.

Asphalt Pavement. The site includes asphalt pavement for vehicle access and parking. In general, the asphalt pavement is in good condition with limited cracking, alligating, or deterioration. The Association maintains an inventory of 46,485 square feet of asphalt pavement.

As a rule of thumb, asphalt should be overlaid when approximately five percent of the surface area has become cracked or has failed. The normal service life of asphalt pavement is typically 18 to 20 years.

In order to maintain the condition of the pavement throughout the community and to ensure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

- **Crack Sealing.** All cracks should be sealed with an appropriate sealing compound to prevent water infiltration through the asphalt compound into the base. This repair should be done annually. This is an entirely different process from the seal coating discussed below. Crack sealing is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight by crack sealing should be cut out and patched.
- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned, or if deterioration has penetrated the asphalt, patched. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
- **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, the crack sealing and cleaning of the asphalt as discussed above should be completed first.

Pricing used in the study is based on a recent contract for a two-inch overlay and reflects the current local market.



Photo 2 - Front asphalt



Photo 3 - Rear asphalt

Asphalt Seal Coat. We recommend seal coating the asphalt every five years in order to protect and extend the life of the asphalt. Asphalt pavement is a combination of rock, sand, and liquid asphalt. With time and exposure to sunlight, UV radiation breaks down the asphalt sufficiently to allow loosening of the sand and stone, and erosion of the top surface of the pavement. The first sign of this deterioration is the gradual change in the color of the asphalt from black to gray. As this deterioration continues, the surface of the asphalt takes on a rough appearance. The sun's UV radiation also causes the pavement to lose flexibility. This loss of flexibility causes the pavement to become brittle, crack, and break.

Salt, petroleum products, and other chemicals also damage the asphalt pavement by dissolving directly into the asphalt, softening its structure.

Before applying the seal coat, the asphalt must be cleaned and areas damaged by petroleum products treated so that the seal coat can properly adhere to the asphalt. Additionally, all cracks in the asphalt must be cleaned out and filled to prevent the penetration of water to the base material under the asphalt.

Seal coating the asphalt on a regular basis provides a barrier between these elements and the asphalt material. Seal coating materials are typically a coal tar emulsion or other similar material that is highly resistant to water, gas and oil, salt, other chemicals, and UV radiation.

Most seal coating materials cure sufficiently in 24 hours to allow normal traffic flow.

Segmental Block Retaining Walls. The community maintains an inventory of 610 square feet of segmental block retaining wall. The overall condition of these walls is good.

The industry considers this type of retaining wall to be maintenance-free for 50 years and have an estimated service life of 80-100 years. If this conclusion is accepted, there is no need to reserve for this very significant component. However, if major work must be performed on this wall at some point in time because of settlement, erosion, latent construction defects, etc., the cost will be very high. Therefore, we have included funding for replacement of these walls at 35 years.



Photo 4 - Modular block retaining wall

Concrete Retaining Walls. The community has a single concrete retaining wall that it maintains. The total concrete retaining wall inventory is approximately 960 square feet. The retaining wall is in good condition with no significant defects.

Brick Monument. The brick monument located at the Clarks Lane entrance to the community is in good condition with a limited number of the joints between the bricks that have failed. Repointing these bricks will prevent further damage to the monument.

Site Lighting. A number of the site lighting fixtures have been upgraded to LED fixtures. We recommend that the association continue with this practice. The fixtures installed above the parking garage ramp are in poor condition.



Photo 5 - LED light fixture

BUILDING EXTERIORS

Built-Up Roofing. The roofs are in fair condition and appear to be approaching the end of their service lives. We have estimated the remaining useful life of the roofs based on the conditions seen at the site as well as the age of the roofs. The defects we noted include the following:

- **Ponded Water.** Approximately five percent of the roof area was covered with ponded water. Ponding occurs when the roof does not fully drain within 48 hours of a rainfall. It is an indication that the roof lacks adequate slope or roof drains, or that roof drains may not be properly placed. Ponded water can damage roofing materials by chemically altering their composition. The weight of the water can also cause physical damage to the roof by collapsing the roof's insulation. Check nearby roof drains to ensure their proper operation. Additional drains may be required to correct ponding.
- **Ridges.** There are several areas where ridges have formed in the membrane. When ridges appear in a roof's surface, it is an indication that the underlying insulation has been damaged by moisture and has lifted from the roof deck. Repair of ridges requires opening sections of the roof to replace the damaged insulation.
- **Buckles.** There are several buckles in the roof. Buckles form in built-up roofs as the result of the thermal expansion of the roofing material or the separation of the underlying insulation from the roof deck. Buckling concentrates stress along the ridge of the buckle, often resulting in a tear. Buckles should be cut out and repaired before the roofing felts split. Excessive buckling in a roof requires replacement of the roof.
- **Soft Areas.** As we walked the roof, we noted a number of soft areas. Soft areas on built-up roofs are an indication that moisture has penetrated the roofing plies and gained access to the roof's insulation. Wet insulation loses its insulating value, increasing heat loss and gain through the roof.



Photo 6 - Hi-rise roof



Photo 7 - Mid-rise roof

Brickwork. The brickwork on the buildings is in good condition. Brick is usually considered to be a life of structure item and therefore excluded from reserve funding. Because weather and other conditions result in the slow deterioration of the mortar in the brick joints, we have included funding in the Reserve Analysis for tuckpointing.

Tuckpointing is the process of raking and cutting out damaged sections of mortar and replacing them with new mortar. When mortar joints become damaged, they allow water to gain access to the brick joints. Repeated freeze-thaw cycles gradually increase the damage to the mortar joints, allowing even more moisture into the brick joints. If allowed to progress sufficiently, the brick surfaces can spall or entire bricks can be loosened.

Periodic tuckpointing limits the damage done by moisture penetration, maximizing the life of both the mortar and the bricks. For the Reserve Analysis, we have assumed that ten percent of the brick will require tuckpointing every 20 years.

Storefront. The main entrance to the building is a storefront system. The glass used in the system is single glazed. The overall condition of the storefront installation is fair. Storefront systems of this type have a rated service life of 35 to 40 years. The system dates to the original construction of the facility.

The storefront system consists of aluminum framing and glass panels. What typically fail first in the system are the gaskets between the glazing and the framing. Failed gaskets allow water to enter into the framing accelerating corrosion, or into the building itself. We recommend inspecting the system once each year for failed gaskets, water infiltration, corrosion, and fogged glazing.



Photo 8 - Glass storefront

Common Area Window Glass. All common area windows are aluminum framed, single glazed units. All are in good condition. We recommend that when it becomes necessary to replace the windows, dual glazed units with a thermal break in the frame be installed. These windows will reduce energy requirements while making those spaces with large areas of glass more comfortable.

Concrete Balconies. The building's concrete balconies are in good condition. We noted no significant defects. The balcony surfaces are coated.

Concrete balconies are prone to deterioration due to their exposure to the elements. This deterioration begins within the concrete and slowly progresses to the surface. By the time it becomes visible, the damage has been done and expensive remedial action is typically required.

The leading cause of concrete balcony deterioration is the corrosion of the reinforcing steel. Water penetrates the concrete surface or enters the concrete through the mounting holes for the railing. When it comes in contact with the reinforcing steel, the result is corrosion. As the steel corrodes, it expands, putting pressure on the surrounding concrete. This pressure can result in cracks in the concrete and spalling of the concrete surface or edge of the concrete balcony. The rate of corrosion is influenced by such factors as the thickness of the concrete over the reinforcing steel, the rate of water infiltration, and the installation of carpet or other porous materials on the balcony.

We recommend that the Association implement a balcony inspection program to assess the condition of the balconies and identify defects while they are still minor. We also recommend that the Association apply an elastomeric coating to the concrete balcony surfaces every ten years.



Photo 9 - Typical balconies

BUILDING INTERIORS

Corridors. The corridors in the building were last renovated approximately 13 years ago. Listed below are the major corridor components that we have included in the Reserve Analysis:

- **Carpet.** The carpet in the building's corridors is in fair to poor condition. Commercial carpet of this construction in this type of application has a typical service life of seven to ten years.
- **Light Fixtures.** Corridor illumination is provided by wall mounted and ceiling mounted light fixtures. The fixtures use fluorescent lamps. The fixtures are in good working condition and provide adequate lighting. Fixtures of this type have a typical service life of 25 years.
- **HVAC System.** Heating and air conditioning is supplied to the building corridors by a central air handler. The system is approximately 30 years old. Systems of this type have a typical service life of 40 years. We understand that the existing units are not functioning.



Photo 10 - Typical corridor

Stairwells. There are a total of two stair towers serving each of the buildings. The stair components included in the reserve analysis include the general lighting and emergency lighting fixtures. The stair lighting fixture is a compact fluorescent fixture mounted on the wall of each landing. While these fixtures are in fair to good condition, they do not give off adequate light for their location. We recommend that the community consider upgrading the fixtures to ones that give off more light and are ceiling mounted rather than wall mounted.

Battery powered emergency lighting fixtures are installed on every other landing of each stair tower. The units are of unknown age but appear to be at least 20 years old. The normal service life for this type of fixture is 15 years.

Entrance Lobby. We have included the following items from the building's entrance and lobby in the Reserve Analysis:

- **Carpet.** The carpet in the building's lobby is in fair to poor condition. Commercial carpet of this construction in this type of application has a typical service life of seven to ten years.
- **Furnishings.** We have included the furnishings from the lobby in the Reserve Analysis. We have assumed that the service life for the furniture is 15 years and that it will be replaced with similar items.



Photo 11 - The lobby

Director's Club. The Director's Club is located off of the lobby. Both rooms are carpeted, and the carpet is approaching the end of its service life. The furnishings, ceiling tile, and fluorescent lighting systems are all in good condition. We have also included the small kitchen as part of the Director's Club.



Photo 12 - Director's Club

Commercial Space Corridor. The floor tile, ceiling tile, and light fixtures in the commercial corridor are approaching the end of their rated service lives.



Photo 13 - Commercial corridor

MECHANICAL & ELECTRICAL

Both the mid-rise and the high-rise buildings are served by central heating and air conditioning equipment located in the mid-rise building. The buildings use this centralized heating and cooling equipment to supply chilled and hot water to the individual units through a four-pipe system. The heating and air conditioning equipment located within the individual units is the responsibility of the unit owners. Heating and air conditioning in lobbies, the community room, and the offices is supplied by air handlers and fan coils. Heat to the parking garage is supplied by ceiling mounted unit heaters. Two centrifugal chillers and two boilers supply the chilled and heating water for the building.

Heating Boiler. Heat to the building is supplied by two, hot water boilers. The boilers are approximately 42 years old and are in fair condition. Our assessment of the condition of the boiler is based on the age of the boiler, the conditions seen during the site visit, the reported maintenance history of the boiler, and conversations with maintenance personnel. Boilers of this type typically have a service life of 40 years.

When it becomes necessary to replace the central boilers, we recommend that the community consider installing a bank of smaller, modular boilers. The use of multiple boilers will allow the operators to stage their use to match heating requirements in the building and increase the overall operating efficiency of the heating system.



Photo 14 - Heating boiler

Domestic Hot Water Boilers. Heat to the building's domestic hot water system is supplied by two, hot water boilers. The boilers are approximately 30 years old and are in good condition. Our assessment of the condition of the boilers is based on the age of the boilers, the conditions seen during the site visit, the reported maintenance history of the boiler, and conversations with maintenance personnel. Boilers of this type typically have a service life of 40 years.

When it becomes necessary to replace the central boiler, we recommend that the community consider installing a bank of smaller, modular boilers. The use of multiple boilers will allow the operators to stage their use to match heating requirements in the building and increase the overall operating efficiency of the heating system.

Centrifugal Chiller. Two, centrifugal chillers supply chilled water to the community. The chillers are estimated to be approximately 40 years old. Chillers of this type have a typical service life of 20 to 25 years. The chillers are in fair operating condition. Our assessment of the condition of the chiller is based on the age of the chiller, the conditions seen during the site visit, the reported maintenance history of the chiller, and conversations with maintenance personnel.

A concern with the centrifugal chillers is their operating efficiency. Operating efficiency for centrifugal chillers is rated in terms of kW of electricity used to produce a ton of cooling (kW/ton). Centrifugal chillers of this size, type, and age typically have a full-load operating efficiency in the range of 0.80 to 1.00 kW/ton. New generation, high efficiency chillers operate in the efficiency range of 0.49 to 0.65 kW/ton. What this means is that by installing a high efficiency centrifugal chiller, the community can reasonably expect to reduce their cooling costs by 25 to 35 percent.



Photo 15 - Chiller

Another efficiency concern with the existing chillers is their performance under part-load conditions. Centrifugal chillers operate at their peak efficiency under full-load conditions. As the cooling load decreases, the chiller throttles back by closing inlet vanes to the compressor. The problem is that as the load on the chiller decreases, so does the efficiency of the chiller. For example, a chiller that has a full-load rated efficiency of 0.80 kW/ton, at 75 percent load might have an operating efficiency of only 1.10 kW/ton. Since chillers typically operate under part-load conditions for 90 to 95 percent of their operating hours, the overall efficiency of the chiller decreases and cooling energy costs increase.

Centrifugal chillers can be retrofit with a variable frequency drive unit (VFD) to improve part-load operating efficiency. With a VFD installed, as the cooling load decreases, the VFD slows the chiller to reduce both capacity and energy use. With a VFD, the near full-load operating efficiency can be maintained over a wide range of actual cooling loads. VFDs typically can be paid for through energy savings in less than two years.

Cooling Tower. The building has a central air conditioning system that generates and distributes chilled water to the individual units and other interior areas within the building. Heat from the system is rejected to the atmosphere through the cooling tower located on the building roof. The cooling tower is approximately 20 years old and is in good condition. Cooling towers have a typical service life of 20 to 25 years. The tower was not operating at the time of our site visit.

Cooling towers have a very large impact on the operating efficiency of a central air conditioning system. Therefore it is important to follow a comprehensive maintenance program to keep the tower operating at peak efficiency. It is also good practice to replace the cooling tower when the building chiller is replaced.

Circulation Pumps. There are a total of nine circulation pumps, ranging in size from 1.5 to 40 horsepower. The pumps provide the hot and chilled water to the buildings and to pump the condenser water to the cooling towers. We have assumed based on the conditions that we saw that all of the pumps are near the end of their rated service lives.



Photo 16 - Cooling towers



Photo 17 - Typical pump

Common Domestic Water Piping. Copper water supply piping has been used throughout the building. As a result of changes in water chemistry that have been brought on by federal clean water legislation, copper piping has been developing pin hole leaks which leads to high maintenance costs and a significantly shorter normal service life. For further information about the problem and research that is being conducted, please see the WSSC link on our web site at <http://mdareserves.com/resources/links/building-system>. In addition, in some cases the pipe and fitting materials are of poor quality and pinhole leaks have been reported in as little as three years.

As a result of this problem, the piping will have to be replaced at some point in time. As a less expensive alternative to the extremely costly work of re-piping a building, systems have been developed to clean and to line the interior surfaces of water lines with an epoxy coating.

The time required for re-piping a facility can vary widely, and the estimation of the remaining economic life is highly speculative. Given the age of the facility, the Association should be aware of the various technologies available for pipe replacement and pipe lining. For additional information please follow the [Water Delivery Report](#) link from our website. For budgeting purposes, an allowance of \$3,200 per unit every 50 years is included in this study for relining work.

To gain a better understanding of the condition of the facility's piping and water supply lines, we recommend having an evaluation of the piping performed. This evaluation should include an estimation of the remaining useful life of the piping systems, the condition of the water supply, and recommendations to maximize the remaining useful life of the facility's piping components.

HVAC System Piping. We have included the HVAC system piping in the Reserve Analysis. While these systems have a long service life, their failure is a major expense to the Association. We have estimated the replacement cost for these buildings based on replacement costs for comparable buildings.

It was reported that there have been no significant problems with the system.

Corridor HVAC Units. There are two air handlers that provide conditioned air to the corridors in the buildings. The air handling units are installed on the building's roof. Roof mounted air handling units have an average service life on 25 years.

Both air handlers are not functioning and have been abandoned in place. We recommend that the association plan for the replacement of both units.



Photo 18 - Corridor HVAC unit

Elevators. All elevators were recently upgraded.

The estimated cost of replacing the major components of the building elevators has been developed utilizing R.S. Means Construction Cost Data, and guidelines provided by reputable elevator manufacturers and service providers. These costs are included to reflect the obsolescence that occurs with elevator systems. Even though the systems may be functioning well at this time, parts for most mechanical control systems are becoming increasingly hard to find as the components age. When this occurs, parts availability becomes a major consideration that may force a replacement decision. When this work is ultimately accomplished, the elevators will have to be brought into compliance with the latest safety code requirements. This work typically entails upgrading door operating mechanisms, replacing elevator call systems, and installation of emergency phones. A prudent amount has been included in anticipation of these problems.

Electrical Switchgear. The electrical switchgear includes the primary distribution equipment, disconnects, relays, fuses, and circuit breakers for the facility. The primary electrical switchgear dates to the original construction of the building. Electrical switchgear has a rated service life of 50 years or more. Electrical switchgear requires ongoing maintenance for proper operation and reliability.

The overall condition of the switchgear is good. We understand that replacement parts are still available for the equipment. As the switchgear continues to age, obtaining replacement parts can be expected to become more difficult. When parts no longer are available or when the condition of the switchgear deteriorates sufficiently, the Association will have to replace or upgrade the existing equipment. Therefore we have included funding in the Reserve Analysis for upgrading the equipment when it is approximately 50 years old.

PARKING GARAGE

Underground Parking Garage Roof Membrane. A 31,000 square foot terrace has been constructed over the structural slab above the underground parking garage. The garage is protected by a water proofing membrane. No drawings were available in this instance to determine the details of construction, the type of waterproofing membrane that has been used, or whether a lightweight concrete slab was ever installed over the membrane to protect it and to extend its life.

There are no indications that the membrane is leaking and allowing water to penetrate the slab and corrode reinforcing steel.

The service life of a membrane located below landscaped areas depends to a great extent on the type of membrane installed, the depth of the overlaying materials, and how well the membrane and overlaying materials were installed. A well-designed and installed system can easily last 50 years or more.

When leaks do occur, they tend to be localized, difficult to locate, and expensive to correct. Therefore we have included funding in the Reserve Analysis for the periodic repairs of portions of the garage membrane. The funding covers the cost of removal of the overlaying materials, repairs to the membrane, and restoration of the site to its original condition.

Garage Door. There are two overhead doors to access the parking garage. We have included the doors and the door operators in the Reserve Analysis. All are in good operating condition.

Parking Garage Lighting System. The lighting system in the parking garage consists of fluorescent light fixtures. The overall condition of the lighting fixtures is poor. The light levels produced by the system are inadequate in some locations within the garage.



Photo 19 - Membrane over garage



Photo 20 - Typical garage lighting fixture

Parking Garage Ventilation System. The ventilation system for the parking garage includes a single exhaust fan. The fan was not operating at the time of our site visit. Operation of the fans is controlled by manual switches.

We recommend that the Association consider installing carbon monoxide controls on the garage ventilation fans. Use of these controls typically reduces fan system energy use by 75 percent or more, based on the configuration of the garage. With these types of controls, the fan system is normally off, turning on only when carbon monoxide levels exceed a predetermined point. When the carbon monoxide levels fall below this value, the system once again shuts off the exhaust fans. In addition to reducing energy use, these systems result in lower noise levels and decrease fan maintenance requirements.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common elements of the property to ascertain the remaining useful life and the replacement costs of these common elements. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

CASH FLOW METHOD ACCOUNTING SUMMARY

This Imperial - Cash Flow Method Accounting Summary is an attachment to the Imperial - Replacement Reserve Study dated March 16, 2017 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2018, 2019, and 2020 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2018, 2019, and 2020. Each of the 125 Projected Replacements listed in the Imperial Replacement Reserve Inventory has been assigned to one of 15 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$629,615 Beginning Balance (at the start of the Study Year) and the \$922,369 of additional Replacement Reserve Funding in 2018 through 2020 (as calculated in the Replacement Reserve Analysis) to each of the 125 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement scheduled in years 2018 through 2020.
 - Allocation of the \$629,615 Beginning Balance to the Projected Replacements by Chronological Allocation.
 - Allocation of the \$922,369 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2018 through 2020, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
 - The first step is the allocation of the \$629,615 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At Imperial the Beginning Balance funds all Scheduled Replacements in the Study Year through 2019 and provides partial funding (36%) of replacements scheduled in 2020.
 - The next step is the allocation of the \$307,456 of 2018 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Imperial the Beginning Balance and the 2018 Replacement Reserve Funding, funds replacements through 2019 and partial funds (89.7%) replacements in 2020.
 - Allocations of the 2019 and 2020 Reserve Funding are done using the same methodology.
 - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

2018 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 125 Projected Replacements included in the Imperial Replacement Reserve Inventory has been assigned to one of the 15 categories listed in TABLE CF1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$629,615 as of the first day of the Study Year, January 1, 2018.
- Total reserve funding (including the Beginning Balance) of \$937,071 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$249,973.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2018 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF1							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
SITE COMPONENTS	5 to 50 years	0 to 32 years	\$252,093	\$11,095		(\$11,095)	
SITE COMPONENTS (cont.)	25 to 30 years	0 to 28 years	\$26,150	\$7,500		(\$7,500)	
MID-RISE BUILDING EXTERIOR (MID)	10 to 40 years	0 to 22 years	\$610,778	\$13,118		(\$13,118)	
HIGH RISE BUILDING EXTERIOR (HI)	10 to 35 years	0 to 17 years	\$340,969	\$83,911	\$106,497	(\$13,860)	\$176,548
CONNECTING CORRIDOR (CC)	7 to 35 years	1 to 26 years	\$58,113	\$9,306			\$9,306
MIDRISE BUILDING INTERIOR (MID)	12 to 40 years	0 to 17 years	\$189,116	\$106,737	\$14,103	(\$5,165)	\$115,675
HIGH-RISE BUILDING INTERIOR (HI)	12 to 30 years	0 to 17 years	\$145,019	\$70,834		(\$8,455)	\$62,379
DIRECTOR'S CLUB (DC)	15 to 40 years	3 to 18 years	\$43,524				
COMMERCIAL SPACES (CS)	5 to 30 years	1 to 4 years	\$17,268	\$13,425			\$13,425
BUILDING MECHANICAL SYSTEMS	20 to 50 years	2 to 10 years	\$1,444,900	\$122,910	\$186,856		\$309,766
BUILDING MECHANICAL SYSTEMS	30 to 40 years	0 to 3 years	\$183,600	\$180,000		(\$180,000)	
ELEVATORS	15 to 50 years	13 to 48 years	\$753,200				
ELECTRICAL SYSTEMS	50 years	10 years	\$105,750				
PARKING GARAGE (PG)	15 to 40 years	0 to 12 years	\$310,425	\$10,780		(\$10,780)	
EQUIPMENT	15 years	5 years	\$13,500				

2019 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 125 Projected Replacements included in the Imperial Replacement Reserve Inventory has been assigned to one of the 15 categories listed in TABLE CF2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$687,099 on January 1, 2019.
- Total reserve funding (including the Beginning Balance) of \$1,244,528 from 2018 through 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2019 being accomplished in 2019 at a cost of \$177,405.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2019 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF2							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2019 BEGINNING BALANCE	2019 RESERVE FUNDING	2019 PROJECTED REPLACEMENTS	2019 END OF YEAR BALANCE
SITE COMPONENTS	5 to 50 years	2 to 31 years	\$252,093		\$9,655		\$9,655
SITE COMPONENTS (cont.)	25 to 30 years	6 to 29 years	\$26,150				
MID-RISE BUILDING EXTERIOR (MID)	10 to 40 years	3 to 21 years	\$610,778		\$104,964		\$104,964
HIGH RISE BUILDING EXTERIOR (HI)	10 to 35 years	1 to 16 years	\$340,969	\$176,548	\$23,371		\$199,919
CONNECTING CORRIDOR (CC)	7 to 35 years	0 to 25 years	\$58,113	\$9,306	\$40,341	(\$9,306)	\$40,341
MIDRISE BUILDING INTERIOR (MID)	12 to 40 years	0 to 29 years	\$189,116	\$115,675	\$16,755	(\$92,295)	\$40,135
HIGH-RISE BUILDING INTERIOR (HI)	12 to 30 years	0 to 29 years	\$145,019	\$62,379	\$24,184	(\$62,379)	\$24,184
DIRECTOR'S CLUB (DC)	15 to 40 years	2 to 17 years	\$43,524		\$10,548		\$10,548
COMMERCIAL SPACES (CS)	5 to 30 years	0 to 3 years	\$17,268	\$13,425	\$995	(\$13,425)	\$995
BUILDING MECHANICAL SYSTEMS	20 to 50 years	1 to 9 years	\$1,444,900	\$309,766	\$73,043		\$382,809
BUILDING MECHANICAL SYSTEMS	30 to 40 years	2 to 39 years	\$183,600		\$3,600		\$3,600
ELEVATORS	15 to 50 years	12 to 47 years	\$753,200				
ELECTRICAL SYSTEMS	50 years	9 years	\$105,750				
PARKING GARAGE (PG)	15 to 40 years	4 to 24 years	\$310,425				
EQUIPMENT	15 years	4 years	\$13,500				

2020 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 125 Projected Replacements included in the Imperial Replacement Reserve Inventory has been assigned to one of the 15 categories listed in TABLE CF3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$817,150 on January 1, 2020.
- Total Replacement Reserve funding (including the Beginning Balance) of \$1,551,984 from 2018 to 2020.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2020 being accomplished in 2020 at a cost of \$568,162.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2020 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF3							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2020 BEGINNING BALANCE	2020 RESERVE FUNDING	2020 PROJECTED REPLACEMENTS	2020 END OF YEAR BALANCE
SITE COMPONENTS	5 to 50 years	1 to 30 years	\$252,093	\$9,655	\$15,582		\$25,237
SITE COMPONENTS (cont.)	25 to 30 years	5 to 28 years	\$26,150				
MID-RISE BUILDING EXTERIOR (MID)	10 to 40 years	2 to 20 years	\$610,778	\$104,964	\$208,997		\$313,961
HIGH RISE BUILDING EXTERIOR (HI)	10 to 35 years	0 to 15 years	\$340,969	\$199,919	\$6,211	(\$196,800)	\$9,330
CONNECTING CORRIDOR (CC)	7 to 35 years	1 to 24 years	\$58,113	\$40,341			\$40,341
MIDRISE BUILDING INTERIOR (MID)	12 to 40 years	0 to 28 years	\$189,116	\$40,135		(\$26,062)	\$14,073
HIGH-RISE BUILDING INTERIOR (HI)	12 to 30 years	1 to 28 years	\$145,019	\$24,184			\$24,184
DIRECTOR'S CLUB (DC)	15 to 40 years	1 to 16 years	\$43,524	\$10,548			\$10,548
COMMERCIAL SPACES (CS)	5 to 30 years	2 to 29 years	\$17,268	\$995	\$1,981		\$2,975
BUILDING MECHANICAL SYSTEMS	20 to 50 years	0 to 8 years	\$1,444,900	\$382,809	\$74,685	(\$345,300)	\$112,194
BUILDING MECHANICAL SYSTEMS	30 to 40 years	1 to 38 years	\$183,600	\$3,600			\$3,600
ELEVATORS	15 to 50 years	11 to 46 years	\$753,200				
ELECTRICAL SYSTEMS	50 years	8 years	\$105,750				
PARKING GARAGE (PG)	15 to 40 years	3 to 23 years	\$310,425				
EQUIPMENT	15 years	3 years	\$13,500				

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF4 below details the allocation of the \$629,615 Beginning Balance, as reported by the Association and the \$922,369 of Replacement Reserve Funding calculated by the Cash Flow Method from 2018 to 2020, to the 125 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$629,615 on January 1, 2018.
- Replacement Reserves on Deposit totaling \$687,099 on January 1, 2019.
- Replacement Reserves on Deposit totaling \$817,150 on January 1, 2020.
- Total Replacement Reserve funding (including the Beginning Balance) of \$1,551,984 from 2018 to 2020.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2018 to 2020 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$995,540.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance
SITE COMPONENTS												
1	Concrete flatwork, 3%	1,829					1,829		1,829			1,829
2	Concrete curb & gutter, 3%	533										
3	Concrete steps, 6%	795										
4	Asphalt pavement, parking	76,700										
5	Seal coat parking area	9,297	9,297		(9,297)							
6	Asphalt pavement, ramp & drive	14,834										
7	Seal coat ramp & drive	1,798	1,798		(1,798)							
8	Concrete pavers, reset	4,660										
9	Concrete planter wall	1,755										
10	New modular block retaining wall	23,400										
11	Concrete planter boxes	9,782										
12	Modular block retaining wall	4,050										
13	Concrete retaining wall	57,600										
14	Brick wall, tuckpoint & repair, 10%	30,231					7,826		7,826	15,582		23,408
15	Brick monument tuckpoint & repair	2,730										
16	Aluminum capping	5,314										
17	Chain link fence, 6'	4,698										
18	Metal railing	2,088										
SITE COMPONENTS (cont.)												
19	Tall site lighting, HID	4,500										
20	Tall site lighting LED	2,450										
21	Tall site lighting dual head, LED	5,300										
22	Site lighting, 10'	7,500	7,500		(7,500)							
23	Site lighting, 6' LED	1,500										
24	Site Lighting, wall packs	4,900										
MID-RISE BUILDING EXTERIOR (cont.)												
25	MID Roofing, built-up	376,224					97,390		97,390	193,916		291,306
26	MID Roofing, first floor overhang	19,710					5,102		5,102	10,159		15,261
27	MID Downspouts	4,800					1,243		1,243	2,474		3,717
28	MID Brick tuckpointing, 10%	24,708										
29	MID Aluminum siding	7,013										
30	MID Glass Storefront	57,134										
31	MID Common area windows	7,602										
32	MID Exterior doors, metal	4,750					1,230		1,230	2,448		3,678
33	MID Balcony restoration	63,600										
34	MID Balcony sealant	13,118	13,118		(13,118)							
35	MID Penthouse railing	32,120										
HIGH RISE BUILDING EXTERIOR												
36	HI Roofing, built-up	168,000	59,800	90,912		150,712	17,288		168,000		(168,000)	

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance
37	HI Skylights	11,520	4,101	6,234		10,335	1,185		11,520		(11,520)	
38	HI Downspout	17,280	6,151	9,351		15,502	1,778		17,280		(17,280)	
39	HI Brick tuckpointing, 10%	32,659										
40	HI Exterior doors, glass & aluminum	8,700					2,252		2,252	4,484		6,736
41	HI Exterior doors, metal	950					246		246	490		736
42	HI Overhead door	2,400					621		621	1,237		1,858
43	HI Balcony restoration	67,200										
44	HI Balcony waterproofing	13,860	13,860		(13,860)							
45	HI Penthouse railing	18,400										
CONNECTING CORRIDOR (CC)												
46	CC Roof	14,000					14,000		14,000			14,000
47	CC Windows	25,452					25,452		25,452			25,452
48	CC Carpet	9,306	9,306			9,306		(9,306)				
49	CC Wood floor refinish	889					889		889			889
50	CC Wood floor replace	4,866										
51	CC Fan coil units	3,600										
MIDRISE BUILDING INTERIOR (M)												
52	MID Carpet	92,295	92,295			92,295		(92,295)				
53	MID Ceramic floor tile	28,006										
54	MID Ceiling tile	3,573					3,573		3,573			3,573
55	MID Fluorescent strip lighting	11,475										
56	MID Fluorescent light fixtures	1,750										
57	MID Exit lights	1,725	1,725		(1,725)							
58	MID Emergency lights	2,320	2,320		(2,320)							
59	MID Elevator lobby light	1,250										
60	MID Recessed ceiling lights	10,500					10,500		10,500			10,500
61	MID Stair light fixtures	1,440										
62	MID Restroom fixtures	7,600										
63	MID Mailboxes	14,500	5,161	7,847		13,008	1,492		14,500		(14,500)	
64	MID Laundry vinyl floor tile	1,120	1,120		(1,120)							
65	MID Mailboxes	11,562	4,115	6,257		10,372	1,190		11,562		(11,562)	
HIGH-RISE BUILDING INTERIOR (H)												
66	HI Carpet	62,379	62,379			62,379		(62,379)				
67	HI Ceramic floor tile	34,826										
68	HI Ceiling Tile	4,934					4,934		4,934			4,934
69	HI furnishings	8,000					8,000		8,000			8,000
70	HI Strip fluorescent lighting	7,650										
71	HI Fluorescent light fixtures	2,875										
72	HI Exit lights	1,575	1,575		(1,575)							
73	HI Emergency lights	4,480	4,480		(4,480)							
74	HI Elevator lobby light	2,250										
75	HI Recessed ceiling lights	11,250					11,250		11,250			11,250
76	HI Stair light fixtures	2,400										
77	HI Laundry vinyl floor tile	2,400	2,400		(2,400)							
DIRECTOR'S CLUB (DC)												
78	DC Carpet	10,548					10,548		10,548			10,548
79	DC Ceiling tile	1,411										
80	DC Fluorescent light fixtures	660										
81	DC HVAC Unit	18,000										
82	DC Furnishings	5,000										
83	DC Kitchen vinyl floor tile	625										
84	DC Kitchen cabinets	3,500										
85	DC Kitchen formica countertop	1,980										
86	DC Kitchen appliances	1,800										
COMMERCIAL SPACES (CS)												
87	CS Corridor vinyl tile	3,425	3,425			3,425		(3,425)				
88	CS Corridor ceiling tile	2,843					736		736	1,465		2,201
89	CS Corridor light fixtures	1,000					259		259	515		774
90	CS Renovation allowance	10,000	10,000			10,000		(10,000)				
BUILDING MECHANICAL SYSTEMS (BMS)												
91	Heating boiler, 2,369 Mbh	96,000										
92	Domestic water heater	72,000										
93	Chiller #1, 207 tons	144,900					37,509		37,509	74,685		112,194
94	Chiller #2, 207 tons	144,900	51,577	78,411		129,989	14,911		144,900		(144,900)	

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF4 cont'd

[illegible]

COMPONENT METHOD



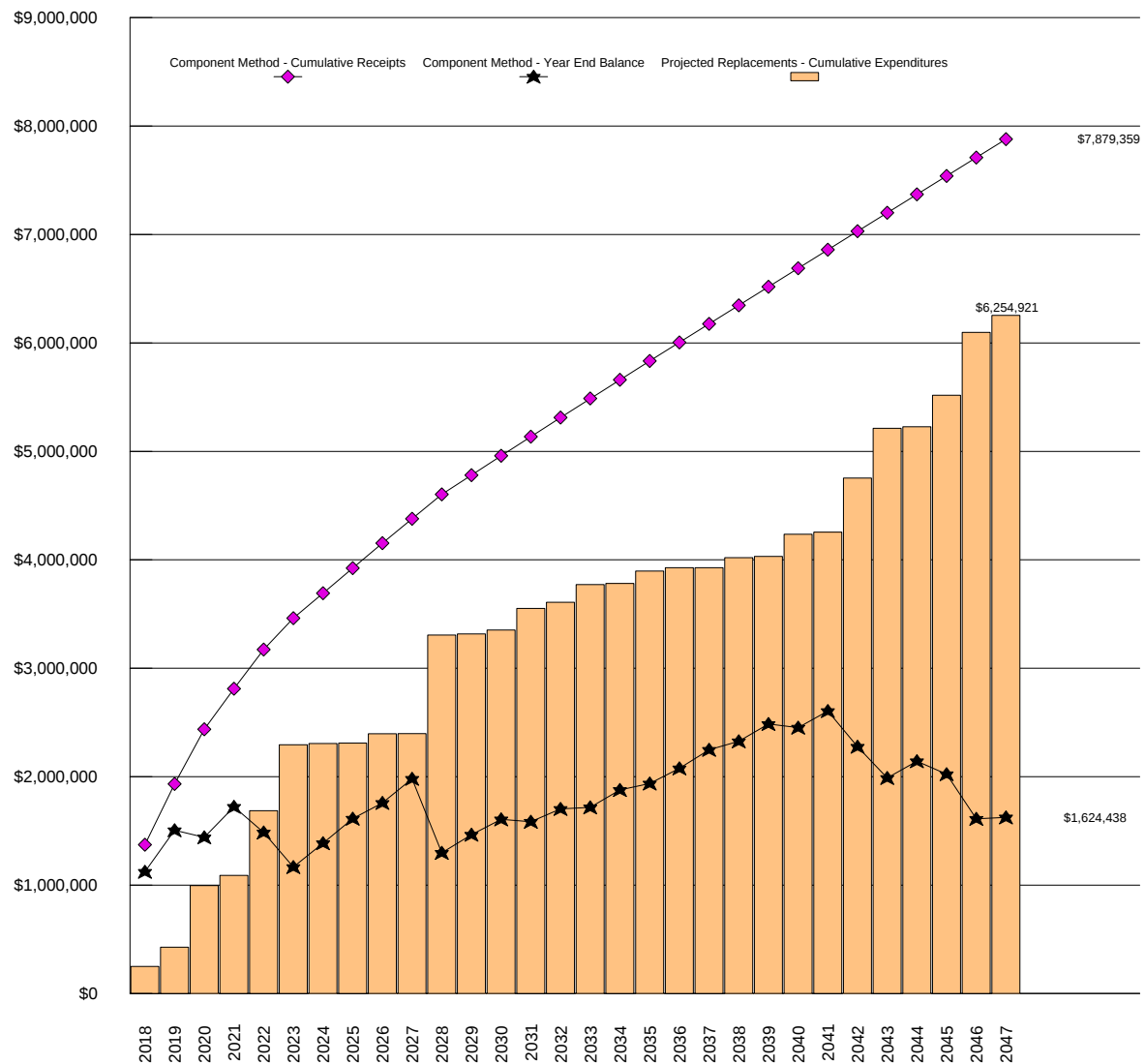
\$743,442

COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2018.

\$439.39 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 125 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page CM2.

Component Method - Cumulative Receipts and Expenditures Graph



COMPONENT METHOD (cont'd)

- **Current Funding Objective.** A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 125 Projected Replacements. The total, \$2,813,289, is the Current Funding Objective.

For an example, consider a very simple Replacement Reserve Inventory with one Projected Replacement, a fence with a \$1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of \$100 (\$1,000 ÷ 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of \$800 (8 years x \$100 per year).

- **Funding Percentage.** The Funding Percentage is calculated by dividing the Beginning Balance (\$629,615) by the Current Funding Objective (\$2,813,289). At Imperial the Funding Percentage is 22.4%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 125 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

If we relate this calculation back to our fence example, it means that the Association has not accumulated \$800 in Reserves (the Funding Objective), but rather at 22.4 percent funded, there is \$179 in the account for the fence.

- **Annual Funding.** The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is \$743,442, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2018).

In our fence example, the \$179 in the account is subtracted from the \$1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of \$410. Next year, the deposit remains \$410, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

- **Adjustment to the Component Method for interest and inflation.** The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

Component Method Data - Years 1 through 30

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning balance	\$629,615									
Recommended annual funding	\$743,442	\$560,121	\$503,518	\$375,130	\$360,101	\$289,432	\$230,951	\$230,983	\$230,663	\$225,028
Interest on reserves										
Expenditures	\$249,973	\$177,405	\$568,162	\$94,576	\$596,508	\$607,730	\$11,328	\$4,500	\$85,796	\$1,829
Year end balance	\$1,123,085	\$1,505,801	\$1,441,157	\$1,721,711	\$1,485,304	\$1,167,005	\$1,386,629	\$1,613,112	\$1,757,979	\$1,981,178
Cumulative Expenditures	\$249,973	\$427,378	\$995,540	\$1,090,115	\$1,686,623	\$2,294,353	\$2,305,681	\$2,310,181	\$2,395,977	\$2,397,806
Cumulative Receipts	\$1,373,057	\$1,933,178	\$2,436,696	\$2,811,826	\$3,171,927	\$3,461,359	\$3,692,310	\$3,923,293	\$4,153,956	\$4,378,984
Year	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Recommended annual funding	\$225,028	\$177,525	\$177,525	\$176,569	\$176,301	\$175,559	\$173,008	\$172,979	\$171,163	\$171,079
Interest on reserves										
Expenditures	\$908,351	\$10,000	\$35,928	\$199,294	\$57,367	\$162,292	\$11,440	\$114,241	\$30,511	
Year end balance	\$1,297,854	\$1,465,379	\$1,606,977	\$1,584,252	\$1,703,186	\$1,716,453	\$1,878,021	\$1,936,759	\$2,077,411	\$2,248,491
Cumulative Expenditures	\$3,306,157	\$3,316,157	\$3,352,085	\$3,551,378	\$3,608,746	\$3,771,038	\$3,782,478	\$3,896,719	\$3,927,229	\$3,927,229
Cumulative Receipts	\$4,604,012	\$4,781,537	\$4,959,062	\$5,135,631	\$5,311,932	\$5,487,491	\$5,660,499	\$5,833,478	\$6,004,641	\$6,175,720
Year	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Recommended annual funding	\$171,079	\$170,967	\$170,967	\$170,867	\$170,861	\$169,966	\$169,864	\$169,850	\$169,850	\$169,366
Interest on reserves										
Expenditures	\$92,771	\$11,829	\$203,813	\$18,900	\$499,482	\$458,502	\$14,866	\$289,729	\$580,958	\$156,843
Year end balance	\$2,326,800	\$2,485,938	\$2,453,093	\$2,605,060	\$2,276,439	\$1,987,903	\$2,142,901	\$2,023,022	\$1,611,915	\$1,624,438
Cumulative Expenditures	\$4,020,000	\$4,031,829	\$4,235,641	\$4,254,541	\$4,754,023	\$5,212,525	\$5,227,391	\$5,517,120	\$6,098,078	\$6,254,921
Cumulative Receipts	\$6,346,799	\$6,517,767	\$6,688,734	\$6,859,601	\$7,030,462	\$7,200,428	\$7,370,292	\$7,540,142	\$7,709,993	\$7,879,359

COMPONENT METHOD ACCOUNTING SUMMARY

This Imperial - Component Method Accounting Summary is an attachment to the Imperial - Replacement Reserve Study dated March 16, 2017 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2018, 2019, and 2020 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2018, 2019, and 2020. Each of the 125 Projected Replacements listed in the Imperial Replacement Reserve Inventory has been assigned to one of 15 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$629,615 Beginning Balance (at the start of the Study Year) and the \$1,807,081 of additional Replacement Reserve funding from 2018 to 2020 (as calculated in the Replacement Reserve Analysis) to each of the 125 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2018 through 2020.
 - Allocation of the \$629,615 Beginning Balance to the Projected Replacements by the Component Method.
 - Allocation of the \$1,807,081 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2018 through 2020, by the Component Method.

2018 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 125 Projected Replacements included in the Imperial Replacement Reserve Inventory has been assigned to one of the 15 categories listed in TABLE CM1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$629,615 as of the first day of the Study Year, January 1, 2018.
- Total reserve funding (including the Beginning Balance) of \$1,373,057 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2018 being accomplished in 2018 at a cost of \$249,973.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2018 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2018 BEGINNING BALANCE	2018 RESERVE FUNDING	2018 PROJECTED REPLACEMENTS	2018 END OF YEAR BALANCE
SITE COMPONENTS	5 to 50 years	0 to 32 years	\$252,093	\$21,772	\$24,475	\$11,095	\$35,152
SITE COMPONENTS (cont.)	25 to 30 years	0 to 28 years	\$26,150	\$2,530	\$6,811	\$7,500	\$1,841
MID-RISE BUILDING EXTERIOR (MID)	10 to 40 years	0 to 22 years	\$610,778	\$97,059	\$93,903	\$13,118	\$177,844
HIGH RISE BUILDING EXTERIOR (HI)	10 to 35 years	0 to 17 years	\$340,969	\$58,458	\$78,038	\$13,860	\$122,637
CONNECTING CORRIDOR (CC)	7 to 35 years	1 to 26 years	\$58,113	\$10,045	\$12,475		\$22,520
MIDRISE BUILDING INTERIOR (MID)	12 to 40 years	0 to 17 years	\$189,116	\$30,978	\$54,557	\$5,165	\$80,370
HIGH-RISE BUILDING INTERIOR (HI)	12 to 30 years	0 to 17 years	\$145,019	\$22,358	\$39,954	\$8,455	\$53,857
DIRECTOR'S CLUB (DC)	15 to 40 years	3 to 18 years	\$43,524	\$6,022	\$4,662		\$10,684
COMMERCIAL SPACES (CS)	5 to 30 years	1 to 4 years	\$17,268	\$2,746	\$6,314		\$9,061
BUILDING MECHANICAL SYSTEMS	20 to 50 years	2 to 10 years	\$1,444,900	\$263,381	\$197,896		\$461,277
BUILDING MECHANICAL SYSTEMS	30 to 40 years	0 to 3 years	\$183,600	\$40,982	\$140,441	\$180,000	\$1,424
ELEVATORS	15 to 50 years	13 to 48 years	\$753,200	\$5,276	\$24,220		\$29,496
ELECTRICAL SYSTEMS	50 years	10 years	\$105,750	\$18,460	\$7,935		\$26,396
PARKING GARAGE (PG)	15 to 40 years	0 to 12 years	\$310,425	\$47,733	\$49,813	\$10,780	\$86,766
EQUIPMENT	15 years	5 years	\$13,500	\$1,813	\$1,948		\$3,761

2019 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 125 Projected Replacements included in the Imperial Replacement Reserve Inventory has been assigned to one of the 15 categories listed in TABLE CM2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$1,123,085 on January 1, 2019.
- Total reserve funding (including the Beginning Balance) of \$1,933,178 from 2018 through 2019.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2019 being accomplished in 2019 at a cost of \$177,405.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2019 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM2							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2019 BEGINNING BALANCE	2019 RESERVE FUNDING	2019 PROJECTED REPLACEMENTS	2019 END OF YEAR BALANCE
SITE COMPONENTS	5 to 50 years	2 to 31 years	\$252,093	\$35,152	\$18,082		\$53,234
SITE COMPONENTS (cont.)	25 to 30 years	6 to 29 years	\$26,150	\$1,841	\$1,239		\$3,080
MID-RISE BUILDING EXTERIOR (MID)	10 to 40 years	3 to 21 years	\$610,778	\$177,844	\$85,033		\$262,877
HIGH RISE BUILDING EXTERIOR (HI)	10 to 35 years	1 to 16 years	\$340,969	\$122,637	\$68,666		\$191,303
CONNECTING CORRIDOR (CC)	7 to 35 years	0 to 25 years	\$58,113	\$22,520	\$12,475	\$9,306	\$25,689
MIDRISE BUILDING INTERIOR (MID)	12 to 40 years	0 to 29 years	\$189,116	\$80,370	\$50,767	\$92,295	\$38,842
HIGH-RISE BUILDING INTERIOR (HI)	12 to 30 years	0 to 29 years	\$145,019	\$53,857	\$33,763	\$62,379	\$25,242
DIRECTOR'S CLUB (DC)	15 to 40 years	2 to 17 years	\$43,524	\$10,684	\$4,662		\$15,346
COMMERCIAL SPACES (CS)	5 to 30 years	0 to 3 years	\$17,268	\$9,061	\$6,314	\$13,425	\$1,950
BUILDING MECHANICAL SYSTEMS	20 to 50 years	1 to 9 years	\$1,444,900	\$461,277	\$197,896		\$659,173
BUILDING MECHANICAL SYSTEMS	30 to 40 years	2 to 39 years	\$183,600	\$1,424	\$5,225		\$6,649
ELEVATORS	15 to 50 years	12 to 47 years	\$753,200	\$29,496	\$24,220		\$53,716
ELECTRICAL SYSTEMS	50 years	9 years	\$105,750	\$26,396	\$7,935		\$34,331
PARKING GARAGE (PG)	15 to 40 years	4 to 24 years	\$310,425	\$86,766	\$41,895		\$128,661
EQUIPMENT	15 years	4 years	\$13,500	\$3,761	\$1,948		\$5,709

2020 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 125 Projected Replacements included in the Imperial Replacement Reserve Inventory has been assigned to one of the 15 categories listed in TABLE CM3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$1,505,801 on January 1, 2020.
- Total Replacement Reserve funding (including the Beginning Balance) of \$2,436,696 from 2018 to 2020.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2020 being accomplished in 2020 at a cost of \$568,162.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2020 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM3							
CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2020 BEGINNING BALANCE	2020 RESERVE FUNDING	2020 PROJECTED REPLACEMENTS	2020 END OF YEAR BALANCE
SITE COMPONENTS	5 to 50 years	1 to 30 years	\$252,093	\$53,234	\$18,082		\$71,316
SITE COMPONENTS (cont.)	25 to 30 years	5 to 28 years	\$26,150	\$3,080	\$1,239		\$4,319
MID-RISE BUILDING EXTERIOR (MID)	10 to 40 years	2 to 20 years	\$610,778	\$262,877	\$85,033		\$347,910
HIGH RISE BUILDING EXTERIOR (HI)	10 to 35 years	0 to 15 years	\$340,969	\$191,303	\$68,666	\$196,800	\$63,169
CONNECTING CORRIDOR (CC)	7 to 35 years	1 to 24 years	\$58,113	\$25,689	\$9,465		\$35,154
MIDRISE BUILDING INTERIOR (MID)	12 to 40 years	0 to 28 years	\$189,116	\$38,842	\$20,917	\$26,062	\$33,697
HIGH-RISE BUILDING INTERIOR (HI)	12 to 30 years	1 to 28 years	\$145,019	\$25,242	\$13,589		\$38,831
DIRECTOR'S CLUB (DC)	15 to 40 years	1 to 16 years	\$43,524	\$15,346	\$4,662		\$20,008
COMMERCIAL SPACES (CS)	5 to 30 years	2 to 29 years	\$17,268	\$1,950	\$2,745		\$4,695
BUILDING MECHANICAL SYSTEMS	20 to 50 years	0 to 8 years	\$1,444,900	\$659,173	\$197,896	\$345,300	\$511,769
BUILDING MECHANICAL SYSTEMS	30 to 40 years	1 to 38 years	\$183,600	\$6,649	\$5,225		\$11,875
ELEVATORS	15 to 50 years	11 to 46 years	\$753,200	\$53,716	\$24,220		\$77,936
ELECTRICAL SYSTEMS	50 years	8 years	\$105,750	\$34,331	\$7,935		\$42,266
PARKING GARAGE (PG)	15 to 40 years	3 to 23 years	\$310,425	\$128,661	\$41,895		\$170,556
EQUIPMENT	15 years	3 years	\$13,500	\$5,709	\$1,948		\$7,656

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM4 below details the allocation of the \$629,615 Beginning Balance, as reported by the Association and the \$1,807,081 of Replacement Reserve Funding calculated by the Cash Flow Method from 2018 to 2020, to the 125 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$629,615 on January 1, 2018.
- Replacement Reserves on Deposit totaling \$1,123,085 on January 1, 2019.
- Replacement Reserves on Deposit totaling \$1,505,801 on January 1, 2020.
- Total Replacement Reserve funding (including the Beginning Balance) of \$2,436,696 from 2018 to 2020.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2018 to 2020 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$995,540.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4													
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance	2020 Reserve Funding
SITE COMPONENTS													
1	Concrete flatwork, 3%	1,829	136	423		560	423		983	423		1,406	
2	Concrete curb & gutter, 3%	533		76		76	76		152	76		228	
3	Concrete steps, 6%	795		114		114	114		227	114		341	
4	Asphalt pavement, parking	76,700	3,433	4,579		8,012	4,579		12,592	4,579		17,171	
5	Seal coat parking area	9,297	2,081	7,216	(9,297)		1,859		1,859	1,859		3,719	
6	Asphalt pavement, ramp & drive	14,834	664	886		1,550	886		2,435	886		3,321	
7	Seal coat ramp & drive	1,798	402	1,396	(1,798)		360		360	360		719	
8	Concrete pavers, reset	4,660	469	381		850	381		1,231	381		1,612	
9	Concrete planter wall	1,755	285	134		418	134		552	134		686	
10	New modular block retaining wall	23,400	299	700		999	700		1,699	700		2,399	
11	Concrete planter boxes	9,782	766	347		1,113	347		1,460	347		1,807	
12	Modular block retaining wall	4,050	363	176		538	176		714	176		889	
13	Concrete retaining wall	57,600	6,445	2,046		8,492	2,046		10,538	2,046		12,584	
14	Brick wall, tuckpoint & repair, 10%	30,231	5,074	5,031		10,106	5,031		15,137	5,031		20,168	
15	Brick monument tuckpoint & repair	2,730	31	142		173	142		315	142		457	
16	Aluminum capping	5,314	634	334		968	334		1,303	334		1,637	
17	Chain link fence, 6'	4,698	315	209		524	209		733	209		942	
18	Metal railing	2,088	374	286		660	286		945	286		1,231	
SITE COMPONENTS (cont.)													
19	Tall site lighting, HID	4,500	739	470		1,209	470		1,679	470		2,149	
20	Tall site lighting LED	2,450	18	84		102	84		186	84		270	
21	Tall site lighting dual head, LED	5,300	40	181		221	181		402	181		584	
22	Site lighting, 10'	7,500	1,679	5,821	(7,500)		250		250	250		500	
23	Site lighting, 6' LED	1,500	11	51		63	51		114	51		165	
24	SiteLighting, wall packs	4,900	44	202		246	202		449	202		651	
MID-RISE BUILDING EXTERIOR (													
25	MID Roofing, built-up	376,224	63,149	62,615		125,764	62,615		188,379	62,615		250,994	
26	MID Roofing, first floor overhang	19,710	3,308	3,280		6,589	3,280		9,869	3,280		13,149	
27	MID Downspouts	4,800	806	799		1,605	799		2,403	799		3,202	
28	MID Brick tuckpointing, 10%	24,708	1,382	1,555		2,937	1,555		4,492	1,555		6,048	
29	MID Aluminum siding	7,013	667	276		943	276		1,219	276		1,495	
30	MID Glass Storefront	57,134	7,672	3,091		10,763	3,091		13,855	3,091		16,946	
31	MID Common area windows	7,602	1,410	1,032		2,442	1,032		3,474	1,032		4,506	
32	MID Exterior doors, metal	4,750	850	780		1,630	780		2,410	780		3,190	
33	MID Balcony restoration	63,600	11,387	8,702		20,089	8,702		28,791	8,702		37,493	
34	MID Balcony sealant	13,118	2,936	10,182	(13,118)		1,312		1,312	1,312		2,624	
35	MID Penthouse railing	32,120	3,492	1,590		5,082	1,590		6,672	1,590		8,263	
HIGH RISE BUILDING EXTERIOR													
36	HI Roofing, built-up	168,000	31,959	45,347		77,306	45,347		122,653	45,347	(168,000)		

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd												
Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance
37	HI Skylights	11,520	2,191	3,110		5,301	3,110		8,410	3,110	(11,520)	
38	HI Downspout	17,280	3,287	4,664		7,951	4,664		12,616	4,664	(17,280)	
39	HI Brick tuckpointing, 10%	32,659	1,827	2,055		3,883	2,055		5,938	2,055		7,994
40	HI Exterior doors, glass & aluminum	8,700	1,460	1,448		2,908	1,448		4,356	1,448		5,804
41	HI Exterior doors, metal	950	170	156		326	156		482	156		638
42	HI Overhead door	2,400	430	394		824	394		1,218	394		1,612
43	HI Balcony restoration	67,200	12,032	9,195		21,226	9,195		30,421	9,195		39,616
44	HI Balcony waterproofing	13,860	3,102	10,758	(13,860)		1,386		1,386			2,772
45	HI Penthouse railing	18,400	2,000	911		2,911	911		3,822	911		4,733
CONNECTING CORRIDOR (CC)												
46	CC Roof	14,000	2,507	2,873		5,380	2,873		8,253	2,873		11,127
47	CC Windows	25,452	5,045	5,102		10,147	5,102		15,249	5,102		20,350
48	CC Carpet	9,306	1,736	3,785		5,521	3,785	(9,306)			776	776
49	CC Wood floor refinish	889	85	201		286	201		487	201		688
50	CC Wood floor replace	4,866	109	176		285	176		461	176		637
51	CC Fan coil units	3,600	564	337		901	337		1,239	337		1,576
MIDRISE BUILDING INTERIOR (M)												
52	MID Carpet	92,295	17,213	37,541		54,754	37,541	(92,295)		7,691		7,691
53	MID Ceramic floor tile	28,006	1,755	1,458		3,213	1,458		4,672	1,458		6,130
54	MID Ceiling tile	3,573	672	725		1,397	725		2,122	725		2,848
55	MID Fluorescent strip lighting	11,475	1,626	895		2,522	895		3,417	895		4,312
56	MID Fluorescent light fixtures	1,750	274	164		438	164		602	164		766
57	MID Exit lights	1,725	386	1,339	(1,725)		58		58	58		115
58	MID Emergency lights	2,320	519	1,801	(2,320)		116		116	116		232
59	MID Elevator lobby light	1,250	196	117		313	117		430	117		547
60	MID Recessed ceiling lights	10,500	2,037	2,116		4,152	2,116		6,268	2,116		8,384
61	MID Stair light fixtures	1,440	140	76		216	76		293	76		369
62	MID Restroom fixtures	7,600	595	539		1,134	539		1,673	539		2,212
63	MID Mailboxes	14,500	2,921	3,860		6,780	3,860		10,640	3,860	(14,500)	
64	MID Laundry vinyl floor tile	1,120	251	869	(1,120)		45		45	45		90
65	MID Mailboxes	11,562	2,394	3,056		5,450	3,056		8,506	3,056	(11,562)	
HIGH-RISE BUILDING INTERIOR (H)												
66	HI Carpet	62,379	11,634	25,373		37,006	25,373	(62,379)		5,198		5,198
67	HI Ceramic floor tile	34,826	2,182	1,814		3,996	1,814		5,809	1,814		7,623
68	HI Ceiling Tile	4,934	928	1,002		1,929	1,002		2,931	1,002		3,933
69	HI furnishings	8,000	1,313	1,672		2,985	1,672		4,656	1,672		6,328
70	HI Strip fluorescent lighting	7,650	1,084	597		1,681	597		2,278	597		2,875
71	HI Fluorescent light fixtures	2,875	450	269		720	269		989	269		1,259
72	HI Exit lights	1,575	352	1,223	(1,575)		53		53	53		105
73	HI Emergency lights	4,480	1,003	3,477	(4,480)		224		224	224		448
74	HI Elevator lobby light	2,250	352	211		563	211		774	211		985
75	HI Recessed ceiling lights	11,250	2,182	2,267		4,449	2,267		6,716	2,267		8,983
76	HI Stair light fixtures	2,400	340	187		527	187		715	187		902
77	HI Laundry vinyl floor tile	2,400	537	1,863	(2,400)		96		96	96		192
DIRECTOR'S CLUB (DC)												
78	DC Carpet	10,548	1,731	2,204		3,935	2,204		6,140	2,204		8,344
79	DC Ceiling tile	1,411	202	134		336	134		471	134		605
80	DC Fluorescent light fixtures	660	95	63		157	63		220	63		283
81	DC HVAC Unit	18,000	2,719	1,175		3,895	1,175		5,070	1,175		6,246
82	DC Furnishings	5,000	850	692		1,542	692		2,234	692		2,925
83	DC Kitchen vinyl floor tile	625	34	31		65	31		96	31		127
84	DC Kitchen cabinets	3,500	188	174		362	174		537	174		711
85	DC Kitchen formica countertop	1,980	106	99		205	99		304	99		402
86	DC Kitchen appliances	1,800	97	90		186	90		276	90		366
COMMERCIAL SPACES (CS)												
87	CS Corridor vinyl tile	3,425	715	1,355		2,070	1,355	(3,425)		114		114
88	CS Corridor ceiling tile	2,843	509	467		976	467		1,442	467		1,909
89	CS Corridor light fixtures	1,000	179	164		343	164		507	164		672
90	CS Renovation allowance	10,000	1,343	4,329		5,671	4,329	(10,000)		2,000		2,000
BUILDING MECHANICAL SYSTEMS (BMS)												
91	Heating boiler, 2,369 Mbbh	96,000	18,262	12,956		31,218	12,956		44,175	12,956		57,131
92	Domestic water heater	72,000	12,488	6,612		19,100	6,612		25,713	6,612		32,325
93	Chiller #1, 207 tons	144,900	25,943	23,791		49,734	23,791		73,526	23,791		97,317
94	Chiller #2, 207 tons	144,900	28,537	38,788		67,325	38,788		106,112	38,788	(144,900)	

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2018 Reserve Funding	2018 Projected Replacements	2018 End of Year Balance	2019 Reserve Funding	2019 Projected Replacements	2019 End of Year Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance
95	Cooling tower #1	67,000	13,195	17,935		31,130	17,935		49,065	17,935	(67,000)	
96	Cooling tower #2	67,000	13,195	17,935		31,130	17,935		49,065	17,935	(67,000)	
97	Circulation pump, 25 hp	18,000	3,626	4,791		8,417	4,791		13,209	4,791	(18,000)	
98	Circulation pump, 10 hp	10,000	2,014	2,662		4,676	2,662		7,338	2,662	(10,000)	
99	Circulation pump, 40 hp	36,000	7,251	9,583		16,834	9,583		26,417	9,583	(36,000)	
100	Circulation pump, 1.5 hp	2,400	483	639		1,122	639		1,761	639	(2,400)	
101	Air Compressor	3,500	548	492		1,040	492		1,532	492		2,024
102	Domestic water pipe reline	451,200	78,763	33,858		112,621	33,858		146,479	33,858		180,337
103	HVAC piping	282,000	49,227	21,161		70,388	21,161		91,549	21,161		112,711
104	Riser valve replacements	50,000	9,847	6,692		16,539	6,692		23,231	6,692		29,924
BUILDING MECHANICAL SYSTEM												
105	MID Corridor HVAC units	90,000	20,142	69,858	(90,000)		2,250		2,250	2,250		4,500
106	HI Corridor HVAC Units	90,000	20,142	69,858	(90,000)		2,250		2,250	2,250		4,500
107	HI Fan coil units	3,600	698	725		1,424	725		2,149	725		2,875
ELEVATORS												
108	MID Elevator cabs & doors	61,400	458	2,101		2,559	2,101		4,661	2,101		6,762
109	MID Elevator controls	166,800	1,244	5,709		6,953	5,709		12,662	5,709		18,371
110	MID Elevator machinery	83,400	373	1,694		2,068	1,694		3,762	1,694		5,457
111	MID Elevator cab renovation	15,000	224	1,055		1,279	1,055		2,335	1,055		3,390
112	HI Elevator cabs & doors	91,800	685	3,142		3,827	3,142		6,969	3,142		10,111
113	HI Elevator controls	213,200	1,590	7,297		8,887	7,297		16,184	7,297		23,481
114	HI Elevator machinery	106,600	477	2,166		2,643	2,166		4,809	2,166		6,974
115	HI Elevator cab renovation	15,000	224	1,055		1,279	1,055		2,335	1,055		3,390
ELECTRICAL SYSTEMS												
116	Primarily electrical switchgear	105,750	18,460	7,935		26,396	7,935		34,331	7,935		42,266
PARKING GARAGE (PG)												
117	PG Roof waterproof membrane, rear	256,545	40,190	36,059		76,250	36,059		112,309	36,059		148,368
118	PG Roof waterproof membrane, front	25,650	3,444	3,701		7,145	3,701		10,846	3,701		14,547
119	PG Double garage door	3,800	113	284		397	284		681	284		964
120	PG Single garage door	5,200	155	388		543	388		931	388		1,319
121	PG Fluorescent light fixtures	10,080	2,256	7,824	(10,080)		403		403	403		806
122	PG Emergency lights	700	157	543	(700)		47		47	47		93
123	PG Unit heaters	5,950	1,012	823		1,835	823		2,658	823		3,481
124	PG Exhaust fan	2,500	406	190		596	190		786	190		977
EQUIPMENT												
125	John Deere Gator	13,500	1,813	1,948		3,761	1,948		5,709	1,948		7,656

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only 500 Community Associations in the United States. According to the 1990 U.S. Census, there were 130,000 Community Associations. Community Associations Institute (CAI), a national trade association, estimates there were more than 200,000 Community Associations in the year 2000, and that the number of Community Associations will continue to multiply.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated problems. Although Community Associations have succeeded in solving many short-term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic replacement, a general view of the condition of these components, and an effective financial plan to fund projected periodic replacements. The Replacement Reserve Study consists of the following:

- **Replacement Reserve Study Introduction.** The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.
- **Section A Replacement Reserve Analysis.** Many components owned by the Association have a limited life and require periodic replacement. Therefore, it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Miller - Dodson provides a replacement reserve recommendation based on the Cash Flow Method in Section A, and the Component Method in the Appendix of the report.
- **Section B Replacement Reserve Inventory.** The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves.

Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.

- **Section C Projected Annual Replacements.** The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.
- **Section D Condition Assessment.** Several of the items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed during our visual evaluation.
- **The Appendix is provided as an attachment to the Replacement Reserve Study.** Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc). The Appendix also includes the Accounting Summary for the Cash Flow Method and the Component Method.

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

- **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year.

First, the Minimum Recommended Reserve Level to be Held on Account is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (Minimum Annual Deposit) to the reserves necessary to keep the reserve balance at the end of each year above the Minimum Recommended Reserve Level to be Held on Account. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit that is less than that arrived at by the Component Method.

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s, but has been generally relegated to a few States that require it by law. For the vast majority of Miller - Dodson's clients, this method is not used.

The Component Method treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total Current Objective is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the Reserves Currently on Deposit (as reported by the Association) are distributed to the components in the schedule in proportion to the Current Objective. The Minimum Annual Deposit for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

4. REPLACEMENT RESERVE STUDY DATA

- **Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the individuals responsible for maintaining the community after acceptance of our proposal. After completion of the Study, the Study should be reviewed by the Board of Directors, individuals responsible for maintaining the community, and the Association's accounting professionals. We are dependent upon the Association for correct information, documentation, and drawings.

- **Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Annual Deposit if Reserves Were Fully Funded. Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

Cash Flow Analysis. See Cash Flow Method, above.

Component Analysis. See Component Method, above.

Contingency. An allowance for unexpected requirements. Roughly the same as the Minimum Recommended Reserve Level to be Held on Account used in the Cash Flow Method of analysis.

Critical Year. In the Cash Flow Method, a year in which the reserves on hand are projected to fall to the established minimum level. See Minimum Recommended Reserve Level to be Held on Account.

Current Objective. This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement cost. It is equal to the estimated replacement cost divided by the estimated economic life, times the number of years expended (the difference between the Estimated Economic Life and the Estimated Life Left). The Total Current Objective can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Economic Life. Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Economic Life Left. Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Estimated Initial Replacement. For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin.

Estimated Replacement Cycle. For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

Minimum Deposit in the Study Year. Shown on the Summary Sheet A1. The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).

Minimum Recommended Reserve Level to be Held on Account. Shown on the Summary Sheet A1, this number is used in the Cash Flow Method only. This is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Normal Replacement Schedules. The list of Normal Replacement Items by category or location. These items appear on pages designated.

Number of Years of the Study. The numbers of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.

One Time Deposit Required to Fully Fund Reserves. Shown on the Summary Sheet A1 in the Component Method summary, this is the difference between the Total Current Objective and the Reserves Currently on Deposit.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Reserves on Hand. Shown in the Cyclic Replacement and Normal Replacement Schedules, this is the amount of reserves allocated to each component item in the Cyclic or Normal Replacement schedules. This figure is based on the ratio of Reserves Currently on Deposit divided by the total Current Objective.

Replacement Reserve Study. An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

EA: each FT: feet LS: lump sum PR: pair SF: square feet SY: square yard

What is a Reserve Study?
Who are we?



<http://bcove.me/nc0o69t7>

What kind of property uses a Reserve Study?
Who are our clients?



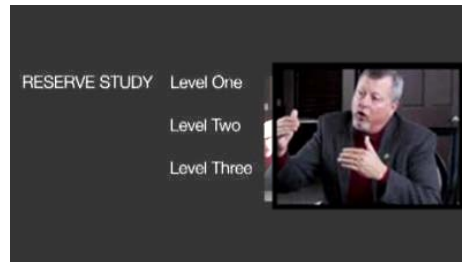
<http://bcove.me/stt373hj>

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?



<http://bcove.me/81ch7kit>

When should a Reserve Study be updated?
What are the different types of Reserve Studies?



<http://bcove.me/ixis1yxm>

What is in a Reserve Study and what is out?
Improvement vs Component, is there a difference?



<http://bcove.me/81ch7kit>

What is my role as a Community Manager?
Will the report help me explain Reserves to my



<http://bcove.me/fazwdk3h>

clients?

What is my role as a Board Member?
Will a Reserve Study meet my community's needs?



<http://bcove.me/n6nwnktv>

Community dues, how can a Reserve Study help?
Will a study help keep my property competitive?



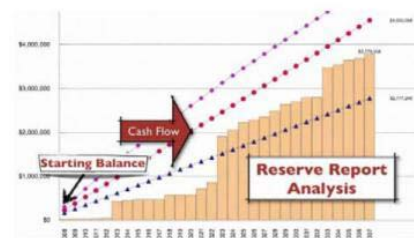
<http://bcove.me/2vfi1tz>

How do I read the report?
Will I have a say in what the report contains?



<http://bcove.me/wb2fugb1>

Where do the numbers come from?
Cumulative expenditures and funding, what?



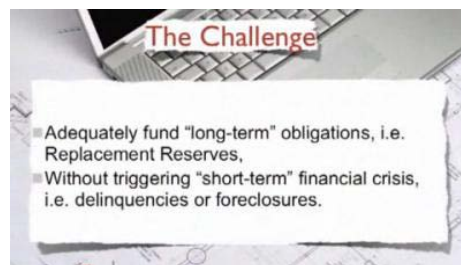
<http://bcove.me/7buer3n8>

How are interest and inflation addressed?
What should we look at when considering inflation?



<http://bcove.me/s2tmtj9b>

A community needs more help, where do we go?
What is a Strategic Funding Plan?



<http://bcove.me/iqul31vq>

The CUO of the Imperial Condominium, Inc.

Rules and Regulations



BRODIE MANAGEMENT, INC.

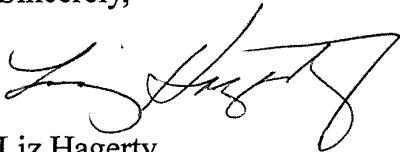
November 28, 2018

IMPERIAL CONDOMINIUM – RULES & REGULATIONS

Dear Imperial Condominiums Unit Owner:

Attached please find the updated Rules & Regulations that were adopted by the Board of Directors. Please discard any previous copies of the Rules and Regulations.

Sincerely,



Liz Hagerty
Regional Property Manager
Brodie Management, Inc.
Agent for Imperial Condominiums

Enclosure: Updated Rules & Regulations

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IMPERIAL CONDOMINIUM – RULES & REGULATIONS

Board of Directors

These rules and regulations are made in accordance with the bylaws of the Council of Unit Owners of the Imperial Condominium. Any consent or approval given under these House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors. The protocol for implementation of new or revised Imperial rules and regulations is attached as Appendix A and conforms to the Maryland Condominium Act (MCA) requirements.

1. The sidewalks, entrances, passages, courts, corridors, halls, and common elements including the driveways and stairways of the buildings, shall not be obstructed or used for any purpose other than ingress and egress from the units in the buildings.
2. No articles shall be placed in or on the common elements, including the halls, staircase, and buildings, nor shall any fire exit be obstructed in any manner. Garage areas are to be used for parking cars in assigned areas. Any other items in storage bins or attached to the garage pillars will be removed.
3. Unit owners are responsible for any damage caused by their children, and or invitees. Children are not permitted to play in or on the common elements including the halls, stairways, elevators, laundry rooms, basement storage areas, garage, parking lots, etc. There will be no consumption of food in the common areas except in the Directors Room
4. No public or common areas including balconies or patios shall be decorated or furnished by any unit owner in any manner unless permission is granted by the Board of Directors.
5. No covering shall be installed on balcony floors, (e.g. outdoor carpeting) in order to avoid damage to said balcony floor, and to avoid clogging drains.
6. Tools, sporting goods, barbecue or cooking equipment, bicycles, and other personal articles and equipment as such, must be kept within the units or individual storage bins.
7. No balcony, patio, or terrace shall be enclosed, decorated, landscaped, or covered by any awning or article, nor shall they be used for storage. This does not include patio furniture or heavy potted plants and is not applicable to currently enclosed patios.
8. No radio or television antennas, aerials, awning, sun shades, terrace covers, terrace enclosures or air conditioning units (medical reason, certified by a physician for air conditioners is an exception), window guards, flags, clothing or similar items shall be attached to or hung from the exterior of the buildings or balconies. All exterior-facing windows in all parts of the building must be uniform white coloring so as to maintain the uniformity for the entire building.

No signs, notices advertisements or illuminations shall be inscribed or exposed to public view on or at any window or other part of the buildings. No doorway facing to any hallway shall be painted any color except that uniformly used throughout the building. Nothing shall be projected from any window or the building by clashing of colors, designs or in any way denigrating the high character and quality of the building comprising IMPERIAL CONDOMINIUM.

9. No items of any kind shall be placed in the halls, nor shall anything be hung from the windows or balconies, or placed upon the windowsills, or shall anything be shaken or otherwise left on or placed in such a way as to be exposed to public view.
10. All radio, television or any other electrical equipment of any kind or nature installed or used in each unit, shall fully comply with all rules, regulations, requirements or recommendations of the local Board of Fire Underwriters and the public authorities having jurisdiction and the unit owner shall be liable for any damage or injury caused by any radio, television or other electrical equipment in his/her unit.
11. No unit owner shall make or permit to be made any noises that will disturb or annoy the occupants of the building after 9 p.m. or permit anything which will interfere with the rights, comforts, or convenience of other unit owners.
12. All commercial units are required to have 100 percent carpeting, tile, or linoleum to enhance the appearance of the interior of the building.
13. Owners of units located on the ground level of the premises will be permitted to plant flowers in the immediate vicinity of their units provided that approval is first had and obtained in writing from the committee in charge of landscaping or architectural control. If the owner of such unit is denied said privilege, an appeal may be made to the Board of Directors, whose decision shall be final.
14. There shall be NO use of common ground and green areas by individual residents.
15. Trash and refuse (excluding cartons or newspapers), shall be deposited by the unit owners in the trash chute only between **9:00 a.m. to 9:00 p.m.** All trash must be deposited in the trash chute. Trash which is too large for the chute (including cardboard boxes) should be referred to the building staff between **8:00 a.m. and 3 p.m.** Newspapers and items that should be recycled shall be deposited in cartons located in trash rooms provided for that purpose. All garbage and trash must be double wrapped in the Condominium provided trash bags. Unbagged garbage and trash is strictly prohibited. This is a major cause of rodent and bug infestation. No trash, boxes, etc. are to be placed in the hallways
16. Water closets and other water apparatus in the buildings shall not be used for any purposes other than those for which they were designed, nor shall any sweepings,

rubbish, rags or any other articles as such be thrown into the same. Any damage resulting from the misuse of any water closets or any other apparatus in a unit shall be repaired and paid for by the unit owner. No water shall be left running an unreasonable or unnecessary length of time.

17. No unit owner or occupant of the building shall ask or send any employee of the building on any private business during normal working hours on the employee's shift. Owners shall not hire Staff to perform any contractual or maintenance services.
18. All residents are to leave a key for emergencies at the reception desk. The key must be received by the reception desk within thirty (30) days of the effective date of these rules and regulations. If the key is not available in an emergency, the door may be broken and repaired at the owner's expense. If any key or keys are entrusted by a unit owner or by a member of his family or by its agent, servant, employee, licensee, or visitor to an employee of the condominium, neither the CONDOMINIUM NOR THE MANAGING AGENT shall be held liable, whether for his unit or an automobile, truck or other item of personal property. The acceptance of the key shall be the sole risk of the unit owner, and neither the CONDOMINIUM NOR THE MANAGING AGENT shall be liable for any injury, loss or damage of any nature whatsoever, directly or indirectly, resulting therefrom or connected therewith.
19. No unit owner or any of his guests, servants, employees, licensees, or visitors shall at any time bring into or keep in his unit any inflammable, combustible or explosive fluid, material, chemical, or substance except for normal household use.
20. All property left by or for occupant with the building superintendent or employees will be received by such employees as agents of that occupant, and all at the sole responsibility of said occupant.
21. Complaints regarding service shall be made in writing to the property manager on a work order. If the property manager determines that the complaint is justified, it will take whatever action it deems necessary. The managing agent will notify the complainant in writing.
22. A charge for use of public rooms by unit owners shall be paid in advance to the office. The amount of charge will be determined by the Budget Committee. A calendar shall be maintained by the Management or their agent, and agreement for use will be logged in the order received. All guest rooms are considered NON-SMOKING and are identified as such on the reservation form and in the rooms. Full payment is due for the time the guest room is reserved.
[SEE GUEST ROOM RESERVATION FORM AT FRONT RECEPTION DESK.]
23. Because of problems with waste in sanitary sewer lines, the installation of individual washers and dryers in units except for the penthouse units is forbidden.

If problems exist where units are already installed, the Board of Directors may require that these units be removed.

24. Residents will not use the receptionist to make or receive personal telephone calls.
25. Proper attire is required in our main lobby at all times. Shoes and shirts are required in lobby areas and elevators.
26. Construction, improvements or repairs that may create disturbing noises must be done during the hours of 9:00 a.m. to 5:00 p.m. Monday through Friday only. Only in the event of a building emergency as determined by the Management Company will repair work be permitted on the weekends.
27. The public sale of a unit or anything else, i.e. all open house type sales is prohibited. A unit owner may show his/her unit for sale by appointment only.
28. Waterbeds, swimming pools, hot tubs, and spa equipment are not permitted. Thirty (30) days after the effective date of these rules and regulations, none of these items will be permitted on the property. All prior approvals are no longer valid.
29. Owners must review and execute agreement to the list of Rules Governing the Rental of the Directors Room. FORM MUST BE OBTAINED AT FRONT RECEPTION DESK. Unit owners shall supply their own valet doorman when having a private party (30 or more people). All guests for the function will only have rear and on street parking available. The doorman will be responsible for advising all guests for this function that parking on the front lot is strictly forbidden. Be advised that the rental fee is \$300.00 with a security deposit of \$200.00.
 - The Directors Room is not available for public use, nor is it usable for events that charge a fee or a lottery to the public at large.
 - All requests for Directors Room Social Events use shall be reviewed and approved by the Board President or a Board Member appointed by the President to act in his place.
30. In the event of a move out or in of the condominium, the front desk must be notified so that a date may be set. The elevator is to be padded and payment is due and payable BEFORE such move. The policy and costs involved will be explained at the time the elevator is reserved. MOVE-INS OR MOVE-OUTS ON THE WEEKENDS ARE PROHIBITED. .
[UNIT OWNER MUST REVIEW, AND EXECUTE AS NECESSARY, THE POLICIES LOCATED AT THE FRONT RECEPTION DESK.]
31. All unit owners must reserve the elevator for construction work involving materials and delivery of any items. The policy and costs to unit owners will be

explained and paid at the time the elevator is reserved. The cost to the unit owner may be returned provided there is no damage to the elevator.

32. ALL visitors, guests, contractors, health care workers, and household workers are required to provide the receptionist at the front desk with an identification issued by a Federal, state or local government. The Receptionist will sign that person into the desk log book. When leaving the receptionist will sign the person out.
33. Contractors, health care workers and household workers must obtain a badge and leave identification at the front desk. The badge must be visible in the common areas of the Condominium. Identification will be returned upon exiting the building. Such persons can park in the rear parking lot but not the front parking lot.
34. Contractors are required to remove all trash from their work in the building. Contractors cannot use the Condominium trash facilities.
35. Contractors or unit owners using any chemicals that require ventilation must follow proper ventilation procedures and notify the front desk i.e. varnishing floors, etc.
36. Immediately remove all articles of clothing from washers and dryers when finished. Please adhere to rules regarding use of the laundry facilities by unit owners. [Rules are posted in the Laundry rooms].
37. Reservations for using the Directors Room for non-major social events (games, card playing, etc.) can only be done on a weekly basis. No standing reservations will be permitted as this limits functions by use of other unit owners. Weekly reservations are required and will be processed on a first come first served basis. A unit owner must be present for all functions. Be advised that the President of the Imperial Board of Directors, or his designee, may cancel the use of the Directors Room whenever it is necessary to conduct Imperial Board business.
[SEE ATTACHMENT TO RULE 37 AT END OF THESE RULES]
38. Imperial Condominium Revised Policies for Rentals of Units.
[SEE ATTACHMENT TO RULE 38 AT THE END OF THESE RULES]
39. Architectural Construction, Renovation or Unit Repairs:
 - A. All work must be in strict accordance with a plan, including all necessary licenses and permits obtained by the Unit Owner, as submitted to and reviewed by the Executive Committee which consists of the President, Vice-President, Secretary and Treasurer, which upon approval will permit the construction/renovation/repairs to proceed.

- B. Installation and ongoing maintenance of all such work shall be at Unit Owners sole expense.
 - C. All work is to be performed in a timely manner by a competent and licensed contractor who carries proper insurance.
 - D. All work is to be performed on a time schedule in accordance with Rule number 26 of the Imperial Condominium Rules & Regulations. No such work is to be performed on a Saturday or Sunday.
 - E. All cleanup required as a result of the installation shall be the responsibility of the Unit Owner's contractor and must take place on a daily basis. Construction debris is to be taken off site. Under no circumstances are the Imperial dumpsters to be used for discarding construction debris.
 - F. Drainage cannot be adversely affected by this work. If this occurs, repairs will have to be made at the Unit Owners expense.
 - G. The Unit Owner shall advise the Management Company fifteen (15) days in advance of any anticipated noise or other possible distractions that may be created by this work. The Management Company shall notify all residents and commercial space renters within the potentially affected areas ten (10) days in advance of such anticipated noises or distractions including the start date and completion date of such activity. The Management Company will assure a non-interference status with residential occupant schedules. In an emergency the Unit Owner shall immediately notify the front desk.
 - H. Notification of work completion should be sent by the Unit Owner to the Management Company for final inspection and approval
40. The Board of Directors may impose a sanction or assess a reasonable fine against a Unit Owner for each violation of these Rules and Regulations, the Declaration, the By-Laws or the Maryland Condominium Act (Act) made by the unit owner, his/her guests, employees or residents of his/her unit. Each day a violation continues after written notice is given to the Unit Owner is a separate violation for which a fine may be levied. The Board of Directors shall have the authority to levy fines in such amounts as it determines reasonable and appropriate, in its sole discretion. Prior to the imposition of a fine, the Board of Directors shall comply with Section 11-113 of the Act. Fines assessed are collectible in the same manner as assessments, as set forth in the By-Laws of the Imperial Condominium.

To impose a fine or sanction, the Board must:

- A. Issue a written cease and desist notice, specifying the alleged violation and the action required to abate the violation.

- In the case of a continuing violation, the Board must also set a date by which the violation must be abated. This date may be no less than ten (10) days from the date of the notice.
 - For further violation, the notice must state that any further violation of the same Rule may result in the imposition of an additional fine or sanction.
- B. If, within a twelve (12) month period, the violation continues beyond the abatement period of the same Rule is subsequently violated, the Board must deliver a second notice specifying the alleged violation, the time and place of a hearing (which may not be less than (10) days from the date of the notice), and invitation to present evidence and produce any statement or witness, and the proposed sanction.
- C. At the hearing, the alleged violator may present evidence and witness and may cross-examine Board witnesses. The hearing may be held in executive session. Prior to the imposition of any sanction, proof of notice and an invitation to be heard shall be placed in the minutes of the meeting. This proof shall be deemed adequate if a copy of the notice, together with the statement of the date and manner of delivery, is entered by the Officer or Director who delivered the notice. The notice requirement is deemed met if the alleged violator appears at the meeting. The minutes of the meeting must contain a statement of the result and sanction imposed, if any.
- D. The Board's decision under the Fines and Sanctions Rule is appealable to the courts.
- The Council of Unit Owners and/or any unit owner may take any available legal action against any unit owner who fails to comply with the Declaration, By-Laws or the Rules and Regulations.
41. Service and Emotional Support Animals:
The Imperial Condominium has maintained a "NO PET" policy since development of the condominium and the "NO PET" policy continues to remain in effect. Any exception to the "NO PET" policy must be obtained from the Board of Directors. However, if there are residents of the Imperial that may require an animal to assist them in accordance with Federal Regulations, i.e.- service and emotional support therapy animals – then the following requirements shall be assumed by the Owner:
- A. All licensing and other applicable legal requirements for the animal shall be met.
 - B. If the animal is a dog, the dog shall be leashed and muzzled, when the dog is not carried, whenever outside of the Owner's Unit.

- C. The Owner shall be responsible for and promptly clean-up any mess the animal makes either inside or outside the Condominium property. Condominium property includes the “limited common elements” such as balconies and the “general common elements” such as airspace and external grounds; all such common elements are as defined in the Imperial Condominium Declaration.
 - Animal waste shall be disposed of in a sanitary manner, double wrapped in plastic, and placed with your trash into the available trash disposal chutes.
 - D. The owner may not have an animal, which either has exhibited past vicious behavior or exhibits vicious behavior.
 - E. The Owner shall be liable for any and all damages caused by the animal to any and all persons or property of the Condominium.
 - F. A barking dog, both within or outside of the Unit, will be considered a “Nuisance” to other residents, and will not be tolerated.
 - In the event of a breach of any of the foregoing rules, the Board of Directors may consider appropriate action in such event, including but not limited to assessing fines.
 - Condominium Owners shall incorporate this Rule No. 41 into any Unit rental agreements in which a service or emotional support therapy animal will be residing in the leased unit.
 - This rule was adopted under the provisions of the Maryland Condominium Act; Section 11-111 and is effective as of January 3, 2014.
42. Grills can only be used on the balconies of the penthouse units. ONLY electric grills are permitted to be used on the balconies of the penthouse units. When not in use electric grills must be covered and unplugged.
43. A unit owner is responsible for payment of up to \$5,000 of the insurance deductible under the condominium master insurance policy when the cause of the damage originates in the owner’s unit.
44. Smoke Infiltration:
A goal of this condominium is to maintain and promote standards of safety, health and peaceful enjoyment of our homes. Smoking of either legal or illegal substances is absolutely prohibited in the common areas, however, residents are permitted to smoke legal substances within the confines of their units. It is understood that resulting smoke from residential units may infiltrate other

residential units thereby serving as a danger to the health and welfare of our residents. Moreover, smoking of illegal substances, if discovered, will be treated as a nuisance and will result in either fines or other necessary enforcement measures. It is recommended that all residents attempt to reasonably control smoke infiltration into other portions of the building. If the Board of Directors receives a complaint about smoke infiltrating common areas or other unit(s), it will advise the owner of that unit, and require implementation of steps to minimize or eliminate any further infiltrations.

If there is a medical need for marijuana use, ask for an accommodation from the Board of Directors with proof of need by a physician.

45. Anti-Harassment Policy:
The Imperial Condominium strives to maintain a workplace that fosters mutual respect of its employees and its contracted agents. Any complaints or comments regarding condominium employees or other parties such as contractors or agents of the Imperial Condominium regarding performance or failure to enforce rules and regulations shall be directed to the Building Maintenance Supervisor and/or the Imperial's management company in a calm and business-like manner through e-mail or other direct communication. Any abusive behavior to any condominium employee or other condominium contracted party shall be subject to a fine or other remedial action. Forms of abusive behavior include but are not limited to making threats, derogatory comments, bullying, or other unwelcome comments or actions.
46. Leasing of Units:
 - A. The maximum number of Units which may be leased at any given time shall not exceed eighteen (18), unless the Board of Directors specifically grants a written exception based upon extreme hardship to the affected owner of the Unit. Units subject to a lease as of the effective date of this Rule shall be permitted to continue their leases with their existing tenants, and shall be permitted to grant extensions of the existing lease to the same tenants under the same or similar terms as set forth in the original lease. In the event that a lease with an existing tenant is terminated, any subsequent lease of the same unit to a different tenant shall be subject to these Rules and the restrictions contained herein. Subject to the continuation of leases in effect as of the date of enactment of this Rule, no owner shall lease his Unit without confirming with the Condominium and its Management Agent that the maximum number of Units subject to leasing has not been exceeded. In the event that the maximum number of Units has been met, the Owners of Units will be granted permission to lease their units on a first-come first-serve basis, when and if his or her unit can be leased without exceeding the maximum number of units subject to lease.

- B. No owner shall lease a Unit for transient, hotel, airbnb or other similar purposes or for any period which is less than one year in duration or lease any less than the entire Unit for any purpose. No unit shall be leased for a maximum term of more than two (2) years.
- C. All non-owner residents and tenants must be registered by the Unit Owner(s) of record with the Management Agent.
- D. All non-owner residents and tenants must abide by all Rules and Regulations of the Condominium.
- E. The occupancy of a Unit by a person other than a Unit Owner (or his or her immediate family), without the presence of the Unit Owner, shall be by written lease only, which lease shall include an addendum signed by Unit Owner and tenant in the form attached hereto as Exhibit A (the "Addendum to Lease"). The Management Agent is required to keep a copy of a current lease, including the Addendum to Lease, at all times. All lessees must obtain a copy of these Rules and Regulations and the By-Laws from the Unit Owner or Management Agent.
- F. The Addendum to Lease (as may be amended from time to time) shall be used by all Unit Owners in conjunction with any lease for the rental of a Unit that commences or renews after the effective date of this Rule.
- G. Any Unit Owner who leases a Unit within the Condominium shall provide an Addendum to Lease to any real estate agent, management company, or other entity assisting in the rental or management of a Unit.
- H. A copy of each Lease for a Unit, including the Addendum to Lease, shall be fully executed by the Lessor(s) and Lessee(s) and shall be delivered to the Management Agent within thirty (30) days of the date on the Lease or Addendum to Lease is first signed by a Lessor or Lessee.
- I. Use of all Common Elements, facilities and amenities, and the right to use all such Common Elements, facilities, and amenities, is assigned and transferred to the Tenant(s) or Lessee(s) of a leased Unit. Non-resident Unit Owners may not use any Common Element facility or amenity unless doing so as a guest of a resident, to attend Association events, or to inspect, maintain or lease their Unit. The Condominium reserves the right to withhold from any Unit Owner or tenant, and/or his family, guests, agents, and invitees, access to and use of such Common Element facilities and amenities in the event that the Unit Owner or any tenant is found not to have complied with any of the provisions of the Declaration, Bylaws, or Rules and Regulations of the Condominium.
- J. No sublease of a Unit is permitted.

EXHIBIT A

THIS ADDENDUM TO LEASE ("Addendum") to that certain lease dated as of _____, 201__ ("Lease") for those premises known as Unit _____ with an address of _____, Baltimore, Maryland (the "Unit" or the "Premises") in The Imperial Condominium (the "Condominium"), Baltimore City, Maryland, is made this ____ day of _____, 201__, by and between _____ ("Landlord"), and _____ ("Tenant"), who collectively comprise all of the parties to the Lease.

WITNESSETH that the Landlord and the Tenant covenant and agree as follows:

1. The Premises which are the subject of the Lease are located within the Imperial Condominium (the "Condominium"). The Condominium is an intended Third Party Beneficiary of all provisions of the Lease and Addendum, and the Condominium may enforce the provisions thereof as if it were a party thereto.

2. The Lease is subject to and must be consistent with the provisions of the Condominium's governing documents, including but not limited to the Condominium's Declaration and Bylaws together with any and all exhibits, schedules, or certificates thereto (collectively, the "Condominium Documents"), and the Rules and Regulations of the Condominium, as the same may be amended from time to time. In the event of any conflict among the provisions of the Lease, this Addendum, the Condominium Documents, and/or Rules and Regulations, the provisions of the Condominium Documents, Rules and Regulations, this Addendum, and the Lease shall prevail in that order.

3. The Lease grants Tenant a leasehold estate interest in the Unit. Landlord retains all membership rights in the Condominium, including, without limitation, the right to vote. The right of Tenant to use and occupy the Premises shall be subject and subordinate in all respect to Landlord's right to do the same, pursuant to the provisions of the Condominium Documents, and such Rules and Regulations, subject to the provisions of Paragraph 6(B)(iii), hereof.

4. Tenant acknowledges receipt of a copy of the Condominium's Declaration, the Bylaws, and the Rules and Regulations of the Condominium. Tenant agrees to abide by and comply with all provisions of the Condominium Documents, and Rules and Regulations. Tenant further acknowledges that Tenant's failure to abide by and comply with all provisions of the Condominium Documents, and/or the Rules and Regulations shall constitute a material breach of the Lease and this Addendum. Tenant shall control the conduct of his family, guests, agents, licensees and invitees to assure compliance with the foregoing and shall indemnify and hold the Condominium harmless from any direct or indirect damages for any such person's failure to so comply.

5. Tenant agrees to inspect the Unit for, and to immediately notify the Condominium management and the Landlord of, any fire, water, wall, ceiling, floor, window, door, skylight, chimney, roof, water heater, or plumbing fixture damage or malfunction, and the like.

6. Condition of Premises; Repairs; Use of Premises.

- A. Tenant hereby acknowledges that (s)he has inspected the Premises and has found the Premises to be in a condition permitting habitation with reasonable safety and Tenant accepts said Premises in such condition. Tenant agrees to keep the Premises in a good, safe and clean condition; to make no alterations, additions, or changes in the said Premises or the fixtures thereof (nor to permit such to occur) without the written consent of the Landlord and the Condominium; to commit no waste thereon; to obey all applicable laws, ordinances, provisions of the Condominium Documents, and Rules and Regulations; to avoid doing or permitted to be done anything within the Premises that will increase the cost of the Condominium's or the Landlord's policy or policies of insurance, including without limitation, flood, fire, liability and/or hazard loss insurance coverage; and to surrender the Premises at the termination hereof in like condition as when taken, reasonable wear and tear excepted.
- B. In addition to the foregoing, Tenant specifically agrees that the use of the Premises shall conform to the following:
 - i. Right of Access. The Board or its authorized designee, on behalf of the Condominium, shall have an irrevocable right and an easement to enter Unit to inspect the same and/or make repairs when such inspection or repairs reasonably appear necessary for public safety or to prevent damage to other Units or the Common Elements, or to enforce the provisions of the Condominium Documents and Rules and Regulations of the Condominium. Except in cases involving manifest danger to public safety or property (in which case entry may be effected immediately), the Board or its authorized designee, shall give at least twenty-four (24) hours' notice to the Landlord and/or Tenant of any Unit to be entered for the purpose of inspection and/or repairs. Should Landlord or Tenant, after being given notice, fail to allow access to the Unit for inspection and/or the performance of repairs, the Condominium, the Condominium Board, or their authorized designee, may effect such needed access at the Tenant's or Landlord's expense. An entry by the Condominium Board or its authorized designee, on behalf of the Condominium, for the purpose specified in this section shall not be considered a trespass. Any cost of effecting access and any maintenance, repair or replacement made by the Condominium or its authorized designee to the Unit shall be assessed against the Landlord and may be collected as provided in the Condominium Documents.
 - ii. Assignment and Subleasing. Tenant agrees and covenants not to assign, sublet, or transfer the Premises. Any such assignment, subletting or transfer of said Premises shall be null and void and shall constitute a material breach of the Lease and this Addendum thereto.

- iii. Use of Common Elements. The Landlord hereby transfers and assigns to the Tenant for the term of the Lease any and all rights and privileges that the Landlord has to use the Common Elements, facilities and amenities of the Condominium. Landlord and Tenant acknowledge that the Condominium reserves the right to withhold from Tenant access to Common Element amenities in the event that Tenant or Landlord is found not to have complied with any of the provisions of the Condominium Documents, or Rules and Regulations of the Condominium.
- iv. Remedies of the Condominium. Landlord and Tenant acknowledge and agree that the Condominium is the Third Party Beneficiary of all provisions of the Lease and this Addendum and that the Condominium Board shall, after thirty (30) days written notice to Landlord, have the power and authority to terminate the Lease in accordance with the provisions thereof as if it were the Landlord, or to bring legal proceedings to evict the Tenant in the name of the Landlord, in the event of a default by the Tenant in the performance of any provisions of the Lease or of this Addendum to Lease or the Condominium Documents, and/or the Rules and Regulations of the Condominium. Landlord hereby appoints the Condominium and its agents as his or her attorney-in-fact to take all actions it deems appropriate on Landlord's behalf with respect to the Lease and this Addendum. All costs, expenses and reasonable attorney's fees incurred by the Condominium to enforce the provisions of the Lease, this Addendum, the Condominium Documents, and/or the Rules and Regulations of the Condominium against the Tenant, including, but not limited to, any legal proceedings (including ejectment proceedings) against the Tenant will be assessed against the Unit and shall be the personal obligation of the owner(s) of the Unit and the Tenant, jointly and severally.
- v. **Private Garnishment Right.** Landlord and Tenant acknowledge and agree that it is the responsibility of the Landlord to pay all Condominium assessments and charges levied against the Unit herein leased in accordance with the Condominium Documents or the Rules and Regulations. In the event of non-payment of Condominium assessments or other charges by Landlord, the Condominium, or its authorized agent, is hereby authorized by Landlord to collect all delinquent assessments and other charges directly from Tenant and Tenant is hereby granted by Landlord the right to deduct such amounts paid directly to the Condominium from any amounts due to Landlord pursuant to the Lease. If the amount of delinquent assessments exceeds the amount of rent and other permitted charges due to the Landlord for a given month, then, for each month that such assessments remain delinquent, Tenant shall pay directly to the Condominium the full amount of such charges otherwise due to the Landlord until such delinquent assessments are paid in full;

however, in no event shall Tenant be required to pay the Condominium more than the total amount of rent and other permitted charges due to Landlord in a given month.

7. Binding Effect. It is mutually understood and agreed that all the covenants and agreements contained in this Addendum shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the Landlord, the Tenant and the Condominium (as a Third Party Beneficiary hereof). Further, the parties agree that all the covenants and agreements contained in this Addendum shall be deemed to be part of the Lease itself and incorporated entirely within the Lease as if included therein originally. Further, the parties agree that, in case of conflict between the Lease and this Addendum, the Addendum shall prevail. Further, the parties agree that the singular shall include the plural and the male gender shall include the female, or both male and female, whenever the context shall so require. In the event that two or more persons or entities are listed above as Tenants, the liability of such persons or entities shall be joint and several.

8. Severability. If any clause, sentence, or paragraph of this Addendum is found to be in violation of any applicable law, ordinance, rule, regulation, or, then such violative clause, sentence, or paragraph shall be deemed null and void and of no further effect. In the event that such invalid clause, sentence, or paragraph is deleted in accordance with this paragraph, the remainder of this Addendum shall continue in full force and effect, as if such invalid clause, sentence, or paragraph had not originally have been included herein.

9. Captions. The captions at the beginning of each paragraph of this Addendum to Lease are for reference purposes only and are not intended to define, limit, affect, or supplement any provisions of this Agreement.

10. Default. It is understood and agreed that this Addendum is and shall be subject in all respects to the Condominium Documents, and Rules and Regulations of the Condominium, and that failure by Tenant to fully comply with all provisions of the foregoing shall constitute a default under this Addendum which may be cured by Landlord in the manner set forth in the Lease and which further may be enforced or cured by the Condominium in the manner set forth herein or as otherwise provided by applicable law or the foregoing documents.

11. Landlord and Tenant agree, represent and warrant for the benefit of the Condominium that there shall be no other occupants of the Premises except as named in the Lease and this Addendum and, further, that there are no tenants of the Unit other than Tenant. Landlord and Tenant acknowledge that the number of persons in the proposed Tenant household shall not be greater than the least number of occupants that is permitted by the Condominium Documents, the Rules and Regulations of the Condominium, the Lease, or applicable State or local law.

12. Landlord acknowledges that Landlord is required to provide the Condominium with the Landlord's current mailing address and telephone number, and must notify the Condominium in writing to the Condominium's managing agent of any change in the Landlords address within ten (10) days. Landlord shall be available to address emergency situations that require

immediate attention that may arise in the Unit, or designate an individual/company to do so. If Landlord has designated an individual/company to be contacted in the event of emergency situations that require immediate attention, Landlord shall file a current Power of Attorney, Management Contract, or other suitable evidence of compliance with this requirement, along with the name, address and telephone number of the designated individual/company, by delivering such to the Condominium's management agent within thirty (30) days of the execution of the Lease and this Addendum.

13. Landlord and tenant agree and acknowledge that the Lease shall not take effect and the Tenant shall have no right to occupy the Unit until such time as both Landlord and Tenant have signed this Addendum.

14. Landlord and Tenant agree that Landlord shall provide fully executed copies of the Lease and this Addendum, to the Condominium by delivering a copy of each to the Condominium's managing agent within thirty (30) days of the first day that Landlord or Tenant signs the Lease or this Addendum.

15. The Lease and this Addendum shall be governed and construed in accordance with the laws of the State of Maryland and. The courts of Maryland shall have jurisdiction over any action arising from or brought pursuant to the provisions of the Lease or this Addendum, and the parties agree that venue shall be proper in Baltimore City, Maryland.

16. LANDLORD AND TENANT HEREBY ACKNOWLEDGE THAT THEY WERE ADVISED AND AFFORDED AN OPPORTUNITY TO SEEK THE ADVICE OF LEGAL COUNSEL PRIOR TO EXECUTING THIS ADDENDUM TO LEASE.

17. THIS ADDENDUM TO LEASE IS NOT INTENDED TO RESTRICT LANDLORD AND TENANT FROM INCORPORATING INTO THE LEASE ANY PROVISIONS TO WHICH THEY MAY AGREE SO LONG AS SUCH PROVISIONS DO NOT CONFLICT WITH PROVISIONS WHICH ARE INCLUDED IN THIS ADDENDUM TO LEASE PROTECTING THE RIGHTS OF THE CONDOMINIUM, OR THE CONDOMINIUM'S DECLARATION AND BYLAWS, THE RULES AND REGULATIONS OF THE CONDOMINIUM, MARYLAND OR LOCAL LAW, AND ARE NOT CONTRARY TO PUBLIC POLICY OR VIOLATIVE OF ANY APPLICABLE STATUTE, ORDINANCE, REGULATION OR OTHER APPLICABLE LAW.

[Signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto have set their respective hands and seals hereto.

WITNESS:

LANDLORD:

_____ (SEAL)

Printed Name:

Address

WITNESS:

TENANT:

_____ (SEAL)

Printed Name:

Address

THESE RULES AND REGULATIONS WERE ADOPTED UNDER
THE PROVISIONS OF SECTION 11-111 OF THE MARYLAND
CONDOMINIUM ACT AND ARE EFFECTIVE AS OF
JANUARY 1, 2019.

APPENDIX A

PROTOCOL FOR IMPLEMENTATION OF NEW OR REVISED IMPERIAL RULES AND REGULATIONS IN ACCORDANCE WITH SECTION 11-111 OF MARYLAND CONDOMINIUM ACT

1. Mail a copy of the proposed new or revised rule or regulation to all unit owners. [Hereafter the term "Rule(s)" will mean either Rule or Regulation.]
2. Advise unit owners that they are permitted to submit comments on the proposed Rule(s) and also give notice to the unit owners of the proposed effective date of the new proposed rule. [Comments will only be accepted by the Board of Directors from Owners who sign their comments and note their unit number.]
3. Before the Board of Directors votes on the proposed rule(s), there will be an open Board meeting for comments on the proposed rule(s). However, Owners do not vote on acceptance of the proposed rule(s). The Boards vote to adopt, reject, or revise the proposed Rule must occur at the same open meeting as attended by the unit owners.
4. Owners will receive written notice of such open meeting at least fifteen (15) days before the meeting enabling discussion of the proposed rule(s).
5. The Board of Directors is the final authority to either accept, revise or reject the proposed rule(s).

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ATTACHMENT TO RULE #37

IMPERIAL CONDOMINIUM

RULES FOR USE OF PREMISES FOR NON-MAJOR SOCIAL EVENTS

- 1) THE IMPERIAL RESIDENT UNIT OWNERS ARE RESPONSIBLE FOR THESE PREMISES, THEREFORE THE INDIVIDUAL OWNERS MUST RESERVE THE DATE AND TIME FOR USE. [CALL IN TO THE RECEPTION DESK THEN RECORDED IN A DATE BOOK]
- 2) ALL USE OF THE DIRECTORS ROOM IS PERMISSIBLE ONLY IF AT LEAST ONE UNIT OWNER IS PRESENT PER USE.
- 3) USE CAN ONLY TAKE PLACE IN THE FRONT ROOM OR REAR ROOM OF THE DIRECTOR'S AREA DURING DAYTIME HOURS OF 10:00 A.M. TO 5:00 P.M. (INCLUDES SATURDAY AND SUNDAY).
- 4) USE DURING NIGHTTIME HOURS OF 7:00 P.M. TO 11:15 P.M. CAN BE HELD IN THE FRONT OR REAR AREAS OF THE DIRECTOR'S ROOM. (INCLUDES SATURDAY AND SUNDAY)
- 5) NO MORE THAN FOUR (4) SEPARATE GAMES CAN TAKE PLACE AT THE SAME TIME IN THE REAR ROOM OF THE DIRECTOR'S AREA. EACH GAME REQUIRES THE PRESENCE OF AT LEAST ONE RESPONSIBLE IMPERIAL OWNER RESIDENT. (INCLUDES SATURDAY AND SUNDAY).
- 6) THE IMPERIAL RESIDENT WHO RESERVES THE SPACE FOR GAME PLAYING SHALL BE RESPONSIBLE TO ASSURE THAT THE AREA IS LEFT IN A CLEAN AND NEAT CONDITION.
- 7) THE IMPERIAL STAFF WILL BE DELEGATED THE RESPONSIBILITY OF CHECKING THE AREA AFTER PLAY HAS CEASED IN ORDER TO ASSESS A "CLEAN" AREA. IF CLEANUP IS REQUIRED BY STAFF, THE IMPERIAL RESIDENT WHO RESERVED THE AREA WILL BE ASSESSED A MINIMUM FEE OF TWENTY-FIVE (\$25.00) DOLLARS AFTER EACH SUCH INCIDENT.
- 8) SMOKING IS NOT PERMITTED EITHER INSIDE OR IN THE COURTYARD AREA AT ANY TIME. ALL SECURITY CONTROL RULES MUST BE FOLLOWED AT ALL TIMES.
- 9) RESERVATIONS FOR PLAYING TIME CAN ONLY BE MAINTAINED IN ADVANCE, ON A WEEK BY WEEK BASIS. IMPERIAL RESIDENTS MAY NOT RESERVE USE OF SPACE FOR MORE THAN THREE TIMES A WEEK.
- 10) ARTICLES OF CLOTHING SHALL NOT BE PLACED ON IMPERIAL FURNITURE (E.G.-SOFA). THE IMPERIAL COATROOM SHOULD BE USED FOR HANGING COATS, HATS, ETC.

THESE RULES ARE SUBJECT TO CHANGE WITHOUT NOTICE BY ORDER OF THE BOARD OF DIRECTORS.

The CUO of the Imperial Condominium, Inc.

Welcome Documents



The Imperial Condominium

GUIDE TO CONDOMINIUM LIVING

Welcome to the Imperial

THIS GUIDE IS FOR GENERAL INFORMATION PURPOSES. IT IS NOT A LEGAL DOCUMENT AND DOES NOT SUPERSEDE OR REPLACE ANY GOVERNING CONDOMINIUM DOCUMENTS. This guide has been written to help you understand how our community works.

The Imperial Condominium is incorporated in the State of Maryland. Condominium ownership is governed by Maryland law under the Condominium Act at Section 11 of the Real Property code.

Common Questions New Residents Ask

What is a **condominium**?

A condominium is a home within a community. You own the inside of your home including the inside parts of walls, floors, doors, windows and utilities that serve only your home. The condominium community of which you are a member owns everything else of the building which is called the "common elements". Examples: roofs, the external concrete siding, the grounds, the garage, a room for meetings and social events, etc. You may not change or affect common elements without approval of the condominium's Board of Directors (BOD)..

Each Owner is given a copy of the Condominium's governing documents when they purchase the Unit. THE DECLARATION, THE BYLAWS AND THE RULES AND REGULATIONS. It is very important that each Owner reads those documents, and fully understands their meaning. The Officers of the condominium are available to respond to questions on topics covered by these documents.

Who makes the decisions for the condominium?

The Owners of the condominium units are automatically members of the "Council of Unit Owners" and each unit has one vote. The Council meets once a year in December. The Council delegates management authority to the BOD. The BOD meets once a month to solve the problems and manage the operations and financial aspects of the condominium. The BOD is composed of volunteer elected members who serve a three-year term and replacements are voted upon at the Council of Unit Owners meeting in December. You can keep up with what is happening in our community by attending the monthly BOD meetings.

NOTE; All unit owners may attend monthly Board meetings, but according to our Bylaws they do not have the right to vote or speak to any issue on the BOD agenda. At the end of each monthly meeting the Owners may make comments, or ask questions, or describe potential issues - all following the regular meeting of the BOD.

Who manages the condominium?

The BOD hires an independent management company to handle the day-to-day activities and problems like keeping our common areas clean, addressing physical problems, preparing and delivering notices, collecting condominium fees and paying bills. The Management Company assigns a Property Manager to oversee these activities and supervise the building staff. and direct the work of outside contractors.

Why do we have condominium fees?

The Management Company collects the annual budgeted fees (known as assessments) on a monthly basis. These fees pay for operating costs and repair and replacement costs. The following are examples of some of the condominiums operating costs:

- >Water, Gas & electric bills:
- >Basic Television by Comcast.
- >Common grounds maintenance (snow removal, landscaping. etc.).
- >Staff service (trash & garbage removal common area maintenance).
- >Contracts on elevators. alarm & security systems. HVAC system.
- >Insurance for the Condominium master policy. {Owners should obtain their own home owners insurance on their Units),
- >Management Company fees- includes property **management**. scheduling maintenance & repairs, interaction with contractors, clerical matters. interaction with the Board and the Officers, etc.).

Examples of some of the condominium repair and replacement costs are:

- >Roof Replacement.
- >Elevator Upgrades.
- >Parking Lot asphalt replacement.
- >HVAC system replacement.

How do I pay my condominium fees?

You receive a coupon book and return address labels each year. Each month you send in your check with the coupon for the month. Late payments are charged late fees and interest, and failure to pay your share of the common costs will result in legal action and possible foreclosure on your property. Please contact the Management Company if you need a coupon book or you would like to arrange for direct deposits to your account.

Who is responsible for the character of our community?

Each person shares that responsibility, just as you would in any other community. The quality of our community is maintained when all residents do their part and do not interfere with others ability to enjoy our community. The Rules and Regulations provide some specifics, but common sense and respect for the rights of others forms the basis.

Where is my parking space?

The BOD assigns all parking spaces in the garage. Hang tags are provided to Unit Owners and must be displayed when parked in the garage. The parking committee will require an information form from each Unit Owner before you can be assigned a parking space. The Imperial Condominium owns all the parking spaces in the garage. Unit Owners cannot sell, transfer, rent out, or otherwise dispose of their assigned spaces.

What if I have other questions?

Your real estate agent was required to give you a copy of the condominium documents before you went to settlement. These include the legal description of the condominium organization, the Bylaws that spell out your rights and responsibilities as a homeowner, and the Rules and Regulations that govern your day-to-day living in the community. They may answer your questions. If not, contact the Management Company or your realtor for copies.

Finally, we want to welcome you. We are glad that you have chosen to live in the Imperial condominium. Some of us have lived here since it began in 1978. We hope that you will enjoy the Imperial life as much as we have.

(Please refer to Page 4 of 5 for "Important Everyday Activities and Actions 1. The listed items there are just a sampling of the Rules & Regulations of the Condominium. Exceptions to the Rules & Regulations can only be made with the prior written approval of the Board of Directors.)

IMPORTANT EVERYDAY ACTS/TIES AND ACTIONS

TRASH: There is a trash chute on each floor. This is for your routine **garbage** and trash. Place trash in securely tied doubled plastic bags. Do not leave trash outside the Chute or at the Garage levels. Anything too big for the chute is bulk trash, and is your responsibility. It must not be left in common areas. Contact the Building Staff if you need disposal help.

RECYCLING: Containers in the trash room are for glass, cans, plastic or paper cartons, etc. Wash them out. Place these in the containers preferably in bags which are supplied for your use in the trash room. Also recycle newspapers.

Mail Box: Mail is delivered through your mail box in the lobby. Outgoing mail can be placed in the U.S.-Mail Chute on each floor or in the Mail-Box on the main floor in each building. For intra-building communications, use the Receptionist area for placements in building residents mail slots.

Curtains: The side of the curtains or shades seen from outside your home should be white.

Pets: NO PETS ALLOWED.

Noise: The volume of noise should be controlled as to not disturb neighbors.

Vehicles: The Clarks Lane side entrance is drop-off and pick-up only in front of the building. Moving Vans must be cleared through **prior arrangements** with the Building Maintenance Supervisor.

Balconies: No balconies or patios shall be decorated or furnished by any Unit Owner in any manner unless prior approval of the BOD is obtained. This includes planters or any other structures.

Drain/Gutters: Please clean deck drains so water will go into it and not into your neighbor's home.

Laundry Room: The Condominium uses a private contractor to supply the equipment in these areas. The Rules & Regulations of use are clearly posted in each room. We ask your **understanding** that your neighbors also need to use these facilities. Be sure to move your clothing in a **TIMELY** manner when completed.

Dress Code: Proper attire is required in our lobby at all times. Shoes and shirts are required in the lobby and on elevators.

SPECIAL NOTE TO RENTERS:

THE ATTACHED "GUIDE TO CONDOMINIUM LIVING" IS WRITTEN FOR THE BENEFIT OF THE CONDOMINIUM OWNERS. THIS BUILDING IS A CONDOMINIUM COMMUNITY GOVERNED BY THE LAWS OF THE STATE OF MARYLAND. THERE IS NO DIRECT RELATIONSHIP BETWEEN THE CONDOMINIUM AND THE RENTERS. THE CONDOMINIUM MAINTAINS A RELATIONSHIP WITH THE OWNER. THE OWNER MAINTAINS THE RELATIONSHIP WITH THE RENTERS. PLEASE KEEP THIS IN MIND AS YOU READ AND USE THE ATTACHED GUIDE FOR YOUR LIVING AT THE IMPERIAL CONDOMINIUM. YOUR LANDLORD SHOULD HAVE PROVIDED YOU WITH THE GOVERNING DOCUMENTS, NAMELY: THE DECLARATION, THE BYLAWS AND THE RULES AND REGULATIONS. IF YOU HAVE QUESTIONS, PLEASE CONSULT YOUR LANDLORD.

IMPERIAL CONDOMINIUM

UNIT OWNER CHECKLIST

Welcome to the Imperial Condominium. We want to make your transition to our Condominium as smooth as possible. Here is a checklist that should help you with getting to know the Condominium:

- _____ New Moving/Moving Out Policies (Scheduling Move In with the front desk)
- _____ Parking (Permits Required)
- _____ Vehicle Registration Form
- _____ Fire Evacuation Procedures
- _____ Annual Meeting
- _____ Resident Rules & Regulations
- _____ Amendment and By-Laws

Should you ever have any questions please, feel free to call Brodie Management, Inc. at 410-825-6060.

Sincerely,

Elizabeth A. Hagerty
Regional Property Manager for
The Imperial Condominium

EAH/yhc