



WP&M Real Estate Group, LLC
11433 Cronridge Drive
Owings Mill, MD, 21117
443-796-7400

Disclosure for Maryland Resale WPM-A00558

Highfield House Condominium
This certificate has been prepared on 2/22/19
on behalf of Monty S. & Richard J Levy owner(s) of
4000 N. Charles Street Unit 505, Baltimore, MD 21218.
Purchaser(s) is/are AUCTION - TBD.

The Maryland Condominium Act, **Section 11-135(a)**, refers to specific information and statements to be obtained from the council of unit owners and provided to the purchaser prior to the contract date of disposition. This Certificate for Condominium Resale is in response to those specific requirements.

This Certificate is valid for ninety days from the date of issuance per WPM Real Estate Management's policy.

Any unit owner, either as seller or purchaser, should review carefully this Certificate for Condominium Resale and all attached documents. Please consult with your real estate agent or attorney pertaining to any specific questions or concerns.

SECTION 11-135(a) of the Maryland Condominium Act requires that the purchaser be furnished with a copy of the declaration (other than the plats), the bylaws and the rules or regulations of the condominium:

Please see attached documents.

(i) A statement disclosing the effect of the proposed conveyance of any right of first refusal or other restraint on the free alienability of the unit other than any restraint created by the unit owner:

The condominium instruments do not create any rights of first refusal or other restraints per se on free alienability of the condominium units. However, the covenants, conditions, and rules/regulations set forth in the Governing Documents do impose certain restrictions that are binding on all condominium owners and occupants. These should be reviewed and understood by all successors in title to condominium units.

(ii) A statement setting forth the amount of the common expense assessment and any unpaid common expense or special assessment adopted by the council of unit owners that is due and payable from the selling unit owner:

Current Balance for this unit: \$609.42 due on or before settlement

SECTION 11-135(a) of the Maryland Condominium Act also requires that the purchaser be furnished with a certificate containing the following information:

Assessment:	\$666.56 due Monthly on the first day of each month
Late Fee:	\$15.00 or 5% of the delinquent assessment or installment, whichever is greater, for any payment received 15 days after the due date.

Is there a special assessment for this condominium?

None noted at this time.



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(iii) A statement of any other fees payable by the unit owners to the council of unit owners.

Move In/Move Out - Min. 4 hours \$70 = \$17 addtl. Hrs. up to 7 hours. Guilford Room Rental - \$150. Key Fobs - 2 free/ addtl. Up to (2) \$25 each/Lost fobs \$25. Parking - \$80 monthly. Garage Door Opener - \$50. Maintenance Fee - First 15 minutes free addtl. time billed at \$1.00 per minute. Courtesy Parking - \$5.00 per day for 5 days or more up to 10 days. See additional comments for more information.

(iv) A statement of any capital expenditures approved by the council of unit owners planned at the time of the conveyance which are not reflected in the current operating budget disclosed under subparagraph (vi) of this item:

In December, 2017 the Condominium Association retained Wiss, Janney, Elstner Associates, a firm of architects, structural engineers and material specialists, to conduct a peer review of the architect firm, Schamu, Machowski and Patterson, study and recommendations regarding the restoration and repair of the rear deck plaza and drainage system. That review is expected to be completed in January, 2018, and the results of that review, once received by the Condominium Association, are available upon request.

At the Condominium Associations annual meeting on December 11, 2017, the membership voted in favor of allocating \$100,000.00 from the reserve fund for a detailed plan for the restoration and repair of the rear deck plaza.

(v) The most recent regularly prepared balance sheet and income expense statement, if any, of the condominium.

Please see attached financial statements.

(vi) The current operating budget of the condominium including the current reserve study report, a statement of the status and amount of any reserve or replacement fund, or a statement that there is no reserve fund.

Budget attached. A copy of the reserve study report or a summary of the report can be found as an additional link/attachment titled, Reserve Summary, for this resale package. As of December 31, 2018 the Reserve Fund amount is \$463,593.38.

(vii) A statement of any unsatisfied judgments or pending lawsuits to which the council of unit owners is a party, excluding assessment collection suits.

To the best of WPM Real Estate Management's knowledge, as of the date of this certificate, there are no unsatisfied judgments or pending lawsuits where the Association is party to.

(viii) A statement generally describing any insurance policies provided for the benefit of unit owners, a notice that copies of the policy are available for inspection, stating the location at which the copies are available, and a notice that the terms of the policy prevail over the description:

The council of unit owners maintains property and liability coverage for all common property. Unit owners should obtain individual coverage for their personal property and liability. Copies of the condominium's policies are available for inspection as follows:



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Insurance Carrier: Greater New York
Agency: PSA Financial
Phone: 443-798-7480
Fax: 410-828-0242

Members should obtain their own insurance coverage on their units. All property casualty losses under the master insurance policy are subject to a deductible in the amount of \$5,000. In the event of a property casualty covered by the master insurance policy, the owner of the unit where the damage originated is responsible for the master insurance policy deductible.

The terms of the policies prevail over the above description.

(ix) A statement as to whether the council of unit owners has actual knowledge of any violation of the health or building codes with respect to the unit, the limited common elements assigned to the unit, or any other portion of the condominium;

(x) A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or the council of unit owners, and a statement as to whether or not they are to be a part of the common elements:

Pool

Part of Common Elements: Yes

In addition to the information contained herein and attached hereto, to fulfill the requirements of the resale contract, you will need a statement by the unit owner(s) as to knowledge of the following:

- (i) That any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules and regulations;
- (ii) Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit; and
- (iii) That the unit is subject to an extended lease under §11-137 of this title or under local law, and if so, a copy of the lease must be provided; and
- (iv) A written notice of the unit owner's responsibility for the council of unit owners' property deductible and the amount of the deductible.

This disclosure packet was prepared by WPM Real Estate Management on behalf of Highfield House Condominium on 2/22/19.

This Certificate is valid for ninety days from the date of issuance per WPM Real Estate Management's policy.

ADDITIONAL COMMENTS



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As defined in the Third Amendment to the First Revision of the By-Laws of Highfield House Condominium, Inc., Article VIII, Section 8.2 (k) of the Bylaws is amended to read as follows: No unit whose title is obtained by its owner after December 31, 2006 may be leased or assigned without the express written permission of the Board of Directors which permission will be given only in exceptional circumstances in order to avoid undue hardship on the Unit Owner.

Prior to closing, a payoff statement request needs to be ordered by the Title Company. Please inform the Title Company, the request can be ordered through: settlements@wpmlc.com. There is no charge for a payoff request. An administrative fee of \$75.00 is due at settlement and payable to the management company.

In reference to (iii)

Additional amenities available for an additional fee: Parking spaces are available on a first come, first serve basis. Please contact the onsite manager at 410-889-3769 for additional information. Please note there is a waiting list for the individual parking spaces.

Highfield House Condominium

Manager /Cover letters





Dear Prospective Homeowner:

We would like to take this opportunity to introduce ourselves. WPM Real Estate Management is the managing agent for your Association. As the managing agent, we have the responsibility of the day to day operations of the Association and the maintenance of its common elements.

One of our responsibilities to the homeowner or Association includes the collection of Association fees. If your fees are paid monthly or quarterly we have enclosed a temporary coupon for making your next payment. You will be sent a regular coupon book in a timely manner following the receipt of your settlement sheet. The coupon book will be mailed directly to you from our publishing agent, and all subsequent payments should be sent directly to the bank's lock box processing department address printed on the coupon.

To assure a smooth transition from the former owner to you please make sure that we receive a copy of your settlement sheet immediately following your settlement. Also, please complete the following Emergency Contact form and return it to our office.

Should you have any questions please do not hesitate to contact our office at 443-796-7400.

Sincerely,

The Staff at WPM Real Estate Management



Highfield House Condominium

Articles of Incorporation



ARTICLES OF
INCORPORATION

ARTICLES OF INCORPORATION
OF
HIGHEYLD HOUSE CONDOMINIUM, INC.

approved and received for record by the State Department of Assessments and Taxation
of Maryland December 26, 1979 at 11:30 o'clock A. M. as in conformity
with law and ordered recorded.

Recorded in Liber 2484, folio 000160, one of the Charter Records of the State
Department of Assessments and Taxation of Maryland.

Bonus tax paid \$ 20.00 Recording fee paid \$ 20.00 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.



STATE OF MARYLAND

A. 92607

by certify that this is a true and complete copy of the
document on file in this office. DATED: _____

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

BY: Walter M. Jones, Custodian
This stamp replaces our previous certification system. Effective 6/

000161

HIGHFIELD HOUSE CONDOMINIUM, INC.

ARTICLES OF INCORPORATION

FIRST: I, the undersigned, S. Leonard Rottman, whose post office address is 1808 Charles Center South, 36 S. Charles Street, Baltimore, Maryland 21201, being at least eighteen (18) years of age, do hereby form a corporation under and by virtue of the general laws of the State of Maryland.

SECOND: The name of the corporation (which is hereinafter called the "Council") is:

HIGHFIELD HOUSE CONDOMINIUM, INC.

THIRD: The purpose for which the Council is formed is to provide for the administration of the multi-story residential condominium regime (the "Condominium") situate and being in Baltimore City, State of Maryland, on the west side of North Charles Street, known as 4000 N. Charles Street.

In the promotion of such purpose the Council shall have power:

- (a) To make and establish rules and regulations governing the use of the Condominium.
- (b) To levy and collect assessments against its members to defray the common expenses of the Condominium as provided in the Declaration and in the By-Laws establishing the Condominium, including, but not limited to, the right to levy and collect assessments for the purchase of insurance on the Condominium and insurance for the protection of this Corporation and its members and for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including units in the Condominium which may be necessary or convenient for the operation and management of the Condominium, and in accomplishing the purposes set forth in said.

Declaration and By-Laws.

(c) To maintain, repair, replace, operate and manage the Condominium, including the right to reconstruct improvements after casualty and to make further improvements to the Condominium.

(d) To contract for the management of the Condominium and to delegate such powers and duties of the Council to such manager as may be provided for in the Declaration and By-Laws of the Council.

(e) To enforce the provisions of the Declaration, these Articles of Incorporation, the By-Laws of the Council which may be adopted, and amended from time to time, and the rules and regulations governing the use of said condominium.

(f) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Council pursuant to the Declaration.

The foregoing enumeration of powers is made in furtherance, and not in limitation, of the powers conferred upon the Council by law, and is not intended by the mention of any particular power to limit or restrict any lawful power to which the Council may be otherwise entitled. Subject to any limitations in this Article Third expressed, the Council shall be authorized to exercise and enjoy all the powers, rights and privileges granted to, or conferred upon, corporations of a similar character by the general laws of the State of Maryland now or hereafter in force, and the powers granted to a Council of unit owners by the Maryland Condominium Act (Horizontal Property Act) now or hereafter in force.

FOURTH: The post office address of the principal office of the Council in this State is 4000 N. Charles Street, Baltimore, Maryland 21218. The name and post office address of the Resident Agent of the Council in this State is S. Leonard Rottman, Suite 1808 Charles Center South, 36 S. Charles Street, Baltimore,

000163

Maryland 21201. Said Resident Agent is an individual actually residing in the State of Maryland.

FIFTH: The Council shall not be authorized to issue any capital stock. The qualifications for membership in the Council and the rights and privileges of the members shall be as provided in the By-Laws.

SIXTH: The affairs and activities of the Council, except as provided by statute, by these Articles of Incorporation, and by the By-Laws, shall be conducted and managed by a Board of Directors. Said Board of Directors shall consist of three (3) directors, which number may be increased or decreased pursuant to the By-Laws of the Corporation, but shall never be less than three (3); the name of the directors who shall act until the first annual meeting or until their successors are chosen and have qualified are:

Ralph Lubow
Pacy Oletsky
Howard Gartner

SEVENTH: The duration of the Council shall be perpetual.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and have acknowledged the same to be my act this

21 day of December, 1979.

WITNESS:

Anna Marie Conrades

S. Leonard Rottman

ARTICLES OF INCORPORATION

HIGHFIELD HOUSE
CONDOMINIUM, INC.

LAW OFFICES OF
TABOR AND ROTTMAN
PROFESSIONAL ASSOCIATES
SUITE 1909 - SHAFER CENTER SOUTH
30 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201

STATE DEPARTMENT OF ASSISTANTS

AND NOTARIAL

RECEIVED

NOV 11 1988

RECORDING FEE	20
1st CERTIFYING COPY \$5	
ADDITIONAL COPIES \$1	
NOTARIAL FEE	10
TOTAL	30

Handwritten signature or initials

Highfield House Condominium

Balance Sheet and Income/Expense Statement



c/o WPM Real Estate Management
11433 Cronridge Drive
Dwings Mills MD 21117-2294

ASSETS			
	Cash		
10100.CAB	Operating Checking Comm Assoc Bank (CAB)	59,752.41 ✓	
10100.MTB	Cash M&T Payroll	23,402.02 ✓	
10202.CAB	Cash - Debit Card	2,121.27 ✓	
12020.PNC	Reserve PNC	463,593.38 ✓	
	Total Cash		548,869.08
	Other Assets		
14000	Assessments Receivable	2,630.58 ✓	
	Total Other Assets		2,630.58
	TOTAL ASSETS		<u>551,499.66</u> ✓
	LIABILITIES & EQUITY		
	Liabilities		
20010	Prepaid Owner Assessments	19,768.49 ✓	
20200	Accrued Expenses	15,425.00 ✓	
23500	Due to Reserves	10,950.65 ✓	
	Total Liabilities		46,144.14
	Reserves		
30000	Beginning Reserves	410,855.00	
30100	Reserve Contribution	324,000.00	
30200	Reserve - Interest Posted	2,383.07 ✓	
30350	Reserve - Due From Operating	(10,950.65) ✓	
32000.B500	Boiler	(37,045.14)	
32000.B910	Building Exterior Repairs	(140,422.79)	
32000.C100	Central Plant	(5,250.00)	
32000.C298	Clubhouse Renovations	(6,957.00)	
32000.G060	Garage Doors	(29,376.00)	
32000.H600	Hot Water Heater	(7,115.46)	
32000.H940	HVAC	(4,185.70)	
32000.L210	Legal - Document Review	(11,876.41)	
32000.R100	Reserve Study	(7,374.14)	
32000.T800	Trash Compactor	(13,091.40)	
	Total Reserves		463,593.38 ✓
	Equity		
36000	Retained Earnings	59,428.07 ✓	
	Current Year Net Income/(Loss)	(17,665.93) ✓	
	Total Equity		41,762.14
	TOTAL LIABILITIES AND EQUITY		<u>551,499.66</u> ✓

Highfield House Condominium Inc.
Income/Expense Statement (30PL)
12/31/2018

c/o WPM Real Estate Management
11433 Cronridge Drive
Owings Mills MD 21117-2294

Description	Current Month			Year-to-Date			Yearly Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
INCOME							
41000 Assessments	129,430	129,433	(3)	1,553,161	1,553,163	(2)	1,553,163
41065 Parking	9,040	9,687	(647)	110,632	116,200	(5,568)	116,200
41990 Bad Debt	0	0	0	(74)	0	(74)	0
42210 Late Fees	66	163	(97)	1,299	2,000	(701)	2,000
42220 Return Check Fee	0	0	0	10	0	10	0
42270 Fines	0	0	0	200	0	200	0
42280 Move In/Out Fee	795	0	795	1,115	0	1,115	0
42300 Owner Reimbursements	245	337	(92)	4,387	4,000	387	4,000
42370 Facility Rental	27	0	27	627	900	(273)	900
42580 Laundry Income	920	837	83	10,102	10,000	102	10,000
42590 Vending	108	31	77	437	350	87	350
42800 Key Fees	25	13	12	200	200	0	200
44001 Interest On Checking	4	6	(2)	51	50	1	50
44070 Interest On Collections	0	0	0	394	0	394	0
TOTAL INCOME	140,659	140,507	152	1,682,541	1,686,863	(4,322)	1,686,863
EXPENSES							
Payroll							
50025 Site Manager	7,635	8,321	686	67,388	72,100	4,712	72,100
50030 Office	7,705	12,098	4,393	103,031	104,846	1,815	104,846
50120 Maintenance	7,268	11,242	3,974	97,286	97,412	126	97,412
50130 Porter	7,799	5,572	(2,227)	58,017	48,261	(9,756)	48,261
50170 Doorman	5,252	7,114	1,862	62,821	61,613	(1,208)	61,613
50310 FICA Payroll Taxes	1,904	3,090	1,186	26,385	26,597	212	26,597
50330 FUTA	20	35	15	708	1,100	392	1,100
50370 SUTA	20	425	405	4,796	8,825	4,029	8,825
50400 Health Insurance	3,336	3,922	586	38,364	47,020	8,656	47,020
50460 Worker's Compensation	839	700	(139)	9,923	8,096	(1,827)	8,096
50530 Employment Costs	853	313	(540)	4,405	3,800	(605)	3,800
50550 Payroll Service	0	125	125	1	1,500	1,499	1,500
50565 Tuition Expense	0	0	0	1,480	2,000	520	2,000
50570 Uniforms	0	0	0	936	3,800	2,864	3,800
50590 Uniform Cleaning	0	163	163	1,599	2,000	401	2,000
Total Payroll	42,631	53,120	10,489	477,140	488,970	11,830	488,970
Utilities							
51500 Electric	4,166	4,152	(14)	73,005	80,000	6,995	80,000
51520 Electric Delivery Charge	1,668	1,917	249	28,448	33,000	4,553	33,000
51540 Gas	8,912	12,311	3,399	66,010	78,000	11,990	78,000
51550 Gas Delivery Charge	5,014	7,043	2,029	52,222	57,483	5,261	57,483
51600 Water & Sewer	14,189	6,913	(7,276)	93,729	83,000	(10,729)	83,000
51660 Telephone	524	557	33	7,410	6,750	(660)	6,750
Total Utilities	34,473	32,893	(1,580)	320,823	338,233	17,410	338,233

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12/31/2018

c/o WPM Real Estate Management
11433 Cronridge Drive
Owings Mills MD 21117-2294

Description	Current Month			Year-to-Date			Yearly Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
Repairs & Maintenance								
52000	General Repairs & Maint.	2,278	413	(1,865)	8,041	5,000	(3,041)	5,000
52010	Air-Conditioning	0	0	0	3,509	2,500	(1,009)	2,500
52120	Boiler Repairs	0	150	150	7,212	3,000	(4,212)	3,000
52140	Building Repairs	3,091	1,497	(1,594)	28,505	20,000	(8,505)	20,000
52160	Carpet Cleaning/Repair	0	0	0	1,193	750	(443)	750
52370	Electrical Repairs	240	150	(90)	8,408	1,000	(7,408)	1,000
52390	Elevator Repairs	0	200	200	525	1,000	475	1,000
52400	Emergency Clean Up	0	0	0	50	5,000	4,950	5,000
52420	Entry Door Systems	0	0	0	1,516	1,500	(16)	1,500
52440	Equipment Purchases	959	0	(959)	4,915	1,500	(3,415)	1,500
52590	Garage Doors	0	500	500	3,595	2,500	(1,095)	2,500
52730	HVAC	326	663	337	7,453	8,000	547	8,000
52780	Landscaping	2,400	0	(2,400)	4,277	3,000	(1,277)	3,000
52890	Operating Contingencies	0	1,325	1,325	0	15,900	15,900	15,900
52910	Painting	1,946	281	(1,665)	10,396	4,000	(6,396)	4,000
52990	Plumbing Repairs	3,664	500	(3,164)	21,913	9,000	(12,913)	9,000
55020	Electrical Supplies	477	0	(477)	602	1,000	398	1,000
55050	First Aid Supplies	0	0	0	430	800	370	800
55100	Janitorial Supplies	1,581	667	(914)	10,453	8,004	(2,449)	8,004
55130	Lighting Supplies	0	0	0	817	1,400	583	1,400
55160	Maintenance Supplies	1,233	588	(645)	10,165	7,100	(3,065)	7,100
55240	Security Supplies	0	200	200	1,928	2,000	72	2,000
	Total Repairs & Maintenance	18,195	7,134	(11,061)	135,901	103,954	(31,947)	103,954
Contracted								
57050	Cable	297	160	(137)	1,850	1,898	48	1,898
57104	Contracted Front Desk	8,543	3,750	(4,793)	51,732	45,000	(6,732)	45,000
57105	Valet - Temporary	18,366	9,413	(8,953)	110,178	113,000	2,822	113,000
57140	Dryer Vent Cleaning	15,425	0	(15,425)	15,425	0	(15,425)	0
57160	Elevator	0	0	0	18,010	22,179	4,169	22,179
57210	Exterminating	334	161	(173)	2,125	1,932	(193)	1,932
57260	Fire Extinguisher Service	0	0	0	1,342	1,100	(242)	1,100
57340	Garage Doors-Service	0	0	0	0	1,400	1,400	1,400
57440	HVAC	4,266	1,595	(2,671)	27,433	22,409	(5,024)	22,409
57445	Irrigation Contract	0	0	0	0	1,600	1,600	1,600
57470	Landscaping	643	684	41	7,713	8,274	561	8,274
57530	Lobby Plant Maintenance	535	304	(231)	2,601	3,604	1,003	3,604
57710	Security System	0	611	611	1,980	2,426	446	2,426
57720	Snow Removal	294	1,350	1,056	3,936	5,000	1,064	5,000
57820	Trash Compactor	0	0	0	750	750	0	750
57830	Trash Removal	0	0	0	150	250	100	250
57900	Water Treatment	834	538	(296)	5,293	6,500	1,207	6,500
57920	Window Cleaning	0	0	0	1,700	3,600	1,900	3,600
	Total Contracted	49,536	18,566	(30,970)	252,217	240,922	(11,295)	240,922
Recreation								
59800	Pool - Contract	395	0	(395)	24,787	23,395	(1,392)	23,395
59820	Pool - Equipment Repairs	0	0	0	2,181	1,000	(1,181)	1,000
59860	Pool - License / Permit	0	0	0	455	455	0	455
59895	Pool - Supplies	0	0	0	625	700	75	700
	Total Recreation	395	0	(395)	28,047	25,550	(2,497)	25,550

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Description	Current Month			Year-to-Date			Yearly Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Administrative							
60035	Auto/Mileage Reimbursement	0	0	0	50	50	50
60040	Bank Charges	0	0	0	30	30	30
60130	Community Activities	0	0	6,648	3,000	(3,648)	3,000
60140	Computer	161	0	(161)	1,681	0	(1,681)
60330	Licenses/Permits/Dues	0	0	0	310	400	90
60400	Miscellaneous	72	288	216	3,529	3,500	(29)
60420	Office Supplies	2,113	315	(1,798)	8,677	3,780	(4,897)
60440	Postage	316	60	(256)	620	1,500	880
60600	Website Services	80	160	80	1,948	1,920	(28)
	Total Administrative	2,743	823	(1,920)	23,414	14,180	(9,234)
Professionals							
67000	Accounting	0	0	0	3,950	3,900	(50)
67100	Consultants	(42,933)	0	42,933	0	0	0
67300	Legal	(11,463)	1,250	12,713	22,766	15,000	(7,766)
67600	Management	4,911	4,906	(5)	58,927	58,927	0
	Total Professionals	(49,485)	6,156	55,641	85,642	77,827	(7,815)
Insurance & Taxes							
68050	Insurance - Master Policy	0	16,451	16,451	52,550	68,227	15,677
68350	Common Area - Claim Submitted	0	0	0	474	5,000	4,526
	Total Insurance & Taxes	0	16,451	16,451	53,024	73,227	20,203
Reserves							
85000	Reserve Contribution	27,000	27,000	0	324,000	324,000	0
	Total Reserves	27,000	27,000	0	324,000	324,000	0
	TOTAL EXPENSES	125,489	162,143	36,654	1,700,207	1,686,863	(13,344)
	NET INCOME/(LOSS)	15,169	(21,636)	36,806	(17,666)	0	(17,666)

Highfield House Condominium

Budgets



		TOTAL	APPROVED		APPROVED
		2018	2018		2019
		PROJECTED	BUDGET	B/(W)	BUDGET
	INCOME:				
41000	Assessments	\$ 1,553,163.00	\$ 1,553,163.00	\$ -	\$ 1,599,758.00
41050	Special Assessments	\$ -	\$ -	\$ -	\$ -
41065	Parking	\$ 111,840.00	\$ 116,200.00	\$ (4,360.00)	\$ 112,000.00
41990	Bad Debt	\$ (73.00)	\$ -	\$ (73.00)	\$ -
42210	Late Fees	\$ 1,472.00	\$ 2,000.00	\$ (528.00)	\$ 2,000.00
42220	Return Check Fee	\$ 200.00	\$ -	\$ 200.00	\$ -
42300	Owner Reimbursements	\$ 4,620.00	\$ 4,000.00	\$ 620.00	\$ 4,000.00
42370	Facility Rental	\$ 750.00	\$ 900.00	\$ (150.00)	\$ 900.00
42580	Laundry Room Commission	\$ 10,220.00	\$ 10,000.00	\$ 220.00	\$ 10,000.00
42590	Vending Machine Commission	\$ 369.00	\$ 350.00	\$ 19.00	\$ 350.00
	Tax Refund	\$ -	\$ -	\$ -	\$ -
42800	Key Fees	\$ 150.00	\$ 200.00	\$ (50.00)	\$ 200.00
44001	Interest & Dividend Income	\$ 50.00	\$ 50.00	\$ -	\$ 50.00
44070	Interest on Collections	\$ 394.00	\$ -	\$ 394.00	\$ -
	TOTAL INCOME	\$ 1,683,155.00	\$ 1,686,863.00	\$ (3,708.00)	\$ 1,729,258.00
	PAYROLL EXPENSE:				
50025	Site Manager	\$ 70,653.00	\$ 72,100.00	\$ 1,447.00	\$ 67,500.00
50030	Office Staff	\$ 106,136.00	\$ 104,846.00	\$ (1,290.00)	\$ 106,764.88
50120	Maintenance	\$ 98,118.00	\$ 97,412.00	\$ (706.00)	\$ 100,684.62
50130	Porter	\$ 50,076.00	\$ 48,261.00	\$ (1,815.00)	\$ 52,263.12
50170	Doorman	\$ 62,574.00	\$ 61,613.00	\$ (961.00)	\$ 66,240.72
50310	FICA-7.65%	\$ 27,455.00	\$ 26,597.00	\$ (858.00)	\$ 29,202.29
50330	FUTA-.08%	\$ 723.00	\$ 1,100.00	\$ 377.00	\$ 630.00
50370	SUTA-7.1%	\$ 6,539.00	\$ 8,825.00	\$ 2,286.00	\$ 3,825.00
50400	Health Benefits	\$ 41,632.00	\$ 47,020.00	\$ 5,388.00	\$ 51,599.07
50460	Worker's Compensation	\$ 7,979.00	\$ 8,096.00	\$ 117.00	\$ 3,817.29
50530	Employment Costs	\$ 3,395.00	\$ 3,800.00	\$ 405.00	\$ 3,000.00
50550	Payroll Service	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 1,500.00
50565	Tuition Expense	\$ 1,480.00	\$ 2,000.00	\$ 520.00	\$ 2,000.00
50570	Uniforms	\$ 1,404.00	\$ 3,800.00	\$ 2,396.00	\$ 2,750.00
50590	Uniform Cleaning	\$ 2,127.00	\$ 2,000.00	\$ (127.00)	\$ 2,000.00
	TOTAL PAYROLL	\$ 481,791.00	\$ 488,970.00	\$ 7,179.00	\$ 493,777.00
	UTILITIES:				
51500	Electric	\$ 71,427.00	\$ 80,000.00	\$ 8,573.00	\$ 80,000.00
51520	Electric Delivery	\$ 28,422.00	\$ 33,000.00	\$ 4,578.00	\$ 33,000.00
51540	Gas	\$ 73,825.00	\$ 78,000.00	\$ 4,175.00	\$ 78,000.00
51550	Gas Delivery Charge	\$ 60,715.00	\$ 57,483.00	\$ (3,232.00)	\$ 62,000.00
51600	Water & Sewer	\$ 90,578.00	\$ 83,000.00	\$ (7,578.00)	\$ 95,000.00
51660	Telephone	\$ 6,998.00	\$ 6,750.00	\$ (248.00)	\$ 6,750.00
	TOTAL UTILITIES	\$ 331,965.00	\$ 338,233.00	\$ 6,268.00	\$ 354,750.00
	GENERAL REPAIRS & MAINT.:				
52000	General Repairs & Maintenance	\$ 6,012.00	\$ 5,000.00	\$ (1,012.00)	\$ 5,000.00
52010	Air Conditioning	\$ 2,368.00	\$ 2,500.00	\$ 132.00	\$ 2,500.00
52120	Bolter	\$ 8,162.00	\$ 3,000.00	\$ (5,162.00)	\$ 3,000.00
52140	Building Repair Work	\$ 29,905.00	\$ 20,000.00	\$ (9,905.00)	\$ 20,000.00
52160	Carpeting	\$ 1,443.00	\$ 750.00	\$ (693.00)	\$ 800.00
52370	Electrical	\$ 6,356.00	\$ 1,000.00	\$ (5,356.00)	\$ 1,500.00
52390	Elevator	\$ 725.00	\$ 1,000.00	\$ 275.00	\$ 1,000.00
52400	Emergency Clean-up	\$ 1,100.00	\$ 5,000.00	\$ 3,900.00	\$ 5,000.00
52420	Entry Door Systems	\$ 1,516.00	\$ 1,500.00	\$ (16.00)	\$ 1,500.00
52440	Equipment Purchases	\$ 3,358.00	\$ 1,500.00	\$ (1,858.00)	\$ 3,000.00
52590	Garage Door Repairs	\$ 4,285.00	\$ 2,500.00	\$ (1,785.00)	\$ 3,000.00
52730	HVAC Repairs	\$ 9,123.00	\$ 8,000.00	\$ (1,123.00)	\$ 8,000.00
52780	Landscaping	\$ 2,077.00	\$ 3,000.00	\$ 923.00	\$ 3,000.00
52890	Operating Contingency	\$ -	\$ 15,900.00	\$ 15,900.00	\$ 13,762.00
52910	Painting	\$ 9,293.00	\$ 4,000.00	\$ (5,293.00)	\$ 4,000.00
52990	Plumbing Repairs	\$ 14,634.00	\$ 9,000.00	\$ (5,634.00)	\$ 12,000.00
55020	Electrical Supplies	\$ 325.00	\$ 1,000.00	\$ 675.00	\$ 750.00
55050	First Aid Supplies	\$ 630.00	\$ 800.00	\$ 170.00	\$ 800.00
55100	Janitorial Supplies	\$ 9,169.00	\$ 8,004.00	\$ (1,165.00)	\$ 8,000.00
55130	Lighting Supplies	\$ 1,033.00	\$ 1,400.00	\$ 367.00	\$ 1,400.00
55160	Maintenance Supplies	\$ 7,645.00	\$ 7,100.00	\$ (545.00)	\$ 7,100.00
55240	Security Supplies	\$ 1,945.00	\$ 2,000.00	\$ 55.00	\$ 2,000.00
	TOTAL MAINTENANCE & SUPPLY	\$ 121,104.00	\$ 103,954.00	\$ (17,150.00)	\$ 107,112.00

		TOTAL	APPROVED		APPROVED
		2018	2018		2019
		PROJECTED	BUDGET	B/(W)	BUDGET
	CONTRACT EXPENSES :				
57050	Cable TV	\$ 1,848.00	\$ 1,898.00	\$ 50.00	\$ 1,898.00
57104	Front Desk	\$ 50,520.00	\$ 45,000.00	\$ (5,520.00)	\$ 45,000.00
57105	Valet Temporary	\$ 107,107.00	\$ 113,000.00	\$ 5,893.00	\$ 110,000.00
57160	Elevator Contract	\$ 17,684.00	\$ 22,179.00	\$ 4,495.00	\$ 22,179.00
57250	Exterminating	\$ 2,110.00	\$ 1,932.00	\$ (178.00)	\$ 1,932.00
57260	Fire Extinguisher Service	\$ 1,342.00	\$ 1,100.00	\$ (242.00)	\$ 1,100.00
57340	Garage Doors	\$ 1,400.00	\$ 1,400.00	\$ -	\$ 1,400.00
57440	HVAC Maintenance Contract	\$ 23,618.00	\$ 22,409.00	\$ (1,209.00)	\$ 22,409.00
57445	Irrigation Maintenance	\$ 1,600.00	\$ 1,600.00	\$ -	\$ 1,600.00
57470	Landscaping-	\$ 7,849.00	\$ 8,274.00	\$ 425.00	\$ 8,274.00
57530	Lobby Plant Maintenance	\$ 2,478.00	\$ 3,604.00	\$ 1,126.00	\$ 3,604.00
57710	Security System	\$ 1,255.00	\$ 2,426.00	\$ 1,171.00	\$ 2,426.00
57720	Snow Removal	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
57820	Trash Compactor	\$ 750.00	\$ 750.00	\$ -	\$ 750.00
57830	Trash Removal	\$ 225.00	\$ 250.00	\$ 25.00	\$ 250.00
57900	Water Treatment	\$ 4,836.00	\$ 6,500.00	\$ 1,664.00	\$ 6,500.00
57920	Window Cleaning	\$ 3,400.00	\$ 3,600.00	\$ 200.00	\$ 3,600.00
	TOTAL CONTRACTS	\$ 233,022.00	\$ 240,922.00	\$ 7,900.00	\$ 237,922.00
	POOL EXPENSES:				
59800	Pool Contract	\$ 24,392.00	\$ 23,395.00	\$ (997.00)	\$ 23,395.00
59820	Pool - Repairs	\$ 1,786.00	\$ 1,000.00	\$ (786.00)	\$ 1,000.00
59840	Pool-License/Permit	\$ 455.00	\$ 455.00	\$ -	\$ 455.00
59860	Pool - Supplies	\$ 625.00	\$ 700.00	\$ 75.00	\$ 700.00
59895	TOTAL POOL	\$ 27,258.00	\$ 25,550.00	\$ (1,708.00)	\$ 25,550.00
	ADMINISTRATIVE:				
60035	Mileage / Gas	\$ -	\$ 50.00	\$ 50.00	\$ -
60040	Bank Charges	\$ -	\$ 30.00	\$ 30.00	\$ -
60130	Community Expense/Soc. Comm	\$ 7,166.00	\$ 3,000.00	\$ (4,166.00)	\$ 3,000.00
60140	Computer	\$ 1,471.00	\$ -	\$ (1,471.00)	\$ -
60330	Licenses / Permits	\$ 310.00	\$ 400.00	\$ 90.00	\$ 400.00
60400	Miscellaneous	\$ 3,847.00	\$ 3,500.00	\$ (347.00)	\$ 3,500.00
60420	Office Supplies	\$ 5,935.00	\$ 3,780.00	\$ (2,155.00)	\$ 6,000.00
60440	Postage	\$ 1,300.00	\$ 1,500.00	\$ 200.00	\$ 1,300.00
	Website Services	\$ 1,951.00	\$ 1,920.00	\$ (31.00)	\$ 1,920.00
	TOTAL ADMINISTRATIVE EXPENSE	\$ 21,980.00	\$ 14,180.00	\$ (7,800.00)	\$ 16,120.00
	Professional				
67000	Accounting / Audit	\$ 3,950.00	\$ 3,900.00	\$ (50.00)	\$ 3,950.00
67300	Legal	\$ 43,166.00	\$ 15,000.00	\$ (28,166.00)	\$ 25,000.00
67600	Management Fee	\$ 58,927.00	\$ 58,927.00	\$ -	\$ 60,695.00
	TOTAL PROFESSIONALS	\$ 106,043.00	\$ 77,827.00	\$ (28,216.00)	\$ 89,645.00
	INSURANCE:				
68050	Insurance-Master Policy	\$ 75,676.00	\$ 68,227.00	\$ (7,449.00)	\$ 75,382.00
68350	Insurance Claims	\$ 474.00	\$ 5,000.00	\$ 4,526.00	\$ 5,000.00
68800	Income Tax	\$ -	\$ -	\$ -	\$ -
	TOTAL INSURANCE	\$ 76,150.00	\$ 73,227.00	\$ (2,923.00)	\$ 80,382.00
	TOTAL OPERATING EXPENSES	\$ 1,399,313.00	\$ 1,362,863.00	\$ (36,450.00)	\$ 1,405,258.00
	RESERVES:				
85000	Replacement Reserves	\$ 324,000.00	\$ 324,000.00	\$ -	\$ 324,000.00
	TOTAL RESERVES	\$ 324,000.00	\$ 324,000.00	\$ -	\$ 324,000.00
	TOTAL EXPENSES	\$ 1,723,313.00	\$ 1,686,863.00	\$ (36,450.00)	\$ 1,729,258.00
	NET INCOME/LOSS	\$ (40,158.00)	\$ -	\$ (40,158.00)	\$ 0.00

Highfield House Condominium

Bylaws



BY-LAWS

This excerpt from the Third Amendment to the First Revision of the By-Laws of the Highfield House Condominium, Inc. is brought to your attention due to its critical nature, in an effort make all prospective buyers aware of the prohibition against the rental of any unit purchased after December 31, 2006:

As defined in the Third Amendment to the First Revision of the By-Laws of Highfield House Condominium, Inc., Article VIII, Section 8.2 (k) of the Bylaws is amended to read as follows: "No unit whose title is obtained by its owner after December 31, 2006 may be leased or assigned without the express written permission of the Board of Directors which permission will be given only in exceptional circumstances in order to avoid undue hardship on the Unit Owner."

10/10/2017 10:10:20

**FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE
CONDOMINIUM, INC.**

FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE
CONDOMINIUM, INC.

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FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE
CONDOMINIUM, INC.

ARTICLE I - GENERAL PROVISIONS

1.1 Purpose of Bylaws

This first revision of the Bylaws of Highfield House Condominium, Inc. was duly adopted by the Council of Unit Owners at a Special Meeting thereof held on the 13th day of December, 1993, and, effective January 1, 1994, shall replace and supersede in their entirety the Bylaws of the Condominium that are in effect at the close of December 31, 1993. These revised Bylaws, beginning on the said January 1, 1994, provide for the governance of the Highfield House Condominium, pursuant to the requirements of the "Maryland Condominium Act" contained in Title 11 of the "Real Property" article of the "Annotated Code of Maryland" (1988 Replacement Volume), hereinafter variously referred to as the "Applicable Law" or the "Act."

1.2 The Condominium

The property located in the City of Baltimore, State of Maryland, known as 4000 North Charles Street, as more particularly described in a Condominium Regime Declaration (hereinafter referred to as the "Declaration"), dated the 27th day of December, 1979, and which Declaration is recorded among the Land Records of Baltimore City in Liber W.A. 3856, folio 86, and the improvements thereon, is the property hereby subjected to a condominium regime governed by the aforementioned Declaration, these Bylaws and the Condominium Plats recorded among the Land Records of Baltimore City aforesaid. The name of the condominium regime (hereinafter called the "Condominium") is "Highfield House Condominium."

3/8/97

1.3 Incorporation of the Council of Unit Owners

The Council of Unit Owners of the Condominium (hereinafter referred to as the "Council") has been incorporated as a Maryland non-stock corporation to provide for the administration of the Condominium. The Council shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto, in accordance with the provisions of the Declaration, these Bylaws, and the applicable laws of the State of Maryland.

1.4 Membership in the Council

- (a) Each owner of a unit in the Condominium is, and by accepting title to a unit in the Condominium agrees, that he shall automatically become a member of the Council upon the acquisition of title to the unit, and the voting rights of each member shall be as are specified in Article II of these Bylaws. The membership of any Unit Owner shall cease automatically upon the divestiture of title of such unit from the Unit Owner, without regard as to the manner or means by which such divestiture occurs, provided, that the obligations incurred by such Unit Owner while a member of the Council shall continue in full force and effect after such divestiture, and the rights of the Council to enforce such obligations shall likewise continue, as provided in these Bylaws. The membership of the Council shall consist of, and be limited to, all of the said Unit Owners, and no person, corporation, partnership, or other entity holding any lien, mortgage or other encumbrance against any unit of the Condominium shall be entitled by virtue thereof to be a member of the Council or to be entitled to any of the rights or privileges arising from such membership, unless otherwise specifically provided by the Declaration, these Bylaws, or applicable law.
- (b) The terms "Unit Owner," "owner of a unit," or other term used to designate the legal title holder to a Condominium unit shall, for the purposes of these Bylaws, mean the person, corporation,

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partnership, association or other entity named in a title deed to such unit which is duly recorded among the Land Records of the City of Baltimore, or in other pertinent verifiable court records, as the owner of such Condominium unit, and the Council of Unit Owners shall be entitled to rely upon such records in making any determination as to the ownership thereof.

1.5 Applicability of Bylaws

(a) These Bylaws shall be applicable to, and shall govern (1) the administration by the Council of the business and affairs of the Condominium, acting through its Officers, the Board of Directors, or the Unit Owners; (2) the ownership, sale, lease, sublease, pledge, assignment, or other transfer, by any Unit Owner, contract purchaser, mortgagee, lessee, or other person, of any legal or equitable freehold, leasehold, security or other interest in (A) any unit; (B) any undivided percentage interest in the common elements; (C) any interest in the common expenses and common profits; or (D) any right to vote or other right of participation in the administration of the business and affairs of the Condominium or Council; and (3) the occupancy or other use of any unit or the common elements by any Unit Owner, contract purchaser, mortgagee, lessee, or other person, or any agent, employee, invitee or guest of such person.

(b) Any Unit Owner, contract purchaser, mortgagee, lessee, or other person who (1) enters into or accepts delivery of any instrument effecting the sale, conveyance, pledge, lease, sublease or other transfer of any interest referred to in the provisions of this Section 1.5 or (2) occupies or otherwise uses any unit or the common elements, or allows any of his agents, employees, invitees, visitors or guests or any other person to do so, shall conclusively be deemed to have been provided with, read, understood, accepted and ratified, the provisions of the Declaration, these Bylaws, and the Rules and Regulations of the Condominium, as from time to time amended, and to have agreed to comply with, and be bound by, the same.

ARTICLE II - THE COUNCIL OF UNIT OWNERS

2.1 Function of the Council and Mailing Address

In accordance with the provisions of the Act, the affairs of the Condominium shall be governed and administered by the Council. The mailing address of the Council shall be 4000 North Charles Street, Baltimore, Maryland 21218.

2.2 Powers and Duties

(a) **General Powers:** The Council shall have all of the rights and powers which are vested

- (1) 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 Bylaws); or
- (2) In the Council by the provisions of the Declaration and these Bylaws.

(b) **Specific Powers:** Without limiting the generality of the foregoing provisions of this Article II, the Council shall have all of the following powers:

- (1) To have perpetual existence, subject to the right to terminate the Condominium Regime which is held by the Unit Owners pursuant to the provisions of the Act;
- (2) To sue, be sued, complain and defend in any court of law or equity of the State of Maryland or any other jurisdiction;

- (3) To transact its business, carry on its operations and exercise the rights and powers vested in it, as stated herein, in any state, territory, district or possession of the United States, foreign country or other place;
- (4) To make contracts and guarantees, incur liabilities and borrow money;
- (5) To sell, mortgage, lease, pledge, exchange, convey, transfer or otherwise dispose of any or all Council property;
- (6) To issue bonds, notes and other obligations, and secure the same by mortgage, deed of trust or other security conveyance of any and all Council property and Council income;
- (7) To acquire by purchase or lease or in any other manner, and to take, receive, own, hold, use, employ, improve and otherwise deal in and with, any real or personal property, or any interest therein, wherever located;
- (8) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge or otherwise dispose of, or deal, in and with, in any other manner, shares or other interest in, or obligations of, any Maryland or foreign corporation, association, partnership or individual;
- (9) To invest its funds and lend money in any manner which is appropriate to enable it to carry on the operations or to fulfill the purposes which are set forth in the provisions of the Declaration or these Bylaws, and to take and hold real or personal property as security for the payment of funds so invested or lent; and
- (10) Generally, to exercise any and all rights which are vested in it, and to do every other act not inconsistent with the law and which is appropriate to promote and attain the purposes set forth in the Act, the Declaration, or these Bylaws.

2.3 General Duties

The Council shall be charged with all of the duties which are imposed:

- (a) Upon a council of unit owners by the provisions of the Act;
- (b) Upon a non-stock corporation by the provisions of the Corporations and Associations Article of the law of the State of Maryland; and
- (c) Upon the Council by the provisions of the Declaration and these Bylaws.

2.4 Specific Duties

Without limiting the generality of the foregoing provisions pertaining to the general duties of the Council, the Council shall (a) govern and administer the affairs of the Condominium; (b) establish the methods of, and the procedure 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 all Council property; and (d) have such other duties as are specifically imposed upon the Board of Directors or any Officer by these By-Laws. Following the first annual meeting of the Condominium, the Council shall register with the Department of Assessments and Taxation, and shall provide the Department with the names and mailing addresses of the Council's Officers and Directors. The Council shall further provide the Department with an

updated list, including the name and address of the resident agent and managing agent, if any, on the following April 15 and each April 15 thereafter.

2.5 Membership Meetings; Notices Thereof

(a) Time and Place of Annual Membership Meetings:

(1) Provided that notice thereof is given in accordance with the provisions of these Bylaws, the annual membership meeting shall commence at a time between 7:30 o'clock p.m. and 8:30 o'clock p.m. on the second or third Monday of December of each year. Meetings of the Council shall be held in the Guilford Room of the Condominium building located at 4000 North Charles Street, Baltimore, Maryland, unless by majority vote of the Board of Directors, and for good cause, another location shall be chosen for any particular annual meeting of the Council.

(2) At each annual meeting of the Council, the membership shall elect the successors to each person whose term as a Director expires as of such annual membership meeting; and may transact any other business which properly comes before it.

(b) Notice of Annual Membership Meetings: By not later than fifteen (15) days nor earlier than forty-five (45) days before the date on which any annual membership meeting is to be held, the Secretary shall mail to each Unit Owner a written notice thereof, setting forth the date, time and place of such meeting.

(c) Special Membership Meetings:

(1) Provided that notice thereof is given in accordance with the provisions of these Bylaws, a special membership meeting may be held at any time for any purpose consistent with applicable law, the Declaration, and these Bylaws.

(2) Each special membership meeting shall be held on a date which is not a Sunday or legal holiday, and at the place designated in Subsection 2.5(a) of these Bylaws; provided that a special membership meeting may be held at any other date, time or place chosen by a majority of the Board of Directors in any emergency situation, if a failure to do so could unreasonably jeopardize any of the Condominium or any Council property, or the health, safety, comfort or welfare of the occupants of any unit, or could impose an unreasonable burden upon the Council.

(3) The President, alone or pursuant to a resolution of the Board of Directors, may at any time call a special membership meeting, and shall in such event (subject to the provisions of Subsections 2.5(c)(1) and (2) hereof) determine the date and time thereof as directed by the Board of Directors, and at the place provided for in accordance with Subsection 2.5(a)(1) of these Bylaws.

(4) The President shall call a special membership meeting upon the receipt by the Council of a petition in writing (A) requesting that such special meeting be called; (B) stating each intended purpose thereof; and (C) signed by Unit Owners having at least one-third (1/3) of the total number of votes appurtenant to all units in the Condominium. Whenever such special membership meeting is requested by any such petition, the President shall set a date for such meeting which is not earlier than fifteen (15) nor later than thirty (30) days after receipt by the Council of such petition.

(d) Notice of Special Membership Meetings: By not earlier than ten (10) nor later than fifteen (15) days before the date on which a special membership meeting is to be held, the Secretary shall mail to each Unit Owner a written notice to that effect, setting forth the intended purpose, the date, time and place of the meeting; provided, that where a special membership meeting is to be held under emergency circumstances pursuant to the provisions of Subsection 2.5(c)(2) of these Bylaws and in compliance with the foregoing

provisions of this Subsection 2.5(d) is not for that reason reasonably possible, the Secretary shall mail to each Unit Owner such notice thereof as is reasonably possible under the circumstances. The notice of any special membership meeting shall state that no business shall be transacted at any such meeting except as stated therein.

2.6 Quorum for Membership Meetings

(a) The presence in person or by proxy at any annual or special meeting of the membership on the date and at the time and place for which such a meeting is called of Unit Owners entitled to cast in the aggregate thirty percent (30%) of the total votes then outstanding shall be required for, and shall constitute, a quorum for such membership meeting.

(b) Once it is determined by the Secretary of a membership meeting that a quorum exists therefor, the existence of such quorum shall not be affected by the subsequent withdrawal from the membership meeting of any Unit Owner.

2.7 Conduct of Membership Meetings

(a) The President shall, if present, act as the Chairperson and preside over the conduct of each membership meeting; and, if the President is not present, it shall be chaired by (1) the Vice-President, if present; or if the Vice-President is not present, by (2) an Assistant Vice-President, if any, and if present; or, if there be no Assistant Vice-President or he is not present, the meeting shall be chaired by (3) the Treasurer, if present; or if the Treasurer is not present, by (4) an Assistant Treasurer, if any, and if present; or if there be no Assistant Treasurer or he is not present, by (5) the Secretary, if present; or if the Secretary is not present, by (6) an Assistant Secretary, if any, and if present; or if none of the foregoing Officers is present, the meeting shall be chaired by (7) any member of the Board of Directors, if more than one Board member is present, who, by a plurality of the votes of the Council membership, is elected Chairperson thereof; or if only one member of the Board of Directors is present at such meeting, by (8) such member of the Board; or if no member of the Board is present, by (9) any other resident Unit Owner who is present and who is elected Chairperson of the meeting by a plurality of the votes of membership.

(b) The Secretary, if present, and if not acting as Chairman in accordance with Subsection 2.7(a) of these Bylaws, shall act as Secretary of each membership meeting; and, if not present, or is present and acting as Chairman, any Assistant Secretary shall, if any and if present, act as the Secretary thereof; and in the absence of any Assistant Secretary, any other person who is present and appointed by the Chairman shall act as Secretary.

(c) The Secretary of each membership meeting shall take the minutes thereof (and, if such person is not 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 Section 2.8 of any person to cast any votes thereat; shall make the official count of the votes cast on each such question; and shall perform any other duty which under these By-Laws is to be performed by the Secretary of such membership meeting as part of its order of business.

(d) The most recent edition of Robert's Rules of Order shall govern the conduct of all membership meetings, subject to the provisions of the Declaration, these Bylaws and applicable law.

(e) The order of business to be considered at any annual membership meeting shall be:

(1) If necessary, the election of the Chairperson of such membership meeting pursuant to the foregoing provisions of this Subsection;

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- (2) If necessary, 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) whose names are listed on the roster maintained pursuant to the provisions of Section 2.11 and the Secretary's determination from such roll call of whether a quorum exists therefor;
 - (4) The presentation of the Secretary's written certification that each Unit Owner has been mailed such notice of such membership meeting in accordance with these Bylaws;
 - (5) The reading by the Secretary of such Membership Meeting of the minutes of the most recent membership meeting, any modification or correction thereof, and approval thereof as so modified or corrected by a majority of the votes cast thereon;
 - (6) The presentation of the Treasurer's written report as to the Council receipts and common expenses, and the Council's assets and liabilities, for the Council's immediate 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;
 - (7) The presentation of any report to be given by any other Officer, the Board of Directors, or any committee created pursuant to these Bylaws;
 - (8) The holding of any directorial election to be held at such membership meeting;
 - (9) Any unfinished business;
 - (10) Any new business, and
 - (11) Adjournment.
- (f) The order of business to be considered at any special membership meeting shall be limited to:
- (1) If necessary, the election of the Chairperson thereof pursuant to the foregoing provisions of this Subsection;
 - (2) If necessary, the appointment of the Secretary thereof pursuant to the foregoing provisions of this Subsection;
 - (3) The call by the Secretary of the membership meeting of the roll of all Unit Owners whose names are listed in the roster maintained pursuant to the provisions of Section 2.11 and such Secretary's determination from such roll call of whether a quorum exists therefor;
 - (4) The presentation of the Secretary's written certification that each Unit Owner and proxy holder has been mailed such notice of such membership meeting in accordance with these Bylaws;
 - (5) Only that business for which such special membership meeting is called; and
 - (6) Adjournment.

2.8 Voting at Membership Meetings

(a) Who May Vote: Any question to be voted upon at a membership meeting may be voted upon by, and only by, those persons present who are members of the Council or who are holders of duly executed proxies from members of the Council and who by such proxies are authorized to vote for such members.

(b) Total Number of Votes: The Council shall have a total of ten thousand (10,000) votes. Each Unit Owner or holder of a duly executed proxy from such Unit Owner shall be entitled to cast upon any such question the number of votes appurtenant to such unit under the provisions of the Declaration.

(c) Voting Where More Than One Owner: If a Unit Owner consists of more than one natural person (but such Unit Owner has not named a proxy to cast the vote of the Unit Owner in accordance with these Bylaws), any such person who is present at a membership meeting shall have the right to cast the votes appurtenant to such unit; provided, that if more than one person is present, in counting the votes cast on any questions voted upon at such membership meeting, the Secretary thereof may treat said person who is casting such Unit Owner's votes on such question as the person authorized to cast such votes; unless, prior to the conclusion of such voting, any other such person constituting the Unit Owner makes known to the Secretary that he objects to the first such person's being treated as the person authorized to cast such votes, in which event the Secretary shall announce the same to the membership meeting and disallow such Unit Owner's votes on such question (but such invalidation of said vote shall not affect the existence of a quorum at such membership meeting).

(d) Majority Vote: Except as may otherwise be set forth in any provision of the Declaration, these Bylaws or applicable law, each question voted upon at any membership meeting shall be decided by a majority vote of the Unit Owners by written ballot signed by each Unit Owner or by the Unit Owner's authorized proxy. As used in these Bylaws, the term "a majority vote of the Owners" shall mean more than fifty percent (50%) of the total votes appurtenant to units in the Condominium represented in person or by proxy and cast at such meeting at which a quorum is present in accordance with these Bylaws.

(e) Proxy Voting: A Unit Owner may give to any person a proxy entitling such person to cast the votes of such Unit Owner on questions voted upon at any one or more membership meetings; but unless such person is a mortgagee of the unit to which such votes attach, such proxy shall not be effective for more than one hundred eighty (180) days after its having been given, except with respect to a vote to amend these Bylaws, in which event the proxy shall not be effective for more than ninety (90) days after its date. Proxies shall be executed in writing, shall be dated, shall be witnessed by a person who shall sign his full name and address, and must be filed with the Secretary (or if the Secretary is not present, with such other person designated by the President) before the appointed time of the meeting.

2.9 Adjourned Membership Meetings

Any meeting of the Council which cannot be organized because a quorum was not in attendance either in person or by proxy, may, by the members present, be adjourned to a time not more than forty-eight (48) hours from the time the original meeting was called; unless such adjourned meeting falls on a Sunday or legal holiday, in which case the adjourned meeting shall reconvene on the next day (if not a Sunday or legal holiday) immediately following.

2.10 Fiscal Year of the Council

The fiscal year of the Council shall commence January 1 and end December 31 of each year, unless otherwise established by the Board of Directors.

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2.11 Roster of Members

(a) **Information to be Supplied the Council:** Immediately upon a person's having become the Owner of a unit or a mortgagee of a unit in the Condominium, such Unit Owner and mortgagee shall, in writing, notify the Council of his status as such and supply the following information:

- (1) The full and correct name of such Unit Owner or mortgagee;
- (2) The number of the unit of which such person is the Unit Owner or the mortgagee;
- (3) If such Unit Owner or mortgagee consists of more than one person, the full and correct name of each such person;
- (4) If such a Unit Owner or mortgagee or any such person of which it consists is not a natural person (A) the type of legal entity of which it consists, and (B) the state or other jurisdiction under which it is organized and exists;
- (5) A single address for each such Unit Owner or mortgagee in the United States of America, which shall constitute the notice address for the provisions of Section 15.1 of these Bylaws;
- (6) Unless such Unit Owner consists of one natural person, the name of each natural person who is authorized to cast the votes appurtenant to the unit owned;
- (7) Upon request by the Board of Directors, or by the Secretary, such other evidence of such Unit Owner's or mortgagee's status as may reasonably be demanded.

(b) **Failure to Supply Information:** Unless a Unit Owner or mortgagee has notified the Council of its status as such and supplied the information which is required to be supplied by the foregoing provisions of this Section 2.11, such person shall have no right under the provisions of the Act, the Declaration or these Bylaws (1) to be mailed or given any notice, demand, consent, approval, request or other communication or document by the Council or by any Director or Officer; (2) unless permitted by the Board of Directors, to participate in the consideration of, or cast any vote upon, any questions voted upon by the Council membership; or (3) otherwise to be recognized as such by the Council, any Director, or Officer, employee or agent thereof, or any Unit Owner.

(c) **Maintenance of, and Reliance Upon, the Roster:** The Council shall cause to be maintained on a current basis a roster showing, with respect to each Unit, any and all information pertaining to the Unit Owner thereof and any mortgagee thereof, which is supplied to the Board of Directors or to the Secretary, pursuant to the foregoing provisions of this Section 2.11 of these Bylaws. Unless the Council has 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 of a unit for the purpose of making any determination under the provisions of the Act, the Declaration or these Bylaws as to whom and where any notice, demand, consent, approval, request or other communication or document is to be mailed or 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.

ARTICLE III - BOARD OF DIRECTORS

3.1 General Powers and Duties

The Board of Directors shall have all the powers and duties necessary for the administration of the business and affairs of the Council; and may perform all such acts that are not by applicable law, the Declaration, or these Bylaws required to be exercised and done by the Council. It shall be the duty and responsibility of the Board to act to assure that the Condominium always be maintained in a manner that:

- (a) Promotes the general welfare and safety of the residents;
- (b) Furthers their comfort and convenience;
- (c) Avoids activities that are harmful to the appearance of the Condominium property or that are detrimental to the value of the individual units of the Unit Owners; and
- (d) Provides for the soundness of the repair and maintenance of the common elements of the Condominium.

3.2 Specific Powers and Duties

Without limiting the generality of the foregoing statement of general powers and duties of this Article III, the Board of Directors shall have the right on behalf of the Council to take each of the following actions:

- (a) **Prepare Annual Budget**: To prepare an annual budget of the estimated common expenses, Council receipts, common profits and assessments for the Council's next succeeding fiscal year, for submission to, and the approval by, the Council; in which shall be stated the assessments of each Unit Owner for the common expenses of the Condominium.
- (b) **Make Assessments**: To make assessments payable by the Unit Owners in the manner provided by applicable law, the Declaration and these Bylaws to defray the costs and expenses of the Council, and establish the means and methods of collecting such assessments from the Unit Owners.
- (c) **Care of Property**: To provide for the repair, operation, management, care, upkeep, maintenance, replacement and protection of all the property of, and services for, the Condominium.
- (d) **Personnel**: To designate, hire, and dismiss the personnel needed for the repair, operation, management, care, upkeep, maintenance, replacement and protection of the common elements and to provide management and other services for the Condominium, and, where appropriate, to provide for the compensation of such personnel and services and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties. (Such equipment, supplies and material shall be the property of the Condominium.)
- (e) **Bank Accounts**: To open bank accounts on behalf of the Council and designate the signatories thereon; collect all assessments, both annual and special, and deposit the same in bank depositories designated by the Board; and to use the proceeds provided to carry out the administration of the Condominium.
- (f) **Enforcement**: To enforce by legal means the provisions of the Declaration, these Bylaws and all the rules and regulations of the Council; to act on behalf of the Unit Owners with respect to all matters arising out of eminent domain proceedings; and to notify the Unit Owners of any litigation against the Council involving a claim in excess of five percent (5%) of the then annual budget.

(g) **Repairs and Eminent Domain:** To make or contract for the making of repairs, additions and improvements to, or alterations of, the common elements including replacement or restoration of the same, in accordance with applicable law, the Declaration and these Bylaws, with respect to all matters arising out of eminent domain proceedings.

(h) **Insurance:** To obtain and carry insurance against casualties and liabilities, as is provided in Article VI of these Bylaws, pay the premium therefor, and to adjust and settle any claims thereunder.

(i) **Rules and Regulations:** To promulgate and adopt reasonable rules and regulations, and to amend the same in whole or in part, for the operation of the Condominium and for governing the conduct of persons on or in the Condominium, such rules and regulations to be called "House Rules and Regulations" (hereinafter "Rules and Regulations"). The Rules and Regulations from time to time adopted, and any amendments thereto, shall be binding upon all members of the Council and all tenants, guests, invitees, licensees, employees of Unit Owners and other occupants of the Condominium building; provided, however, before any such rule, regulation or amendment thereto shall become effective, written notice of the proposed action by the Board shall be mailed to the Unit Owners at least fifteen (15) days before the effective date thereof, and each Unit Owner shall have the right to be heard on the question of the adoption of such proposed rule, regulation or amendment thereto, as is provided in Section 11-111 of the Act. The Board may establish penalties and impose fines for the violation of any of the House Rules and Regulations or other rules and regulations applicable to the common elements of the Condominium, in accordance with Section 11-113 of the Act.

(j) **Payment for Services:** To pay the costs of all authorized services rendered to the Council, but not for any personal services contracted by, or rendered to, any Unit Owner for the benefit of that person's individual unit.

(k) **Books and Records:** To keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Condominium and the administration thereof, which shall specify the expenses of maintenance and repair of the common elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the Unit Owners, their attorneys, accountants and authorized agents during the general hours of business days at the times and in the manner reasonably established and announced by the Board of Directors for the general knowledge of the Unit Owners. All books shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year (or at any other time as the Board of Directors deems necessary), by a competent, independent auditor retained by the Board of Directors and who shall not be a resident of the building or a Unit Owner. The cost of such audit shall be an expense of the Council.

(l) **Employ Management:** To employ or contract with one or more persons or companies to manage the Condominium and the affairs of the Council; to fix the manager's compensation (which shall be paid by the Council as part of the common expense); and to determine the nature and extent of the manager's powers and duties, subject to any limitation thereon which is set forth in applicable law, the Declaration or these Bylaws. The Board shall impose appropriate standards of performance upon the managing agent, and unless instructed otherwise by the Board, the managing agent shall:

- (1) Use the cash method of accounting, and account separately for expenses required by these Bylaws to be charged to more than one, but less than all, Unit Owners;
- (2) Direct two or more persons to be responsible for handling the cash of the Condominium, in order to assure adequate financial control procedures;
- (3) Not commingle cash accounts of the Council with any other account managed by the managing agent;

(4) Not accept any compensation from vendors, independent contractors or others providing goods or services to the Council whether in the form of commissions, finder's fees, service fees or otherwise, with all discounts arising from the management of the affairs of the Council being credited to the Council;

(5) Disclose promptly to the Board of Directors any financial or other interest, direct or indirect, which the managing agent may have in any firm providing goods or services to the Council;

(6) Prepare a monthly financial report for the Council containing (A) an "income statement" reflecting in adequate detail all income and expense activity for the previous month on a cash basis; (B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding month on a cash basis; (C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" budget format; and (D) a "delinquency report" listing all Unit Owners who are delinquent in paying any Condominium assessment, both annual and special, and describing the status of any actions being taken to collect such assessments.

(m) **Fidelity Bond Coverage:** To require the manager and all Officers and employees 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 that are satisfactory to the Board of Directors (the premium for which shall be paid by the Council as part of the common expense);

(n) **Payment for Services:** To pay all taxes and assessments levied, or liens imposed against, any of the Condominium or any Council property; provided, that (1) any such tax or assessment which is levied separately against a particular unit or is otherwise chargeable under applicable law directly and separately to a particular Unit Owner shall be paid by such Unit Owner; (2) any tax or assessment which is levied against the Condominium as a whole before a separate tax or assessment is levied against each unit in accordance with the provisions of applicable law may be paid by the Council as part of the common expense; and (3) any charge for water, gas, sewer service, electricity, or any other utility service which is provided to the common elements or is otherwise properly assessed, levied or charged to the Council as a whole, shall be paid by the Council as part of the common expense.

(o) **Notification to Mortgagees:** To notify any mortgagee of any default under these Bylaws by the Unit Owner of the unit subject to the mortgage, in the event such default continues for a period exceeding sixty (60) days.

(p) **Borrow Money:** To borrow money on behalf of the Condominium when required during any particular fiscal period for the operation, care, upkeep, repair, restoration, replacement and maintenance of the common elements; provided, however, that approval by the Council of Unit Owners by at least two-thirds (2/3) of the votes present and entitled to be cast at a special meeting of the Council called for such purpose in accordance with the provisions of these Bylaws shall be required to borrow any sum in excess of TEN THOUSAND DOLLARS (\$10,000.00) during any such fiscal period; or to borrow any amount which, when added to all the then outstanding prior borrowings, would cause the aggregate total borrowed amounts of the Condominium to exceed FIFTY THOUSAND DOLLARS (\$50,000.00). If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this Subsection 3.2(p) is not repaid by the Council, a Unit Owner who pays to the creditor a percentage of the total amount due equal to the Unit Owner's interest in the common elements in the Condominium shall be entitled to obtain a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's unit, and the Council shall not be entitled to assess such Unit Owner's Unit for payment of any of the remaining amount due such creditor.

(q) **Collect Assessments:** To collect any unpaid and delinquent assessment, both annual and special, any accrued interest thereon at the rate authorized by these Bylaws, late charges, and any costs and expenses

which the Council incurs in connection therewith, including, without limitation, any filing fees, court costs, or attorney fees, whether by suit or otherwise.

(r) **Employment of Professionals:** To employ or retain legal counsel, engineers, accountants and other professionals, and to determine the amount and terms of their compensation, whenever such assistance is deemed necessary by the Board of Directors for any purposes related to the exercise by the Council of its rights and powers, or performance of its duties.

(s) **Establish Accounts:** To cause such operating, escrow and other accounts to be established and maintained as the Board of Directors deems appropriate from time to time and as are consistent with good accounting practices.

(t) **Lease of Common Elements:** To grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests affecting the common elements of the Condominium, in accordance with Section 11-125(f) of the Act.

(u) **Acquire Units:** To (1) designate a nominee for the purpose of acquiring title to any unit 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 such unit; and (3) authorize the President or any other Officer of the Condominium to execute, attest, seal and acknowledge, on behalf of the Council, any and all mortgages, leases or other instruments, where necessary, to accomplish such purpose.

(v) **Create Offices:** To create one or more offices of Assistant Secretary, Assistant Treasurer or otherwise, in addition to the offices of President, Vice-President, Secretary and Treasurer.

(w) **Acquire Personal Property:** To cause the Council to acquire by purchase or otherwise, and to own, use, improve, mortgage, sell, dispose of, and otherwise deal with any personal property of the Council, wherever located.

(x) **Delegation of Powers:** The Board of Directors may delegate to the managing agent it chooses to employ all of the powers granted to the Board by these Bylaws, other than the powers set forth in Subsections (a), (b), (f), (g), (i), (l), (m), (p), (r), (t), (u), (v), and (w) of Section 3:2 of these Bylaws.

3.3 Litigation by the Board of Directors

No judicial proceeding shall be commenced or prosecuted by the Board of Directors or by any Officer, employee, or agent of the Condominium on behalf of the Council unless such proceeding is approved by a vote of not less than a majority of the total votes appurtenant to all units in the Condominium. This Section 3.3 shall not, however, apply to (1) actions brought by the Council to enforce the provisions of the Declaration and these Bylaws, including, without limitation, the establishment and foreclosure of liens; (2) the imposition and collection of assessments as provided in the Declaration and these Bylaws; (3) the enforcement of the Declaration and these Bylaws, the Rules and Regulations, and all other rules and regulations pertaining to all or any part of the common elements of the Condominium, as provided in these Bylaws; or (4) counterclaims, cross claims and third-party claims brought by the Council in connection with proceedings against it.

3.4 Non-Jury Trial in Claims by Unit Owners

All disputes, claims, or causes of action asserted by Unit Owners against the Council, its Officers, Directors, employees, licensees or agents arising out of, or resulting from, the repair, renovation, maintenance or operation of the Condominium shall be decided by a trial without jury. All Unit Owners and the tenants or other occupants or users of such units, pursuant to these Bylaws, hereby waive irrevocably trial by jury with respect to any such claims.

3.5 Composition; Eligibility for Board of Directors

- (a) **Number of Directors:** The Board of Directors shall consist of nine (9) Directors.
- (b) **Qualifications:** Each Director shall be (1) a natural person; and (2) either alone, or with one or more persons, a Unit Owner.
- (c) **Non-Title Holders:** Any person residing in a Condominium unit the legal title to which is held by (1) a resident or non-resident member or members of the immediate family of such person [as the term "immediate family" is defined in this Subsection 3.5(c)]; or (2) by a trust established by a resident or non-resident member or members of the immediate family of such person; or (3) by a partnership, corporation, association or other entity consisting exclusively of resident or non-resident members of the immediate family of such person, for the use by such person of said unit as his residence, shall be eligible to serve on the Board of Directors of the Condominium, and to serve as an officer thereof; provided written documentation of the manner in which legal title to said unit is held and acceptable proof of the familial relationship between such person and the legal title holder of such unit are submitted to the Board of Directors for its approval or rejection within thirty (30) days of submission of said documentation. The eligibility established hereunder shall terminate automatically if the member or members of the immediate family of such person holding legal title to the unit, or the trust, partnership, corporation, association or other entity established to hold title there to are divested of title to such unit, for whatever cause. For the purposes of this Subsection 3.5(c), the term "immediate family" shall mean father, mother, husband, wife, brother, sister, child, grandparent or grandchild, severally or in any combination thereof.
- (d) **Change of Number:** The number of Owners serving on the Board of Directors may be increased or decreased from time to time by a majority vote of the Owners, but shall never be less than five (5) nor more than eleven (11).
- (e) **Limits on Directors from One Unit:** No more than one Unit Owner residing in the same unit or in the same combination of units constituting a single household shall be eligible to serve on the Board of Directors during any term or during any part of a term of said Board.
- (f) **Not Qualified to Serve:** No Unit Owner who has failed to comply with Section 2.11 of these Bylaws shall be eligible to serve on the Board of Directors.
- (g) **Lien Against Director's Unit:** No Unit Owner against whose unit a Statement of Lien for any unpaid assessment has been recorded pursuant to Section 5.12 of these Bylaws shall be eligible to be elected to the Board of Directors, unless the total amount necessary to release the lien has been paid at least thirty-five (35) days prior to the date of the Annual Meeting at which can take place the election of such person to the Board of Directors. Any Owner serving on the Board at the time of the filing against such Owner's unit of a Statement of Lien shall, thirty (30) days after such filing, be automatically ineligible to continue serving as a Director for the remainder of his or her term, unless during said thirty (30) day period the total amount necessary to release the lien has been paid; provided, that during such thirty (30) day period and until the payment in full of the lien, the delinquent Director shall not be eligible to vote at any meeting of the Board, but shall be counted for the purpose of determining the existence of a quorum at any meeting of the Board held during such period, whether or not the delinquent Director attends such meeting.

3.6 Terms of Directorships

At each annual membership meeting, a successor shall be elected to each Director whose term then expires. Each successor shall be elected to serve a term of three (3) years, or for a lesser term where such lesser term is required to effect a staggering of the expirations of the terms of the members of the Board in order that where numerically feasible, not more than one-third (1/3) of the terms of Directors shall expire in any single year.

3.7 Nominations of Directors

(a) **Nominating Committee:** At least ninety (90) days before each annual membership meeting, the President shall appoint a nominating committee of five (5) persons (only one of whom may be a member of the Board), all of whom shall be Unit Owners and residents of the Condominium building. The President shall serve as liaison with the Committee.

(b) **Selection of Candidates:** The Nominating Committee, after considering the qualifications of prospective nominees, shall, by majority vote of a quorum of not less than three (3) members, and where feasible, select at least two (2) candidates for each directorship to be filled at such annual membership meeting, and shall present its candidates and supporting background material to the Board of Directors at least thirty (30) days before such annual membership meeting. Members of the Board whose terms expire at the end of the then current year shall be eligible for reelection to the Board of Directors.

(c) **Eligibility of Committee Members:** No member of the Nominating Committee shall be a candidate for election to the Board of Directors. If a member of the Committee wishes to be considered for nomination as a Director, such person must resign from the Committee at once, but in no case later than the final selection of any candidate is made thereby; otherwise, such person shall thereafter not be eligible to be a nominee for election at the annual membership meeting for which the Committee from which he resigned has been appointed to select nominees. A resigning member of the Committee shall be replaced by appointment by the President of a successor member who shall be subject to the same limitations and have the same authority as did the resigning member with respect to being himself a nominee and approving the selection of all nominees.

(d) **Validating Eligibility:** The Nominating Committee shall establish that each person nominated by it has agreed to be a candidate, has satisfied the requirements of Section 3.5 of these By-Laws and, if elected, intends to serve the full term of his directorship. Each nominee shall submit to the Committee a resume of his background and experience and a statement of his program for the Condominium, for the Committee's and the membership's consideration of such person as a candidate for the Board of Directors.

(e) **Nominations by Unit Owners:** Unit Owners of ten (10) or more units may nominate a candidate for each directorship to be filled at any annual membership meeting, in writing signed by each such Unit Owners and submitted to the Nominating Committee by not later than thirty-five (35) days before the annual membership meeting. Each candidate so nominated shall satisfy the requirements of Section 3.5 of these Bylaws, shall agree to be a candidate, and state that if elected, intends to serve the full term of his directorship. The submission of each such nomination shall include a resume of his background and experience, and a statement of his program for the Condominium, for the membership's consideration of such person as a candidate for the Board of Directors.

(f) **Nominations from the Floor:** Nominations may be made from the floor at the annual membership meeting at which the election is held for each vacancy on the Board of Directors. Each candidate to be so nominated shall satisfy the requirements of Section 3.5 of these Bylaws and, at or before such annual membership meeting, shall submit to the membership orally or in writing a statement that, if elected, he intends to serve the full term of his directorship, a resume of his background and experience and a statement of his program for the Condominium, for the membership's consideration of such person as a candidate for the Board of Directors.

(g) **Submission of Candidates to Membership:** By not later than thirty (30) days before the annual membership meeting, each Unit Owner shall be mailed a list of names of all qualifying candidates. The list shall indicate who are the nominees of the Committee and who are the nominees of Unit Owners under Subsection 3.7(e). The names of each candidate shall be either typed or printed, and where there is more than one candidate, their names shall be listed in alphabetical order. The resumes and statements of all

candidates, except those to be nominated from the floor, shall be furnished to each Unit Owner not later than ten (10) days before the annual meeting.

(h) **Termination of Committee:** The Nominating Committee, by its Chairman, shall present to the annual membership meeting the names of the persons selected by the Committee as candidates for election to the Board of Directors, and shall then place their names in nomination. After the Chairman's presentation, the term of the Committee shall end.

3.8 Election of Directors

(a) At each annual membership meeting, there shall be held an election to fill the directorships of those Directors whose terms of office expires as of such annual membership meeting, and any other directorship which is then vacant.

(b) Those persons who have been declared nominees for such positions in accordance with the foregoing provisions of Section 3.7, 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 if such positions are for differing terms, such positions shall be filled in the order of the length of their terms so that the nominees receiving the largest number of votes shall be elected for the three-year terms, the nominees receiving the next largest number of votes shall be elected for the two-year terms and the nominees receiving the next largest number of votes shall be elected for the one-year term.

(c) Each Unit Owner may cast his votes in such election either (1) while in attendance at such annual membership meeting, or (2) prior thereto by depositing his completed ballot with the Secretary, who shall open it at such membership meeting (in which event such Unit Owner need not attend such membership meeting for his votes to be counted).

3.9 Filling Vacancies in Directorships

If any directorship becomes vacant by reason of a Director's death, resignation, retirement, disqualification, removal from office, or otherwise, the remaining Directors shall, at a regular Board meeting, or at a special Board meeting called for that purpose, elect his successor, who shall serve for the remainder of his term and who shall satisfy the requirements of Section 3.5 of these Bylaws, provided, that if such position remains unfilled at the next annual membership meeting, such successor shall be elected thereat by the membership for the remainder of such term.

3.10 Removal of Directors

Any Director may be removed from his position as such, with cause, by the affirmative vote of Unit Owners having two-thirds (2/3) of the outstanding votes, at any annual membership meeting, or at any special membership meeting duly called for such purpose. Any Director whose removal has been proposed shall be given an opportunity to be heard at such meeting. A Director shall be deemed to have resigned from the Board of Directors if not in attendance at three (3) consecutive meetings of the Board, unless the minutes reflect the consent by a majority of the other members to such absences.

3.11 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 such quorum is not present, a Board meeting shall be held as soon thereafter as is practicable, provided that notice thereof is mailed to each Director by not later than five (5) days prior thereto.

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- (b) Thereafter, a Board meeting shall be held at least nine (9) times a year on a regularly scheduled basis on a day which the Board of Directors selects, and at such time as it from time to time selects. Meetings of the Board shall be held in the Guilford Room of the Condominium building located at 4000 North Charles Street, Baltimore, Maryland, unless by majority vote of the Board of Directors and for good cause, another location shall be chosen.
- (c) Once the date, time and place of the regular Board meetings are selected, such regular Board meetings may thereafter be held without notice of such date, time and place (which may not be changed unless notice of such change is mailed 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 three (3) days' notice given in writing, in person or by telephone or wire to each Director, and must be called on the demand of three (3) or more Directors. Such notice shall state the time, place, date and purpose of such meeting.
- (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 him of his right to be given notice thereof.
- (f) A schedule of meetings of the Board of Directors for the ensuing year shall be posted in a prominent place in the lobby of the Condominium.

3.12 Quorum

At each Board meeting, the presence in person of a majority of the Directors shall constitute a quorum for the transaction of business, except as is otherwise expressly provided in these Bylaws or by applicable law. Each Director shall be entitled to cast one (1) vote upon each question which comes before the Board of Directors, and the decision of a majority of the Directors present at a Board meeting at which a quorum is present shall be the decision of the Board of Directors. If at any Board meeting a quorum is not present, a majority of the Directors who are present may temporarily adjourn the Board meeting from time to time to reconvene and, at any reconvened 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.

3.13 Unit Owners' Attendance at Board Meetings

Except as permitted pursuant to Section 11-109.1 of the Act, each Unit Owner shall be entitled to attend any Board meeting, but no Unit Owner shall have any right to vote upon any question coming before such Board meeting, or (except for that Board meeting at which the consent of Unit Owners is required under applicable law or these Bylaws) to be given special notice of any Board meeting other than as required by Subsection 3.11(f) of these Bylaws, or to participate in the deliberations of the Directors, unless a Unit Owner, not later than five (5) days before such meeting, has made a written request to the President, the Secretary, or to the Site Manager in which is specified the subject matter the Unit Owner wishes to be placed on the Board's agenda and on which such Owner wishes to be heard at such meeting.

3.14 Limitation of Director's Liability

- (a) No Director, in his capacity as such, nor any employee, agent, successor or assign of the Condominium shall, except in the event of his own individual willful misconduct or gross negligence in the performance of his duties, be liable: (1) 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 caused by the elements or any Unit Owner or other person, or resulting 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, equipment or other place; (2) 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; (3) in tort or otherwise, directly or indirectly, to any Unit Owner or any person by virtue of his good faith act or failure to act; or (4) arising out of the use, misuse or condition of the common elements, or in any other way as a result or by virtue of his performance of his duties.

(b) Every agreement, deed, lease, mortgage or other instrument which is executed on behalf of the Council by any Director or Officer shall, where feasible, 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. The failure to include such a provision shall not affect the validity of the instrument or the limitation of liability expressed herein. Any damages or expenses which are awarded against or incurred by the Council and arise out of such liability shall be paid by the Council as part of the common expenses.

3.15 Compensation of Directors

Each Director shall serve as such without compensation, except to the extent that such compensation is expressly authorized by the Council.

3.16 Indemnification of Directors and Officers

The Council may provide any indemnification required or permitted by the laws of Maryland and shall indemnify Directors, Officers, agents and employees as follows:

(a) The Council shall indemnify any Director or Officer of the Council who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he is or was such Director or Officer or an employee or agent of the Council, or is or was serving at the request of the Council as a Director, Officer, employee or agent of the Council, or is or was serving at the request of the Council as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including reasonable attorney's fees), judgment, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceedings, if he acted in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Council, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Council, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) Notwithstanding anything to the contrary contained in Section 3.16(a), should the Director or Officer be adjudged to be liable for negligence or misconduct in the performance of his duty to the Council, in an action or suit brought by or in the right of the Council, unless and only to the extent that the Court in which such action or suit was brought, or any other Court having jurisdiction in the premises, shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court shall deem proper, no such indemnification shall be made in respect of any such claim, issue or matter.

(c) To the extent that a Director or Officer of the Council has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsections (a) or (b) of this Section 3.16 or in defense of any claim, issue, or matter therein, he shall be indemnified against expense (including reasonable attorney's fees) actually and reasonably incurred by him in connection therewith, without the necessity for the determination as to the standard of conduct as provided in Subsection (d) of this Section 3.16;

(d) Any indemnification under Subsection (a) or (b) of this Section 3.16 (unless ordered by a court) shall be made by the Council only as authorized in the specific case upon a determination that indemnification of the Director or Officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Subsections (a) or (b) of this Section 3.16. Such determination shall be made (1) by the Board of Directors of the Council by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or even if obtainable, such a quorum of disinterested Directors so directs, by independent legal counsel (who may be regular counsel for the Council) in a written opinion; and any determination so made shall be conclusive.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Council in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the Director or Officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Council as authorized in this Section 3.16.

(f) Agents and employees of the Council who are not Directors or Officers of the Council may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Directors of the Council.

(g) Any indemnification pursuant to this Section 3.16 shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

3.17. Conflicts of Interest of Directors and Officers

(a) Each Director and Officer shall exercise his powers and duties in good faith and in the best interests of the Council of Unit Owners and of the Condominium. No contract or other transaction between the Council and any of its Directors or Officers, or any corporation, firm, association, entity or enterprise, in which any Director or Officer of the Condominium is also a Director or Officer, or is pecuniarily or otherwise interested, directly or indirectly, is either void or voidable because any such Director or Officer is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction (provided such Director or Officer does not cast his vote for such purpose at such meeting), if the following conditions exist:

(1) The fact of the common directorate or other interest referred to in this Section 3.17 is disclosed to, or shall have been commonly known by, the Board of Directors, or a majority thereof, and is so noted in the minutes of any such meeting; and the Board (with the interested Director abstaining from casting his vote on such contract or transaction) authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(2) The fact of the common directorate or other interest referred to in this Section 3.17 is disclosed to, or shall have been commonly known by, a majority of the Unit Owners, and the Unit Owners (with the interested Officer or Director abstaining from casting his vote on such contract or transaction) approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; and

(3) The contract or transaction is necessary or beneficial and commercially feasible for the Council's purposes at the time it is authorized; ratified, approved or executed.

(b) Any common or interested Director or Officer may be counted in determining the presence of a quorum at any meeting of the Council of Unit Owners or of the Board of Directors or committee thereof which authorizes, approves, or ratifies any such contract or transaction referred to in this Section 3.17 with

like force and effect as if such Director or Officer were not a Director or Officer of such other corporation, firm, association, entity or enterprise, or not so interested, and any such contract or transaction shall be valid if approved by a majority of disinterested Directors or committee members, as the case may be, even if such disinterested persons constitute less than a quorum for such purpose.

ARTICLE IV - OFFICERS

4.1 Designation; Qualification of Officers

(a) The Officers shall consist of the President, the Vice-President, the Secretary, the Treasurer, and (if the Board of Directors creates any office of Assistant Secretary or assistant treasurer, or any other office), each such Assistant Secretary, Assistant Treasurer or other Officer.

(b) Each Officer shall be (1) a natural person; and (2) either (A) alone or in combination with one or more other persons a Unit Owner, or (B) 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 persons, is a Unit Owner; provided that the Board of Directors is given such proof of such natural person's status as Officer, Director, employee or agent of such entity as the Board reasonably requires.

(c) The President and the Vice-President shall be selected from among the Directors. Any other Officer may, but need not be, a Director.

(d) No person may hold more than one office simultaneously.

4.2 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 are elected and qualify.

4.3 Powers and Duties of the President

The President shall (1) be the Chief Executive Officer of the Council and the Chairperson of the Board of Directors, and (2) have the general powers and duties (consistent with the provisions of these Bylaws) which are usually vested in the office of the 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 the President from time to time deems appropriate, to assist in the conduct of the affairs of the Council), and (3) have charge of the administration of the Condominium.

4.4 Powers and Duties of the Vice-President

The Vice-President shall take the place of the President and perform such other duties as may be prescribed by the Board of Directors or the President.

4.5 Powers and Duties of the Secretary

The Secretary shall (a) act as secretary of each Board meeting and each membership meeting at which he is present; (b) record all votes cast on questions coming before each such meeting in the minutes thereof, setting forth each resolution adopted thereat, in a minute book to be kept for that purpose; (c) have charge of such minute book and of such records and papers of the Council as the Board of Directors directs; (d) have the general powers and duties consistent, however, with the provisions of these By-Laws, which are usually vested in the office of the 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 in accordance with these Bylaws as well as such other duties as are prescribed by these Bylaws) as well as such other duties as are prescribed by these Bylaws or by the Board of Directors or the President; and (e) keep at the office of the Council the roster referred to in the provisions of Section 2.11 hereof, as well as copies of the Declaration, the Condominium Plat, these Bylaws 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).

4.6 Powers and Duties of the Treasurer

The Treasurer shall (a) have charge and custody of, and be responsible for, the Council's funds and securities; (b) deposit all of its monies, checks and other valuable effects in the name and to the credit of the Council in such depositories as are from time to time designated for such purpose by the Board of Directors; (c) disburse the Council's funds as from time to time ordered by the Board of Directors or the President, making proper vouchers for such disbursements; (d) keep full, complete and accurate accounts and records of the Council's financial transactions; (e) submit to the Board of Directors and the membership such reports thereof as the Declaration, these Bylaws, applicable law or the Board of Directors from time to time require, which accounts and records shall (1) include, by way of example rather than of limitation, chronological listings of all Council receipts, all common expenses, the amount of each assessment levied against each unit, and the amounts thereof paid and unpaid; (2) specify and itemize the common expenses relating to the common elements and any other common expenses; (3) be kept at the office of the Council; (4) be available there for inspection by the Unit Owners, prospective Unit Owners and each mortgagee during the Council's regular business hours; and (5) have the general powers and duties (consistent, however, with the provisions of these By-Laws) which are usually vested in the office of treasurer of a corporation organized and existing under the law of Maryland.

4.7 Compensation of Officers

The Officers shall serve as such without compensation therefor unless such compensation is expressly authorized by the Council. Any such authorized compensation shall be paid by the Council as part of the common expenses. Each Officer shall be reimbursed by the Council for all documented expenses which are reasonably incurred by him in the discharge of his duties.

4.8 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 indicates an earlier date therefor, it shall become effective at the next succeeding Board meeting. Any Officer may be removed from office at any time by resolution of the Board of Directors. Any Director who is removed from his position as such and is then an Officer shall also be deemed thereby to have been removed from such office.

4.9 Filling Vacancies in Offices

If any office becomes vacant by reason of an Officer's death, resignation, retirement, disqualification, removal from office or otherwise, the Directors shall, at a regular or special Board meeting, duly called for such purpose, elect his successor.

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4.10 Execution of Instruments

No agreement, contract, check, deed, lease, mortgage or other instrument shall be binding upon the Council unless signed by two Officers, one of whom is President or Vice President, except to the extent that the power to bind the Council is otherwise delegated to the manager or any other person by the Board of Directors.

4.11 Resident Agent

The name and post office address of the resident agent of the Condominium and the Council in Maryland shall be Stuart L. Sagal, Esquire, 341 North Calvert Street, Baltimore, Maryland 21202. Such resident agent (a) is authorized to accept on behalf of the Council service of process in any action relating to the common elements, or the Council, and (b) shall serve until his successor is designated as provided by Section 11-116 of the Act.

ARTICLE V - ASSESSMENTS

5.1 Procedure for Levying Assessments

Any determination by the Council to levy assessments pursuant to the provisions of the Act and the Declaration, and/or the respective amounts thereof, shall (subject to the operations and effect of such provisions) be made in the following manner:

5.2 Classes of Assessments

- (a) The Assessments shall consist of annual assessments (each of which is hereinafter referred to as an "annual assessment") and special assessments (each of which is hereinafter referred to as a "special assessment").
- (b) (1) The proceeds of the annual assessments may be used by the Council to defray any common expenses.
- (2) The proceeds of any special assessments shall be approved by the Council and used in the manner set forth in Section 5.7 of these Bylaws.

5.3 Period of Assessments

- (a) Each assessment shall be levied with respect to one of those periods which is co-extensive with the Council's fiscal years.
- (b) Not more than one annual assessment shall be levied against a unit for any fiscal year.

5.4 Allocation of Assessments Among Units

Except as is otherwise provided in this Article V, (a) the respective amounts of any annual assessments or special assessments allocated or levied for a fiscal year shall be allocated or levied in accordance with the respective percentage interests in the common expenses and common profits of the units, and (b) no assessment of one class may be levied for a fiscal year against one unit unless an assessment of such class is at the same time levied for such fiscal year against every other unit.

5.5. Adoption of Budget

The Board of Directors shall at a regular or special meeting thereof adopt a recommended budget for each fiscal year. The budget as recommended shall at a minimum and as required by applicable laws provide for the following items:

- (a) **Administration of the Condominium**
- (b) **Common Elements:**
 - (1) Maintenance, repair, upkeep and replacement of common elements; including lawn care, maintenance of walks and paved area;
 - (2) Trash pick-up and removal;
 - (3) Liability and casualty insurance policies;
 - (4) Tax assessments;
 - (5) Utility services; and
 - (6) Managing agent fees.
- (c) **Contingency Fund:** To provide a fund for emergencies and unforeseen contingencies.
- (d) **Reserve Fund for Capital Improvements:** To provide a fund for necessary improvements and replacements of capital facilities of the Condominium in the common elements.
- (e) **Other Expenses:** To provide for such other services and expenses as the Board of Directors may deem necessary or proper.

5.6. Notice and Approval of Budget

Copies of the recommended budget by the Board of Directors shall be mailed to each owner of a unit at least fifteen (15) days before the annual membership meeting of the Council and the same shall be submitted for approval and adoption by decision of the Council at such annual membership meeting.

5.7. Special Assessments

In addition to the above, the Board of Directors may at any time recommend a special assessment applicable to the particular fiscal year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, restoration, or replacement of a capital improvement of the common elements, including fixtures and personal property related thereto, and/or to make up a deficit in the operating budget of the Council, and/or to meet any other emergency or unforeseen expenses of the Council. Notice of a recommendation for such special assessment by the Board of Directors shall be mailed to each Owner of a unit at least fifteen (15) days before a special meeting of the Council called for the purposes of considering and deciding upon the special assessment, and such special assessment shall be submitted for adoption by the Council at such special meeting. The special assessment recommended by the Board shall be deemed adopted by the Council only upon resolution of the Council approved by at least two-thirds (2/3) of the votes present and represented by proxies and entitled to be cast at the special meeting called for the purpose of considering such special assessment; except that in any one instance in any fiscal year, the Board of Directors, by a majority vote of a quorum thereof, shall have the authority to approve the

use of up to the greater of TEN THOUSAND DOLLARS (\$10,000.00) or ten percent (10%) of the capital reserve account funds for emergencies requiring reconstruction, repair, replacement or restoration of capital facilities.

5.8 When Assessments are Due and Payable

(a) **Annual Assessments:** Unless otherwise determined by the Board of Directors with the consent by a majority vote of all the Unit Owners, the annual assessment from each Unit Owner for his proportionate share of the common expenses shall be payable in equal monthly installments, each of which shall be due and payable on the first day of each month.

(b) **Special Assessments:** Any special assessment adopted by the Council shall be due and payable from each Unit Owner for his proportionate share of the same in such manner (whether by a lump sum payment or in installment payments) as is determined by the Council when it approves such assessment.

5.9 Failure to Adopt a Budget

The failure or delay by the Board of Directors to prepare, or the Council to approve and adopt, a budget for any fiscal year shall not constitute a waiver or in any manner be deemed a release of any Unit Owner's obligation to pay his proportionate share of the common expenses for such fiscal year as provided by applicable law, the Declaration and these Bylaws, whenever the same shall finally be determined in accordance therewith; and in the absence of an annual or adjusted budget having been adopted for any fiscal year, each Unit Owner shall continue to pay each monthly installment of his proportionate share of the common expenses at the same monthly rate established for the fiscal year immediately preceding the year for which a budget has not been adopted, until such time as a budget is adopted and notice of the monthly payment for the new budget has been mailed to such Owner.

5.10 Personal Liability of Unit Owners for Assessments

(a) **When Liable:** Each Unit Owner shall be personally liable for the payment of each assessment (or each installment thereof, if payable in installments), including limited common element expenses, with respect to the Unit Owner's unit. No Unit Owner may be exempted from liability for any assessment of common expenses, whether annual or special, by waiving any right to the use of the common elements which such Unit Owner holds under applicable law, the Declaration, these Bylaws, or otherwise; or by abandoning or otherwise terminating his use of such unit; or by conveying the title to such unit after the assessment becomes due. No Unit Owner shall be liable for the payment of any part of the common expenses assessed against his or her unit after he or she is no longer the Owner of said unit. Prior to the time he is no longer the Owner of the unit, all liens, unpaid charges and assessments shall be paid in full and discharged. Any purchaser of a unit shall be jointly and severally liable with the seller of the unit for all unpaid assessments against the seller for the seller's proportionate share of the common expenses incurred by the seller up to the time the seller is no longer the Owner of the unit, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any purchaser of a unit shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within ten (10) days following a written request for such statement to the Board of Directors or managing agent, and such purchaser shall not be liable for, nor shall the unit transferred be subject to, a lien for any unpaid assessments in excess of the amount set forth in such statement.

(b) **When Not Liable:** A Unit Owner shall not be personally liable for the payment of any assessment or installment thereof which becomes due with respect to a unit, other than as set forth in the foregoing provisions of this Section.

5.11 Acceleration of Installments

Acceleration Permitted. Upon default in the payment of a monthly installment of any assessment levied and due pursuant to these Bylaws, the entire balance of said assessment still due for that fiscal year may be accelerated at the option of the Board of Directors, and be declared due and payable in full. Notwithstanding the preceding sentence, such declaration by the Board of Directors may not be enforceable unless the Board of Directors, acting in accordance with Section 11-110 of the Act, notifies said Unit Owner within fifteen (15) days of his default that the failure to pay the then due monthly installment within fifteen (15) days of the notice shall result in an acceleration of the remaining balance and shall constitute a lien on the unit as provided in Section 5.12 of this Article.

5.12 Assessment Lien; Priority Thereof

(a) **Statement of Lien:** Any assessments levied upon the Unit Owner, together with interest, late charges and actual costs of collection, including reasonable attorney's fees, shall become a lien on said unit upon the recording in the Land Records of Baltimore City, Maryland of a "Statement of Lien" in accordance with the provisions of Section 14-201 *et seq.* of the Real Property Article (hereafter the "Maryland Contract Lien Act"), as incorporated by Section 11-110 of the Act, or upon compliance with such other requirements as may be imposed by the Act, from time to time.

(b) **Effectiveness of Assessment Lien:** Each assessment (or each installment thereof, if payable in installments) levied against a unit shall constitute a lien (hereinafter referred to as an "assessment lien") upon the title to such unit, from the time when a Statement of Lien with respect to such assessment or installment is recorded among the Land Records pursuant to the provisions of Section 11-110 of the Act and the provisions of Subsection 5.12(a) hereof until such assessment or installment, along with attorney fees, interest and late charges, is paid; provided, that such Statement of Lien is recorded among the Land Records prior to both (a) the second (2nd) anniversary or the date upon which such assessment or installment first becomes 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 the unit at the time when such assessment or installment first became due.

(c) **Priority of Assessment Lien:** An assessment lien shall be subordinate to the lien of any mortgage covering the unit against which such assessment is levied, if and only if such mortgage is recorded among the Land Records prior to the recordation thereof of a Statement of Lien creating such assessment lien.

(d) Enforcement of Assessment Lien:

(1) An assessment lien may, in accordance with the provisions of the Maryland Contract Lien Act, be enforced and foreclosed by the Council 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 situated and lying in Baltimore City, Maryland.

(2) (A) The Council shall be entitled (i) to protect the Council's right to collect any unpaid assessment by purchasing the unit against which it is levied, at any judicial or other sale involving the enforcement of any assessment lien or other lien against the unit, (ii) to hold, lease, sublet, sell, convey and mortgage any such unit so purchased; and (iii) if authorized by the Council, to borrow any or all of the purchase money therefor.

(B) The payment of the purchase price for such unit and of any interest charged for any such purchase money so borrowed shall be a common expense, and any income from any resale, mortgage or lease of such unit shall be part of the Council receipts.

(e) Interest on Unpaid Assessment: Each assessment (or each installment thereof, if payable in installments) shall bear interest on the unpaid balance thereof from the fifteenth (15th) day after the date upon which it first becomes due, until paid, at the greater of (1) the rate of eighteen percent (18%) per annum, or (2) the highest rate of interest which from time to time is permitted by Section 11-110 of the Act, as amended from time to time, to be charged with respect to the same, plus a late charge of FIFTEEN DOLLARS (\$15.00) or one-twentieth (1/20) of the total amount of any delinquent assessment or installment, whichever is greater, provided such late charge may not be imposed more than once for the same delinquent payment.

(f) Council's Recovery of Unpaid Assessment:

(1) Right of Action: The Council shall be entitled to recover in an action at law or in equity, from any person who is liable for the payment of any or all of an assessment, both

(A) A money judgment for such unpaid assessment (including, by way of example rather than of limitation, the amount of any deficiency which results from any foreclosure of the assessment lien therefor), without waiving such assessment lien, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment, and

(B) Any and all interest accrued thereon through the date of such recovery, and costs incurred by the Council in obtaining such recovery (including by way of example rather than of limitation, reasonable attorney's fees).

(2) Limitation on Action: Anything contained in the foregoing provisions of this Section 5.12 to the contrary notwithstanding, no such action or proceeding may be brought to foreclose upon such assessment lien or otherwise to recover any of such assessment, unless

(A) It is brought within three (3) years of the date on which was recorded the Statement of Lien for such unpaid assessment, and

(B) A written notice of the Council's intention to initiate the same is mailed to both the then Unit Owner of the unit against which such assessment has been levied, and any person against whom such action or proceeding is to be brought, by not later than ten (10) days prior to such initiation.

5.13 Certificate as to Payment or Nonpayment

The Council shall, upon written request at any time by any person who is liable for the payment of any assessment or installment thereof, or who holds any interest in a unit against which an assessment has been levied, mail to such person a certificate signed by an Officer, setting forth whether such assessment or installment has been paid. Any such certificate so mailed shall be conclusive evidence of the payment of each assessment or installment thereof which is therein stated to have been paid.

5.14 Effect of Recording a Lien on Voting Rights

If the Council has recorded a Statement of Lien as provided in Section 5.12 of these By-Laws and the total amount necessary to release the lien has not been paid at the time of any annual or special meeting of the Council, the Owner of the unit against which the lien has been filed shall be prohibited from voting at such meeting.

5.15 Surplus Receipts

Any surplus of receipts over expenses of the Council for any fiscal year shall be either applied to reduce the assessments necessary to meet the budget adopted by the Council for the next fiscal year, or shall be refunded by the Council to each Unit Owner in proportion to such Unit Owner's respective individual percentage interest in the common expenses as set forth in the Declaration, and may be prorated among the then Unit Owners and former Unit Owners, based on the portion of the previous fiscal year that each Owner or former Owner shall have held record title to the unit, as determined by resolution of the Board of Directors.

ARTICLE VI - INSURANCE; DAMAGE TO AND DESTRUCTION OF THE CONDOMINIUM

6.1 Insurance to be Maintained by the Council

- (a) **Duty to Procure and Maintain:** The Council shall procure and maintain, to the extent reasonably available, insurance coverage of the types which are enumerated in the provisions of Section 6.3 of these Bylaws upon the Condominium (including all of the units, exclusive of improvements and betterments installed by Unit Owners within units, and the common elements), all personal property located within the common elements, and all Council property.
- (b) **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.
- (c) **Insurers:** Such insurance shall be purchased from one or more recognized insurance companies duly licensed to operate and do business in Maryland.
- (d) **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 desires to obtain any such insurance shall be responsible for doing so at his initiative and expense and in accordance with the provisions of Section 6.4 of these By-Laws.
- (e) **Review:** The Board of Directors shall review the Council's insurance requirements and limits thereof once during each of its fiscal years.
- (f) **Payment of Premiums:** The Council shall pay the premiums for such insurance as part of the common expenses.

6.2 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 Bylaws. 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 undivided percentage interest in the common elements held by such Unit Owner, and shall provide that any improvements made to a unit by any Unit Owner shall not affect the valuation of 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 and members

of his household, and their respective servants, agents and guests, and to any defense based on invalidity arising from the acts of the insured; 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 6.4 hereof. The originals of such master policies shall be deposited with the Council and a memorandum thereof shall be deposited with each first mortgagee who requests it. 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 requests such notification of such payment within ten (10) days after having made the same.

6.3 Types of Insurance

The types of insurance coverage which the Council shall procure and maintain pursuant to the provisions of Section 6.1 are as follows:

(a) **Property, Casualty or Physical Damage Insurance:** Casualty or physical damage insurance in an amount equal to the full replacement value of all insurable improvements which form part of the Condominium as constructed as of the date hereof (exclusive of all wall coverings, refrigerators, cooking ranges, dishwashers, clothes washers, and all other appliances, flooring, including without limitations all flooring over the upper surface of the unfinished concrete subflooring, regardless of when and by whom installed, all built-ins and other betterments and improvements within any unit); and all Council property, as such value is 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 is determined by the Board of Directors, but shall not exceed TEN THOUSAND DOLLARS (\$10,000.00).

(1) Such coverage shall afford protection against those risks of direct physical loss commonly insured against, including:

(A) 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

(B) Such other risks as from time to time customarily are covered with respect to improvements similar in construction, location and use as those to be insured under the foregoing provisions of this Subsection (including, by way of example rather than of limitation, the risks of vandalism, malicious mischief or windstorm) or as the Board of Directors from time to time believes to warrant insurance.

(2) The policies affording such coverage shall provide that, notwithstanding any provision thereof which gives 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 is required by such provisions.

(3) The policies affording such coverage shall provide (A) 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 (B) that certificates of such insurance and all renewals thereof, together with acknowledgment of payment of premiums, shall be mailed to each Unit Owner and insured mortgagee upon request.

(b) **Public Liability Insurance:** Comprehensive General Public Liability insurance, including medical payments 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 of not less than ONE MILLION DOLLARS (\$1,000,000.00) for any one occurrence, and in respect of property damage not less than ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) 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.

(c) Worker's Compensation Insurance: Worker's compensation insurance affording at least such coverage of the Council and its Directors, Officers, employees and agents as is required by applicable law.

(d) 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 are from time to time determined by the Board of Directors.

(e) Other Insurance: Such other coverage as the Board of Directors may deem advisable.

6.4 Insurance to be Maintained by Unit Owners

(a) Coverage: Each Unit Owner shall obtain insurance at his own expense affording coverage against (1) damage to, or destruction of, any of his personal property which is located anywhere upon the land or within the improvements which constitute the Condominium, and (2) 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 referred to in the provisions of Section 6.2, and either shall provide that the insurer shall have no right of contribution against any casualty insurance affording coverage against such risk held pursuant to the provisions of this Article VI (notwithstanding that such Unit Owner may be an insured thereunder) or shall be written by the same carrier as that of such insurance held by the Council.

(b) Copy of Policy to be Filed with Council: A copy of each such policy shall be filed with the Council by such Unit Owner within ten (10) days after his purchase thereof.

(c) Relationship to Insurance Held by Council: If a loss is sustained by the Council, the amount of the proceeds which would be payable under any policy of insurance then held by the Council pursuant to the provisions of Section 6.3 hereof shall not be reduced because of proration of, or right of contribution from, any insurance against the same risk which is held by any Unit Owner under the provisions of this Section 6.4; provided, that such Unit Owner whose negligence was the cause of such loss shall be responsible to the Council for payment of the full amount deductible from the proceeds payable under the policy of the Council, and shall assign to the Council from the proceeds payable under such Unit Owner's policy the full amount of the deductible under the policy of the Council.

6.5 Proceeds of Insurance

(a) Receipt and Distribution of Proceeds by Council:

(1) The Council shall receive any proceeds which are payable under any policy of insurance held by it pursuant to the provisions of this Article, and shall hold and distribute the same in trust for the purposes set forth in these Bylaws, for the benefit of the Unit Owners, lien holders, the Council and any other insured thereunder as their interests may appear.

- (2) 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.
- (b) **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 are payable under policies purchased by the Council.
- (c) **Repair or Reconstruction Following a Casualty:**
- (1) Except as may be otherwise provided by the Act, the Declaration or these Bylaws, if any of the improvements which are to be insured by the Council pursuant to the provisions of Section 6.3 are damaged or destroyed, they shall be fully and promptly repaired and restored by the Council using any proceeds of insurance which are payable on account of the same and are 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 thereof exceeds the amount of such proceeds, in proportion of their respective undivided percentage interests in the common elements, except to the extent that such excess is declared a common expense by the Council.
 - (2) Subject to the operation and effect of the provisions of Subsection 6.4(c), if as a result of any such damage or destruction any Unit Owner is paid any proceeds under any policy of insurance held by such Unit Owner pursuant to the provisions of Section 6.4, he may apply such proceeds in payment of the share of any such excess for which he is liable, and/or of any assessment levied against his unit as a result of any such declaration by the Council.
 - (3) The Council shall (subject to the operation and effect of the provisions of Section 6.6) be responsible for restoring such improvements to, and only to, substantially the same condition as they were in immediately prior to the occurrence of any damage to, or the 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 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 conform 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.
- (d) **Estimate of Cost and Repair:** Immediately after the occurrence of any damage to, or the destruction of, any or all of the Condominium which the Council is required by these By-Laws to repair, the Board of Directors shall obtain a reliable and detailed estimate of the cost thereof (including, by way of example rather than of limitation, the cost of any professional service or bond which the Board of Directors desires to obtain in connection with such repair).
- (e) **Construction Fund:** Any proceeds of insurance received by the Council as a result of any damage to, or the destruction of, the Condominium, and any other sums received by the Council for any Unit Owner as a result thereof, 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:
- (1) 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 any mortgagee which is beneficiary of any such fund, such fund shall be disbursed in the manner set forth in the provisions of Subsection 6.5(e)(2) hereof.

(2) 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 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 (A) that the sum requested by each such person in payment therefor is justly due and owing, and does not exceed the value of the services and materials furnished; (B) that there is, to the best of such architect's knowledge, information and belief, no other outstanding debt incurred for such services and materials as so described; and (C) that the cost, as reasonably estimated by such architect, for so much of such repair and reconstruction as remains 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. If such certificate for any disbursement is not furnished by an architect as provided herein, the Board of Directors shall be authorized to make the disbursement.

(3) If any amount remains 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 paid to the Unit Owners and lien holders as their interests may appear.

6.6. Substantial or Total Destruction

(a) Repair or Reconstruction: Any portion of the Condominium damaged or destroyed shall be repaired or replaced promptly by the Council unless:

- (1) The Condominium is terminated;
- (2) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or
- (3) Eighty percent of the Unit Owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild.

The cost of any repair or replacement in excess of insurance proceeds and reserves is a common expense.

(b) Nonrepair or Replacement: If the damaged or destroyed portion of the Condominium is not repaired or replaced:

- (1) The insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;
- (2) The insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were assigned; and
- (3) The remainder of the proceeds shall be distributed to all the Unit Owners in proportion to their percentage interest in the common elements.

(c) Reallocation of Unit Owners' Interest: If the Unit Owners vote not to rebuild any unit, that unit's entire common element interest, votes in the Council, and common expenses liability are automatically

reallocated upon the vote as if the unit had been condemned under Article VII of these Bylaws, and the Council promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Section 6.6, Section 11-123 of the Act, as such statutory procedure may be amended from time to time, shall govern the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE VII- CONDEMNATION

7.1 Condemnation Proceedings and Notice to Owners

(a) **Council's Right to Prosecute and Defend:** The Council shall be entitled to prosecute and defend all proceedings with respect to the condemnation of any or all of the common elements or any Council property; provided, that the Council shall not settle or compromise any claim made in any such proceeding without the approval of Unit Owners having a majority of the outstanding votes.

(b) **Notice to Unit Owners:** The Council shall mail notice to each Unit Owner of any such proceeding, and each Unit Owner shall be entitled to participate therein on his behalf.

7.2 Repair and Reconstruction

Subject to the operation and effect of the provisions of Section 7.3, 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 VI in the case of damage by fire or other casualty, and the provisions of Article VI 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 VI to be held and disbursed by the Council upon the occurrence of any such casualty.

7.3 Substantial or Total Condemnation

(a) **Right of Partition:** If (1) more than two-thirds (2/3) of the number of Units are rendered untenantable by a condemnation, and (2) the Unit Owners fail to cast more than two-thirds (2/3) of all the votes appurtenant to all the Condominium units in favor of the alteration and reconstruction thereof at a membership meeting called for such purpose for a date within sixty (60) days after the date of such condemnation, then, with the written approval of 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.

(b) **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, together with the total award for such condemnation, shall be held by the Council in 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 any unpaid amount for which a lien then exists upon his unit, in the order of priority of such liens.

7.4 Effect of Condemnation on Percentage Interests

(a) **Adjustment of Percentage Interests:** If there is a condemnation of any or all of the Condominium and if, as a result of such condemnation, any part or all of any unit so taken is no longer subject to the operation and effect of the Declaration, the Condominium Plat and these Bylaws, and if the Condominium is not partitioned pursuant to the provisions of Subsection 7.3(a), then the respective undivided percentage interests in the common expenses and common profits of all units or portion thereof which were not so taken shall be adjusted as of the date of such condemnation in the following manner:

(1) If such condemnation is of all of one or more units, the respective undivided percentage interest 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, immediately prior to such condemnation, the respective such percentage interests of each of the other units bears to the aggregate of the respective percentage interests of all of the other units.

(2) If such condemnation is of part, but not all, of one or more units (A) the percentage interests on 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 (B) 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 is made) in proportion to the respective percentage interest of such units immediately prior to such condemnation, except that in the case of each unit with respect to which such reduction is made, the percentage interest used in such computation shall be the percentage interest of such unit as so reduced.

(b) **Amendment to the Declaration:** Promptly after any condemnation as a result of which any adjustment of the respective undivided percentage interest in the common elements or percentage interest in the common expenses and common profits is made pursuant to the foregoing provisions of this Article, an amendment of the Declaration setting forth such adjustment shall be executed and acknowledged by each Unit Owner and mortgagee, and 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 VIII - USE OF UNITS

8.1 Structural Changes and Zoning

(a) Subject to the provisions of Subsection 8.1(b) of this Article VIII, a Unit Owner may make any improvements or alterations to a unit that do not impair the structural integrity, soundness or safety of any part of the Condominium building, or any mechanical system thereof, or the aesthetic appearance of the building.

(b) A Unit Owner may not alter, make additions to, or change the appearance of the common elements, or the exterior appearance of a unit or any other portion of the Condominium, or make any improvements or alterations to his unit that tend to impair the structural integrity, soundness or safety of any part of the Condominium building, or any mechanical system thereof, or the building's aesthetic appearance, or tends to impair the existence of, or the ability to enjoy, any easement, right, or hereditament appurtenant to any unit or to the common elements, or tends adversely to affect the common elements or the ability to enjoy the same, without having first notified the Council in writing and obtaining in advance of such changes being made the written approval of the Council, acting through the Board of Directors. The Council shall have the obligation to approve or disapprove any such proposal for changes within 60 (sixty) days after submission to the Board of Directors of plans and specifications for such changes, and failure to do so within the time

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stipulated herein shall be deemed to mean that there is no objection to the proposed alterations or modifications and that the consent to the same being made has been granted. If the Board determines that it needs to consult outside professionals in connection with its review of any such submission of plans and specifications for repairs, the cost of such outside consultation shall be borne by the Unit Owner; provided, the Unit Owner is advised of the Board's intention to consult outside professionals before any costs for such consultation are incurred.

(c) Subject to the provisions of Subsections 8.1(a) and 8.1(b), after acquiring an adjoining unit, the Unit Owner thereof may remove or alter any intervening partition or create apertures therein, notwithstanding the partition is, in whole or in part, a common element, if such removal or alteration does not impair the structural integrity, soundness or safety of any part of the Condominium building, or any mechanical system thereof, or its aesthetic appearance, or in any way interferes with the use or enjoyment of the building as referred to in Subsection 8.1(b). The removal of partitions or the creation of apertures under this Article VIII shall not be deemed an alteration of the boundaries of the unit.

(d) No Unit Owner shall petition or join in any petition for any rezoning of any unit in the Condominium (whether such rezoning be a variance, special exception, reclassification, or otherwise) without previously notifying the Council in writing through the management agent, if any, or through the President of the Council, if no management agent is employed by the Council.

8.2. Rights and Responsibilities of Unit Owners with Respect to Use and Maintenance of Units and Use of Common Elements

Each unit and the common elements shall be occupied and used in the following manner:

(a) Each Unit Owner, at his own expense, must perform promptly all maintenance and repair work within his unit and the limited common elements reserved for the use of that unit, if the failure to perform such work would be detrimental to the common elements or to any other unit, and such Unit Owner shall be liable to the Council for damages incurred by reason of his failure to so perform such work. If such work is not begun and diligently pursued to completion by the Unit Owner immediately, in the event of an emergency, or, otherwise, begun within ten (10) days after written demand from the Council that the work be done, then the Council, and its authorized agents, servants and employees may enter the unit and perform the work at the expense of the Unit Owner, and such expense shall be added to, and become due and payable with, the Unit Owner's next current monthly assessment payable to the Council. An entry for the purposes specified in this Subsection shall not be considered a trespass.

(b) All repairs, maintenance, painting, wallpapering, decorating and upkeep or installations in the unit (such as, but not limited to, walls, ceilings, doors, door frames, windows, window glass, window frames, vents, shutters, meter covers, floor covers, pipes, ducts, wires, conduits, electrical panels, all other accessories belonging to the unit, and other utility services serving only the particular unit) shall be at the expense of the Unit Owner.

(c) Each Unit Owner shall pay any expense which is duly incurred by the Council in making any repair to, or replacement of, any common element which results from the willful or negligent act or failure to act of such Unit Owner or of any tenant, contract purchaser, guest or other occupant or user of such unit.

(d) Each Unit Owner shall exercise his rights and perform his duties under the provisions of the Act, the Declaration, these Bylaws and the Rules and Regulations in such manner and during such hours as will not unreasonably disturb any other Unit Owner.

(e) Prior to performing any repair work of any kind, the responsibility for which lies with the Council, a Unit Owner shall furnish the Council with written notice of the same (provided that the failure of the

10/10/2017

Council to take action on any such notice shall not be deemed a waiver by it of its said responsibility, a consent by it to the taking of such action, or an agreement by it to bear the expense of such work; and further provided, that the Unit Owner shall abide by any terms specified by the Council relating to the conduct of such work).

(f) No advertisement, sign, or notice shall be displayed so as to be visible from the outside of any unit, without the prior written consent of the Council; acting by and through its Board of Directors. Granting or refusing consent shall be within the discretion of the Council, acting by and through its Board of Directors.

(g) Each Unit Owner shall insure that any repair work with respect to any portion of his unit requiring a licensed electrician or plumber under applicable law (including by way of example, but not limitation, all repairs to pipes, drains, plumbing and electrical fixtures, heating and air-conditioning equipment, water heaters, and the replacement of the same) shall be performed by, and only by, an electrician or plumber approved by the Council.

(h) Each Owner shall comply in every respect with the House Rules and Regulations, and all other rules and regulations, as the same are from time to time promulgated by the Board of Directors.

(i) All units in the Condominium shall be used exclusively for residential purposes and for no other purpose.

(j) Nothing shall be done or kept in any unit or in the common elements (such as, for purposes of illustration, but not for purposes of limitation, the use of waterbeds, or the storage of inflammable material for other than normal household use) which will increase the rate of insurance for the Condominium, nor shall anything be done or kept in any unit or in the common elements which shall result in the cancellation of insurance on the Condominium or which would be in violation of any federal, state, or local laws, regulations or administrative rulings applicable to the operation of same.

(k) No unit shall be leased by a Unit Owner for an initial, or for any renewal period, that is less than one (1) year. No portion of any unit, but only the entire unit, shall be leased for any such period. No unit shall be leased other than under a written form of lease which shall (1) require the tenant to comply with the Condominium Declaration, these By-Laws and all rules and regulations; (2) provide that failure to comply with the instruments referred to in Item (1) of this Subsection 8.2(k) shall constitute a substantial default under the lease; and (3) provide that the Board of Directors has the power to terminate the lease or bring summary proceedings to evict the tenant in the name and at the expense of the lessor thereunder in the event of a default by the tenant in the performance under the lease. The Board of Directors shall have the authority to require that reasonable provisions providing for the safety, convenience and comfort of all residents of the Condominium be inserted in any existing lease for any unit. Each Unit Owner shall, immediately after the execution of any lease or any renewal thereof, promptly forward a conformed copy of the same to, and for review and approval by, the Board of Directors; and the lease shall be filed in the Condominium roster maintained by the Condominium. Every tenant shall supply the Council such information as may reasonably be required by the Council to maintain the Condominium roster of residents.

(l) Each Unit Owner shall have the right to use (1) the limited common elements pertaining to his unit, to the exclusion of all other Unit Owners, but subject to the provisions of applicable law, all restrictions of record, the Declaration, these Bylaws and the Rules and Regulations; and (2) the general common elements of the Condominium, in common with all other Unit Owners, consistent with the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the units as residences. The Council may, by and through its Board of Directors and pursuant to Subsection 3.2(f) of these Bylaws, adopt rules and regulations further limiting the use and enjoyment of the general common elements.

(m) Units may not be used as a Family Day Care Home (as that term is defined in Section 11-111.1(A)(3) of the Real Property Article, Annotated Code of Maryland). This prohibition may be eliminated and Family Day Care Homes may be approved by a simple majority of the total eligible voters of the Condominium under the voting procedures contained in the Declaration or Bylaws of the Condominium.

8.3 Right of Entry

The Council, or its authorized designee, shall have an irrevocable right and an easement to enter units to make repairs when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Council shall make a reasonable effort to give notice to the Owner of any unit required to be entered for the purpose of repair. An entry for the purposes specified in this Section shall not be considered a trespass.

ARTICLE IX - AMENDMENT OF BYLAWS

These Bylaws may be amended by the Council at any duly constituted meeting; provided, notice thereof shall specify the amendment to be voted on, and provided the same is approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium.

ARTICLE X - MORTGAGEES

10.1 Notice to Council

A Unit Owner whose unit is under a mortgage or deed of trust shall notify the Council (through the management agent, if any, or the President of the Council in the event there is no management agent) of the name and address of his mortgagee, and the Council shall maintain such information in a book entitled "Mortgages of Units." "Mortgagees" as used herein and in Section 10.2 of this Article X shall be construed to include any lender whose indebtedness is secured by a deed of trust or mortgage recorded among the Land Records of the City of Baltimore, State of Maryland.

10.2 Rights of Mortgagees (Federal Home Loan Insurance Corporation Requirements)

Except as provided by Statute in case of condemnation or substantial loss to the units and/or common elements of the Condominium regime, unless at least three-quarters (3/4) of the first mortgagees (based upon one vote for each first mortgage owned) or Unit Owners of the individual Condominium units have given their prior written approval, the Council shall not be entitled to:

- (a) By act or omission seek to abandon or terminate the Condominium regime;
- (b) Change the pro rata interest or obligations of any individual Condominium unit for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or determining the pro rata share of ownership of each Condominium unit in the common elements;
- (c) Partition or subdivide any Condominium unit;
- (d) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the Condominium shall not be deemed a transfer within the meaning of this clause.);
- (e) Use hazard insurance proceeds for losses to any Condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such Condominium property.

10.3 Unpaid Assessments

The Council may report to a mortgagee of a unit any unpaid assessment due from the Owner of the unit, and take such other steps as it may deem reasonable to give notice of the nonpayment of such assessment. Further, upon the written request of any mortgagee of a unit, the Council shall give written notification to the mortgagee of any default by the Owner of such unit in the performance of such Owner's obligations under the Declaration, these Bylaws, and the related Condominium documents, which default is not cured within sixty (60) days.

10.4 Examination of Books

Unit Owners, holders of mortgages or deeds of trust on Units, and their respective duly authorized agents and attorneys, shall have the right to examine the books and records of the Council during normal business hours or under other reasonable circumstances, upon written application to, and approval by, the Board of Directors, which approval shall not be unreasonably withheld.

10.5 Notice to Federal Home Loan Mortgage Corporation (FHLMC)

Upon request, the Council will give the FHLMC notice (care of Servicer or Servicer's address) in writing of any loss to, or taking of, the common elements of the Condominium if such loss or taking exceeds the sum of TEN THOUSAND DOLLARS (\$10,000.00).

10.6 Compliance with Law

Whenever in the Declaration or these Bylaws approval of a mortgagee or mortgagees is required, such approval shall be necessary only to the extent it is required by, or consistent with, the Act.

ARTICLE XI - COMPLIANCE

These Bylaws are intended to comply with the requirements of the Act. Any term to which a meaning is specifically ascribed by any provision of the Declaration or these Bylaws, and which is used in the Act, shall, wherever possible, be constructed 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 meaning ascribed in the Declaration or these Bylaws shall govern to the extent allowed by law.

ARTICLE XII - AUTOMOBILE PARKING GARAGE

The automobile parking garage is a part of the general common elements of the Condominium. The Council, acting by and through the Board of Directors, may make such charges for use of the parking garage as it considers appropriate. The Council may operate the garage itself, upon such rules and regulations as may be adopted by the Board of Directors, including leasing spaces in the garage on an hourly or monthly, or other periodic basis; or the Council may lease the entire garage area to an independent contract operator. Any income received by the Council from the parking garage shall be used to offset the operating expenses of the Council.

ARTICLE XIII - RATIFICATION

A person by his purchase of a unit in the Condominium and making settlement therefor, or by his renting or occupying the same, does thereby ratify all actions taken by the Council and the Board of Directors prior to the date of such purchase and settlement, or renting or occupying, as the case may be.

ARTICLE XIV - HOUSE RULES AND REGULATIONS

The House Rules and Regulations attached hereto shall take effect January 1, 1993, and all past House Rules and Regulations and all amendments thereto from time to time promulgated by the Board of Directors shall become null and void on such date, except that those Rules and Regulations in effect immediately prior to January 1, 1993 and governing the use of the swimming pool, the parking garage, storage lockers and the Gullford Room shall remain in effect until such time as they are repealed or amended by the Board of Directors as provided in these Bylaws.

ARTICLE XV - MISCELLANEOUS PROVISIONS

15.1 Notices

Any notice, demand, consent, approval, request or other communication or document which is to be provided hereunder by the Council or by any Director, Officer or other person to any person, shall be in writing and (a) shall be deemed to have been provided forty-eight (48) hours after having been deposited in the United States mails, postage prepaid, and addressed, (1) if the addressee is a Unit Owner or mortgagee who (in accordance with Section 2.11 of these Bylaws) has notified the Council of his or its status as such and has furnished the person's address (herein referred to as such person's "Notice Address") as set forth in the roster which is referred to herein; and (2) if the addressee is the Council, to the address of the Council's resident agent, or to 4000 North Charles Street, Baltimore, Maryland 21218, or to such other address in the United States of America as the Council may designate from time to time by notice to the Unit Owners; and (3) if the addressee either (A) has not so notified the Council and furnished the Council with such information, or (B) is any other person, to such address in the United States of America as is used by the United States Postal Service for the delivery of mail to such person or his unit; or (C) shall be deemed to have been provided upon actual hand or other delivery to such person.

15.2 Severability

No determination by any court, governmental or administrative body or agency or otherwise that any provision of these Bylaws or any amendment hereto is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other provision of these Bylaws or of such amendment, or (b) such provision in any instance not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by law, and shall be construed wherever possible as being consistent with applicable law.

15.3 Applicable Law

These Bylaws shall be given effect and construed by application of the law of Maryland, and any action or proceeding arising hereunder shall be brought in the courts of Maryland; provided, that if any such action or proceeding arises under the Constitution, laws or treaties of the United States of America, or if there is a diversity of citizenship between the parties thereto, so that it is to be brought in a United States District Court, it shall be brought in the United States District Court for the District of Maryland.

15.4 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 thereof.

15.5 Construction

All references made herein (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; and (b) in the singular or plural number shall be deemed to have been made respectively, in the plural or singular number as well.

LIBERTY 198 197354

15.6 Storerooms

The use of all of the Council storerooms, whether or not part of the common elements, shall be subject to such reasonable rules and regulations as may from time to time be promulgated by the Board of Directors.

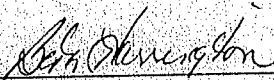
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3675
BALTIMORE CITY CIRCUIT COURT
CLERK

BALTIMORE CITY CIRCUIT COURT (Land Records) SEB 4198, p. 0354, MSA_CE164_4198. Date available 09/28/2005. Printed 10/10/2017.

CERTIFICATE OF SECRETARY

11/23/93
I hereby certify that I am the person specified in the Council's By-Laws to count votes at the meeting of the Council of Unit owners and that the aforesaid First Revision of the By-Laws of Highfield House Condominium, Inc. was approved at the Special Meeting of the Council of Unit Owners held on December 13, 1993, by Unit Owners having the required percentage of the votes and that said First Revision of the By-laws of Highfield House Condominium, Inc. shall be effective upon recordation or January 1, 1994, whichever comes later.



Beth Harrington
Acting Secretary

Return to:

Stuart D. Sagal, Esquire
341 North Calvert Street, 2nd Floor
Baltimore, Maryland 21202

LIBERTY 198 354-B

BALTIMORE CITY CIRCUIT COURT (Land Records) SEB 4198, p. 0354b, MSA_CE164_4198. Date available 09/28/2005. Printed 10/10/2017.

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FIRST AMENDMENT TO FIRST REVISION OF THE BYLAWS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.

3695-B

THIS FIRST AMENDMENT TO FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this First Amendment"), made this 10th day of December, 2001, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Article IX of the First Revision of the Bylaws of Highfield House Condominium, Inc., which Bylaws are recorded among the Land Records of Baltimore City in Liber 4198, at Page 313 et seq. (hereinafter referred to as "the Bylaws") provides that:

These Bylaws may be amended by the Council at any duly constituted meeting; provided, notice thereof shall specify the amendment to be voted on and provided the same is approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium.

; and

WHEREAS, the Council's Board of Directors did propose to amend Article III, Section 3.3; Article V, Section 5.5; Article V, Section 5.6; Article V, Section 5.7; and Article VIII, Section 8.3 of the Bylaws; and

WHEREAS, this First Amendment was approved at the annual meeting of the Council held on December 10, 2001 in accordance with Article IX of the Bylaws and Section 11-111 of the Maryland Condominium Act.

NOW, THEREFORE, the Council hereby amends the Bylaws as follows:

Article III, Section 3.3 of the Bylaws is hereby amended to read as follows:

Litigation by the Board of Directors

No judicial proceeding shall be commenced or prosecuted by the Board of Directors or by any Officer, employee, or agent of the Condominium on behalf of the Council unless such proceeding is approved by a vote of not less than a majority of the total votes appurtenant to all units in the Condominium. This Section 3.3 shall not, however, apply to (1) actions brought by the Council to enforce the provisions of the Declaration and these Bylaws, including, without limitation, the establishment and foreclosure of liens; (2) the imposition and collection of assessments as provided in the Declaration and these Bylaws; (3) the enforcement of the

Declaration and these Bylaws, the Rules and Regulations, and all other rules and regulations pertaining to all or any part of the common elements of the Condominium, as provided in these Bylaws; (4) counterclaims, cross claims and third-party claims brought by the Council in connection with proceedings against it; (5) defense of claims brought against the Council; or (6) claims commenced by the Board where the damages being claimed do not exceed 15% of the Council's annual budget.

Article V, Section 5.5(d) of the Bylaws is hereby amended to read as follows:

- (d) **Reserve Fund for Capital Improvements:** To provide a fund for necessary improvements and replacements of capital facilities of the Condominium in the common elements and to specify the purposes thereof.

Article V, Section 5.6 of the Bylaws is hereby amended to read as follows:

Notice and Approval of Budget

Copies of the recommended budget by the Board of Directors shall be mailed to each owner of a unit at least fifteen (15) days before the annual membership meeting of the Council and the same shall be submitted for approval and adoption by decision of the Council at such annual membership meeting. The Board of Directors may authorize an increase or decrease in any budget item, by an amount not to exceed fifteen percent (15%) of the amount budgeted for that item, so long as the total of the Council's annual budget is not exceeded. Should the Board deem it advisable to either increase or decrease a budget item by more than fifteen percent (15%) or increase a budget item to such an extent that the Council's annual budget would be exceeded, the Board of Directors shall submit a revised budget to the Council for approval.

Article V, Section 5.7 of the Bylaws is hereby amended to read as follows:

Special Assessments and Use of Reserve Fund

- (a) **Special Assessments:** In addition to the above, the Board of Directors may at any time recommend a special assessment applicable to the particular fiscal year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, restoration, or replacement of a capital improvement of the common elements, including fixtures and personal property related thereto, and/or to make up a deficit in the operating budget of the Council, and/or to meet any other emergency or unforeseen expenses of the

Council. Notice of a recommendation for such special assessment by the Board of Directors shall be mailed to each Owner of a unit at least fifteen (15) days before a special meeting of the Council called for the purposes of considering and deciding upon the special assessment, and such special assessment shall be submitted for adoption by the Council at such special meeting. The special assessment recommended by the Board shall be deemed adopted by the Council only upon resolution of the Council approved by at least two-thirds (2/3) of the votes present and represented by proxies and entitled to be cast at the special meeting called for the purpose of considering such special assessment.

- (b) **Funding and Use of Reserve Fund for Capital Improvements:** Assessments paid into the Reserve Fund for Capital Improvements shall be received and held by the Council, in trust, separate and apart from other Council funds. Such funds shall be used only as provided in Article V, Section 5.5(d) of these Bylaws and only for such purposes as specified in the budget, except that in any one instance in any fiscal year, the Board of Directors, by a majority vote of a quorum thereof, shall have the authority to approve the use of the greater of Ten Thousand Dollars (\$10,000.00) or ten percent (10%) of the Reserve Fund for Capital Improvements for non-budgeted emergencies requiring construction, reconstruction, repair, replacement or restoration of capital facilities.

Article VIII, Section 8.3 of the Bylaws is hereby amended to read as follows:

Right of Entry

The Council, acting by and through its Board of Directors and/or its authorized designee, shall have an irrevocable right and an easement to enter units to make repairs, or to correct conditions which are in violation of the Council's Declaration, Rules and Regulations, or these Bylaws, when the repairs or corrections reasonably appear necessary for public safety, or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Council shall make a reasonable effort to give notice to the owner of any unit required to be entered for the purposes herein stated. An entry for the purposes specified in this Section shall not be considered a trespass.

This First Amendment shall be effective upon recordation among the Land Records of Baltimore City.

Except as amended herein all other terms, covenants and conditions of the Bylaws shall remain in full force and effect.

IN WITNESS WHEREOF, Highfield House Condominium, Inc. by and through its President has caused this First Amendment to be executed on its behalf the day and year first above written.

ATTEST:

HIGHFIELD HOUSE CONDOMINIUM, INC.

Evelyn DiTosto
Evelyn DiTosto
Acting Secretary

By: John McLaughlin (Seal)
John McLaughlin
President

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY, that on this 10th day of December, 2001, I was the Secretary of Highfield House Condominium, Inc. and that I was the person authorized to count votes at the meeting of the Council at which the aforesaid First Amendment to First Revision of the Bylaws was approved. I further certify that said First Amendment was approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium, and that this First Amendment shall be effective on recordation.

Evelyn DiTosto (Seal)
Evelyn DiTosto
Acting Secretary

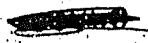
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RETURN TO:
Stuart L. Sagal, Esquire
WARTZMAN, OMANSKY, BLIBAUM,
SIMONS, CASSIN & SAGAL, P.A.
P.O. Box 6724
Towson, MD 21285-6724

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FIRST AMENDMENT TO FIRST REVISION OF THE BYLAWS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.

3895-B

THIS FIRST AMENDMENT TO FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this First Amendment"), made this 10th day of December, 2001, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Article IX of the First Revision of the Bylaws of Highfield House Condominium, Inc., which Bylaws are recorded among the Land Records of Baltimore City in Liber 4198, at Page 313 et seq. (hereinafter referred to as "the Bylaws") provides that:

These Bylaws may be amended by the Council at any duly constituted meeting; provided, notice thereof shall specify the amendment to be voted on and provided the same is approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium.

; and

WHEREAS, the Council's Board of Directors did propose to amend Article III, Section 3.3; Article V, Section 5.5; Article V, Section 5.6; Article V, Section 5.7; and Article VIII, Section 8.3 of the Bylaws; and

WHEREAS, this First Amendment was approved at the annual meeting of the Council held on December 10, 2001 in accordance with Article IX of the Bylaws and Section 11-111 of the Maryland Condominium Act.

NOW, THEREFORE, the Council hereby amends the Bylaws as follows:

Article III, Section 3.3 of the Bylaws is hereby amended to read as follows:

Litigation by the Board of Directors

No judicial proceeding shall be commenced or prosecuted by the Board of Directors or by any Officer, employee, or agent of the Condominium on behalf of the Council unless such proceeding is approved by a vote of not less than a majority of the total votes appurtenant to all units in the Condominium. This Section 3.3 shall not, however, apply to (1) actions brought by the Council to enforce the provisions of the Declaration and these Bylaws, including, without limitation, the establishment and foreclosure of liens; (2) the imposition and collection of assessments as provided in the Declaration and these Bylaws; (3) the enforcement of the

Declaration and these Bylaws, the Rules and Regulations, and all other rules and regulations pertaining to all or any part of the common elements of the Condominium, as provided in these Bylaws; (4) counterclaims, cross claims and third-party claims brought by the Council in connection with proceedings against it; (5) defense of claims brought against the Council; or (6) claims commenced by the Board where the damages being claimed do not exceed 15% of the Council's annual budget.

Article V, Section 5.5(d) of the Bylaws is hereby amended to read as follows:

- (d) **Reserve Fund for Capital Improvements:** To provide a fund for necessary improvements and replacements of capital facilities of the Condominium in the common elements and to specify the purposes thereof.

Article V, Section 5.6 of the Bylaws is hereby amended to read as follows:

Notice and Approval of Budget

Copies of the recommended budget by the Board of Directors shall be mailed to each owner of a unit at least fifteen (15) days before the annual membership meeting of the Council and the same shall be submitted for approval and adoption by decision of the Council at such annual membership meeting. The Board of Directors may authorize an increase or decrease in any budget item, by an amount not to exceed fifteen percent (15%) of the amount budgeted for that item, so long as the total of the Council's annual budget is not exceeded. Should the Board deem it advisable to either increase or decrease a budget item by more than fifteen percent (15%) or increase a budget item to such an extent that the Council's annual budget would be exceeded, the Board of Directors shall submit a revised budget to the Council for approval.

Article V, Section 5.7 of the Bylaws is hereby amended to read as follows:

Special Assessments and Use of Reserve Fund

- (a) **Special Assessments:** In addition to the above, the Board of Directors may at any time recommend a special assessment applicable to the particular fiscal year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, restoration, or replacement of a capital improvement of the common elements, including fixtures and personal property related thereto, and/or to make up a deficit in the operating budget of the Council, and/or to meet any other emergency or unforeseen expenses of the

Council. Notice of a recommendation for such special assessment by the Board of Directors shall be mailed to each Owner of a unit at least fifteen (15) days before a special meeting of the Council called for the purposes of considering and deciding upon the special assessment, and such special assessment shall be submitted for adoption by the Council at such special meeting. The special assessment recommended by the Board shall be deemed adopted by the Council only upon resolution of the Council approved by at least two-thirds (2/3) of the votes present and represented by proxies and entitled to be cast at the special meeting called for the purpose of considering such special assessment.

- (b) **Funding and Use of Reserve Fund for Capital Improvements:** Assessments paid into the Reserve Fund for Capital Improvements shall be received and held by the Council, in trust, separate and apart from other Council funds. Such funds shall be used only as provided in Article V, Section 5.5(d) of these Bylaws and only for such purposes as specified in the budget, except that in any one instance in any fiscal year, the Board of Directors, by a majority vote of a quorum thereof, shall have the authority to approve the use of the greater of Ten Thousand Dollars (\$10,000.00) or ten percent (10%) of the Reserve Fund for Capital Improvements for non-budgeted emergencies requiring construction, reconstruction, repair, replacement or restoration of capital facilities.

Article VIII, Section 8.3 of the Bylaws is hereby amended to read as follows:

Right of Entry

The Council, acting by and through its Board of Directors and/or its authorized designee, shall have an irrevocable right and an easement to enter units to make repairs, or to correct conditions which are in violation of the Council's Declaration, Rules and Regulations, or these Bylaws, when the repairs or corrections reasonably appear necessary for public safety, or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Council shall make a reasonable effort to give notice to the owner of any unit required to be entered for the purposes herein stated. An entry for the purposes specified in this Section shall not be considered a trespass.

This First Amendment shall be effective upon recordation among the Land Records of Baltimore City.

Except as amended herein all other terms, covenants and conditions of the Bylaws shall remain in full force and effect.

IN WITNESS WHEREOF, Highfield House Condominium, Inc. by and through its President has caused this First Amendment to be executed on its behalf the day and year first above written.

ATTEST:

HIGHFIELD HOUSE CONDOMINIUM, INC.

Evelyn DiTosto
Evelyn DiTosto
Acting Secretary

By: John McLaughlin (Seal)
John McLaughlin
President

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY, that on this 10th day of December, 2001, I was the Secretary of Highfield House Condominium, Inc. and that I was the person authorized to count votes at the meeting of the Council at which the aforesaid First Amendment to First Revision of the Bylaws was approved. I further certify that said First Amendment was approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium, and that this First Amendment shall be effective on recordation.

Evelyn DiTosto (Seal)
Evelyn DiTosto
Acting Secretary

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RETURN TO:
Stuart L. Sagal, Esquire
WARTZMAN, OMANSKY, BLIBAUM,
SIMONS, CASSIN & SAGAL, P.A.
P.O. Box 6724
Towson, MD 21285-6724

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SECOND AMENDMENT TO FIRST REVISION OF THE BYLAWS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.

THIS SECOND AMENDMENT TO FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this Second Amendment"), is made as of the 9th day of December 2002, by Highfield House Condominium, Inc. (hereinafter referred to as "The Council").

WHEREAS, Article IX of the First revision of the Bylaws of Highfield House Condominium, Inc., which Bylaws are recorded among the Land Records of Baltimore City in Liber 4198, at Page 313 et seq. (hereinafter referred to as "the Bylaws") provides that:

These bylaws may be amended by the Council at any duly constituted meeting; provided, notice thereof shall specify the amendment to be voted on and provided the same is approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium.

And WHEREAS, the Council's Board of Directors did propose to amend Article VI, Section 6.3, subsection (a) of the Bylaws; and

WHEREAS, this Second Amendment was approved at the annual meeting of the Council held on December 9, 2002 in accordance with Article IX of the Bylaws and Section 11-111 of the Maryland Condominium Act.

NOW, THEREFORE, WITNESSETH:

That Article VI, Section 6.3, subsection (a) of the Bylaws is hereby amended to read as follows:

Types of Insurance

(a) Property, Casualty or physical Damage Insurance: Casualty or physical damage insurance in an amount equal to the full replacement value of all insurable improvements which form part of the Condominium as constructed as of the date hereof (exclusive of betterments and improvements within any unit including, but not limited to, clothes washers and dryers); and all Council property, as such value is 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 is determined by the Board of Directors, but shall not exceed TEN THOUSAND DOLLARS (\$10,000.00).

[Sub-sections (1), (2) and (3) of this sub-section (a) shall remain in full force and effect without change.]

NO Property - Unlocated

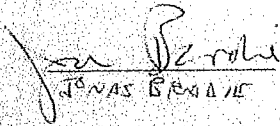
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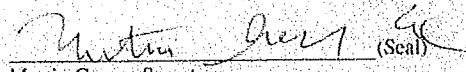
This Second Amendment shall be effective upon recordation among the Land Records of Baltimore City. Except as amended herein all other terms, covenants and conditions of the Bylaws shall remain in full force and effect.

IN WITNESS WHEREOF, the Secretary of the Board of Directors of the Condominium certifies that he is the person who was authorized by the By-Laws to count votes at the meeting of the Council at which the aforesaid Second Amendment to First Revision of the Bylaws was approved and that the foregoing By-Law Amendment was approved by unit owners having the required percentage of the votes of the Council at a meeting of the Highfield House Condominium, Inc. held on December 9, 2002.

ATTEST:

HIGHFIELD HOUSE CONDOMINIUM, INC.


Jonas Berdahl

 (Seal)
Martin Green, Secretary

THIRD AMENDMENT TO FIRST REVISION OF
THE BY-LAWS OF HIGHFIELD HOUSE CONDOMINIUM, INC.

This third amendment to the first revision of the Bylaws of Highfield House Condominium, Inc. (hereinafter referred to as "this third amendment"), is made as of the day of October, 2007 by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WHEREAS, Article IX of the First Revision of Bylaws of Highfield House Condominium, Inc., which Bylaws are recorded among the land records of Baltimore City in liber 4198, folio 313, et seq. (hereinafter referred to as "the Bylaws") provides that:

These Bylaws may be amended by the Council at any duly constituted meeting; provided; notice thereof shall specify the amendment to be voted on, and provided the same is approved by at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium.

WHEREAS, the Board of Directors of the Council did propose to amend Article V, Sections 5.5(d), 5.6 and 5.7, and Article VIII, Section 8.2(k) of the Bylaws; and

WHEREAS, this third amendment was approved at the annual meeting of the Council held on December 11, 2006 in accordance with Article IX of the Bylaws and Section 11-111 of the Maryland Condominium Act.

NOW, THEREFORE, WITNESS that Article V, Section 5.5 (d) of the Bylaws, as enumerated in the First Amendment to First Revision of the Bylaws of Highfield House Condominium, Inc. which amendment to the Bylaws is recorded among the land records of Baltimore City at liber 2141, folio 123 et seq. is hereby amended to read as follows:

- (d) Reserve Fund for Capital Improvements:

To provide a fund for necessary improvements and replacements of capital facilities of the Condominium in the common elements and to specify the purposes and budgets thereof.

NOW, THEREFORE, WITNESS that Article V, Section 5.6 of the Bylaws, as enumerated in the First Amendment to First Revision of the Bylaws of Highfield House Condominium, Inc. which amendment to the Bylaws is recorded among the land records of Baltimore City at liber 2141, folio 123 et seq., is hereby amended to read as follows:

BALTIMORE CITY CIRCUIT COURT (Land Records) FMC 10087, p. 0384, MSA CE164, 19240. Date available 10/31/2007. Printed 10/10/2017.
3625-B - 4000 N. Char / es

5.6 Notice and Approval of Budget

Copies of the recommended budget by the Board of Directors shall be mailed to each owner of a unit at least fifteen (15) days before the annual membership meeting of the Council and the same shall be submitted for approval and adoption by decision of the Council at such annual membership meeting. The Board of Directors may authorize an increase in any budget category (e.g. Personnel, Utilities, Contracts, Repairs/Maintenance/Supplies, Operating Contingency, Administrative Expenses and Transfers to the Reserve Fund) by an amount not to exceed fifteen percent (15%) of the amount budgeted for that category so long as the total of the Council's annual budget is not exceeded. Should the Board deem it advisable to increase a budget category by more than fifteen percent (15%) or increase budget categories to such an extent that the Council's annual budget would be exceeded, the Board of Directors shall submit a revised budget to the Council for approval.

NOW, THEREFORE, WITNESS that Article V, Section 5.7 of the Bylaws, as enumerated in the First Amendment to First Revision of the Bylaws of Highfield House Condominium, Inc. which amendment to the Bylaws is recorded among the land records of Baltimore City at liber 2141, folio 123 et seq., is hereby amended to read as follows:

Special Assessments and Use of Reserve Fund(a) Special Assessments:

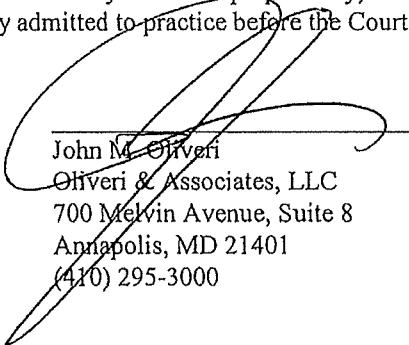
In addition to the above, the Board of Directors may at any time recommend a special assessment applicable to the particular fiscal year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, restoration, or replacement of a capital improvement of the common elements, including fixtures and personal property related thereto, and/or to make up a deficit in the operating budget of the Council, and/or to meet any other emergency or unforeseen expenses of the Council. Notice of a recommendation for such special assessment by the Board of Directors shall be mailed to each Owner of a unit at least fifteen (15) days before a special meeting of the Council called for the purposes of considering and deciding upon the special assessment, and such special assessment shall be submitted for adoption by the Council at such special meeting. The special assessment recommended by the Board shall be deemed adopted by the Council only upon resolution of the Council approved by at least two-third (2/3) of the votes present and represented by proxies and entitled to be cast at the special meeting called for the purpose of considering such special assessment. **The Board may increase the budget of any proposed use of the reserve fund by an amount not to exceed fifteen percent (15%) as long as the total annual budget for the use of the reserve fund uses approved by the Council of Unit Owners is not increased. If the budget for an approved use of the reserve fund needs to be increased by more than fifteen percent (15%) or the overall annual budget for the approved uses of the reserve fund needs to be increased the Board will submit a new annual budget for the use of the Reserve Fund for the approval of the Council.**

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NOW, THEREFORE, WITNESS that Article VIII, Section 8.2(k) of the Bylaws is hereby amended to read as follows:

No unit whose title is obtained by its owner after December 31, 2006 may be leased or assigned without the express written permission of the Board of Directors which permission will be given only in exceptional circumstances in order to avoid undue hardship on the Unit Owner. No unit shall be leased by Unit Owner for an initial, or for any renewal period, that is less than one (1) year. No portion of any unit, but only the entire unit, shall be leased for any such period. No unit shall be leased other than under a written form of lease which shall (1) require the tenant to comply with the Condominium Declaration, these Bylaws and all rules and regulations; (2) provide that failure to comply with the instruments referred to in Item (1) of this Subsection 8.2(k) shall constitute a substantial default under the lease; and (3) provide that the Board of Directors has the power to terminate the lease or bring summary proceedings to evict the tenant in the name and at the expense of the lessor thereunder in the event of a default by the tenant in the performance under the lease. The Board of Directors shall have the authority to require that reasonable provisions providing for the safety, convenience and comfort of all residents of the Condominium be inserted in any existing lease for any unit. Each Unit Owner shall, immediately after the execution of any lease or any renewal thereof, promptly forward a conformed copy of the same to, and for review and approval by, the Board of Directors, and the lease shall be filed in the Condominium roster maintained by the Condominium. Every tenant shall supply the Council such information as may reasonably be required by the Council to maintain the Condominium roster of residents.

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



John M. Oliveri
Oliveri & Associates, LLC
700 Melvin Avenue, Suite 8
Annapolis, MD 21401
(410) 295-3000

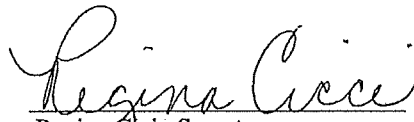
After recording, please return to Oliveri & Associates, LLC, 700 Melvin Avenue, Suite 8, Annapolis, Maryland 21401.

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CERTIFICATE OF SECRETARY
OF HIGHFIELD HOUSE 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 designated pursuant to Article IV, Section 4.5 of the Bylaws of Highfield House Condominium, Inc. to count and record the votes at the meeting of the Council of Unit Owners of Highfield House Condominium, Inc. held on December 11, 2006.
2. That the amendment to Article V, Section 5.5(d) of the Bylaws was duly approved by 96.27 % of the unit owners at a meeting of the Council of Unit Owners of Highfield House Condominium, Inc. held on December 11, 2006 and shall be effective upon recordation.
3. That the amendment to Article V, Section 5.6 of the Bylaws was duly approved by 91.89 % of the unit owners at a meeting of the Council of Unit Owners of Highfield House Condominium, Inc. held on December 11, 2006 and shall be effective upon recordation.
4. That the amendment to Article V, Section 5.7 of the Bylaws was duly approved by 87.14 % of the unit owners at a meeting of the Council of Unit Owners of Highfield House Condominium, Inc. held on December 11, 2006 and shall be effective upon recordation.
5. That the amendment of Article VIII, Section 8.2(k) of the Bylaws was duly approved by 75.53 % of the unit owner at a meeting of the Council of Unit Owners of Highfield House Condominium, Inc. held on December 11, 2006 and shall be effective upon recordation.
6. As of December 11, 2006, there were 165 eligible unit owners to vote on the amendment.

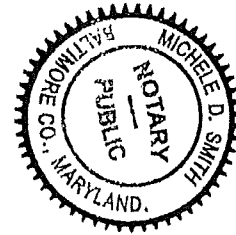

Regina Cici, Secretary
For Highfield House Condominium, Inc.

STATE OF MARYLAND, COUNTY OF Baltimore TO WIT:

I HEREBY CERTIFY that on this 11th day of October, 2007, before me, the subscriber, a Notary Public for the state aforesaid, personally appeared Regina Cici, Secretary for Highfield House Condominium, Inc., and acknowledged the foregoing to be the act of said Condominium and she further acknowledged and certified that she is the person specified in the Bylaws to tally votes at meetings of the Condominium and that the foregoing was approved by the percentage of votes required by law and the Bylaws of the Condominium.

Michele D. Smith
Notary Public

My Commission Expires: 5/19/10



CITY OF BALTIMORE RECORDATION TAX
EXEMPT DOCUMENT
REVENUE COLLECTIONS
DEPARTMENT OF FINANCE

12/30/16 *[Signature]*
Date Association Tax Clerk

FOURTH AMENDMENT TO FIRST REVISION OF
THE BYLAWS OF HIGHFIELD HOUSE CONDOMINIUM, INC.

THIS FOURTH AMENDMENT TO FIRST REVISION OF THE BYLAWS OF HIGHFIELD HOUSE CONDOMINIUM, INC. ("Fourth Amendment") is made this 12th day of December, 20 16; by the Council of Unit Owners of Highfield House Condominium, Inc., a Maryland non-stock corporation (hereinafter referred to as the "Council").

WITNESSETH:

A. That certain First Revision of the Bylaws of Highfield House Condominium, Inc., effective January 1, 1994, was recorded among the Land Records of Baltimore City, Maryland ("Land Records") in Liber SEB 4198, folio 0313 *et seq.*, as amended by the Second Amendment to First Revision of the Bylaws of Highfield House Condominium, Inc., dated December 9, 2002, recorded among the Land Records in Liber FMC 3922, folio 0279 *et seq.*, and amended by the Third Amendment to First Revision of The By-Laws of Highfield House Condominium, Inc., dated October 15, 2007, recorded among the Land Records in Liber FMC 10087, folio 0384 *et seq.* (collectively, the "By-Laws").

B. Pursuant to Article IX of the By-Laws, the Council may amend the By-Laws at a duly constituted meeting provided that notice of the meeting shall specify the amendment to be voted upon, and further provided that the amendment is approved by the affirmative vote of Unit Owners representing at least sixty-six and two-thirds percent (66 2/3%) of the total votes appurtenant to all units in the Condominium.

C. The requisite number of votes to amend the By-Laws has been obtained at a duly called meeting of the Council in accordance with Article IX of the By-Laws.

D. The Unit Owners desire to adopt the amendments to the By-Laws, which are hereinafter set forth in accordance with the procedures set forth in the By-Laws.

NOW, THEREFORE, the By-Laws are hereby amended as follows:

1. **Description of Fourth Amendment.** The proposed Fourth Amendment provides as follows:

A. Article III, Section 3.2(i) of the Bylaws is hereby amended by adding the following provisions at the end of this Section:

The Board shall have the right to determine the amount of any fine(s) by resolution of the Board, from time to time. Any such fine(s) imposed by the Board in accordance with this Section for violations of the Rules and Regulations shall be due and payable from the Unit Owner within fifteen (15) days of delivery by the Board of a notice advising the Unit Owner of the results of the hearing held pursuant to Section 11-113 of the Act and setting

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forth the amount of the fine(s) imposed. Any fine not paid within the aforesaid fifteen (15) day period set forth herein may be collected in the same manner as any other type of unpaid assessment (including the imposition of late fees, interest, attorneys' fees and all costs of enforcement and collection); and further, the Council may establish a lien against the unit of such Unit Owner in accordance with the Declaration and these Bylaws. The amount of any fine(s) shall also become the binding personal obligation of the affected Unit Owner. Nothing herein shall be construed as a prohibition or limitation of the right(s) of the Council to pursue any other means of enforcement of Rules and Regulations, including, but not limited to, legal action for damages or injunctive relief and recovery of all costs, expenses and attorneys' fees.

2. A new Section 15.7 is hereby inserted as follows:

15.7 Additional Enforcement Provisions

Nothing herein shall be construed as a prohibition or limitation of the right(s) of the Council to pursue any other means of enforcement of the provisions of the Declaration, these Bylaws, the Articles of Incorporation or Rules and Regulations, including, but not limited to, imposition of fines pursuant to Section 11-113 of the Condominium Act in the event of any violation of the Declaration, these Bylaws, the Articles of Incorporation or Rules and Regulations, which fines shall be imposed in accordance with Section 3.2 (i) of these Bylaws, as well as instituting legal action for damages and/or injunctive relief and recovery of all costs and attorneys' fees incurred in connection therewith by the Council.

3. Except as amended by this Fourth Amendment, all other provisions of the By-Laws remain unchanged and in full force and effect.

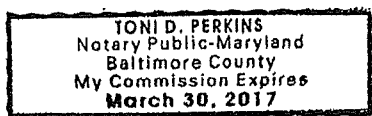
4. The Recitals herein shall form a substantive portion of this Fourth Amendment and are incorporated herein by reference and made a part hereof and any capitalized terms shall have the meanings ascribed to them in the Declaration and By-Laws, unless otherwise provided herein.

5. This Fourth Amendment shall be effective as of the date of recordation of this instrument among the Land Records.

CERTIFICATE OF THE SECRETARY OF
HIGHFIELD HOUSE CONDOMINIUM, INC.
PURSUANT TO SECTION 11-104 OF THE MARYLAND CONDOMINIUM ACT

I HEREBY CERTIFY AS FOLLOWS:

1. I am the Secretary and person designated under Article IV, Section 4.5 of the By-Laws to count and record the votes at the meeting of the Council of Unit Owners of Highfield House Condominium, Inc. held on December 12th, 2016.
2. The amendments set forth in the Fourth Amendment, to which this Certificate is attached, was duly approved by the requisite vote of Unit Owners at a meeting of the Council at which there was a quorum present, in person or by proxy.



Highfield House Condominium, Inc.

By: Gregory J. Williams, Secretary

STATE OF MARYLAND, COUNTY/CITY OF Baltimore : to wit

I HEREBY CERTIFY, that on this 16th day of December, 2016, before me, the subscriber, a Notary Public in and for the State of Maryland and County aforesaid, personally appeared Gregory Williams, known to me, or satisfactorily proven to be, the person named as Secretary of Highfield House Condominium, Inc., and as Secretary, and by virtue of the authority vested in him/her, acknowledged the foregoing Certificate for the purposes therein contained.

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

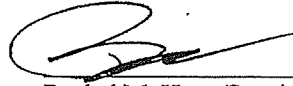
Toni D. Perkins
Notary Public

My commission expires: 3/30/2017

BALTIMORE CITY CIRCUIT COURT (Land Records) MB 18788, p. 0492, MSA_CE164_27945. Date available 01/27/2017. Printed 02/02/2017.

ATTORNEY CERTIFICATION

The undersigned hereby certifies that the foregoing instrument was prepared by or under the supervision of an attorney admitted to practice before the County of Appeals of Maryland.

A handwritten signature in black ink, appearing to read 'R. Hess', is written over a horizontal line.

Rachel M. Hess, Esquire

AFTER RECORDATION, PLEASE RETURN TO:


Rachel M. Hess, Esquire
Winegrad, Hess, Friedman & Levitt, LLC
400 Redland Court
Suite 212
Owings Mills, Maryland 21117

BALTIMORE CITY CIRCUIT COURT (Land Records) MB 18788, p. 0495, MSA_CE164_27945. Date available 01/27/2017. Printed 02/02/2017.

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LR - Agreement 20.00
 Recording Fee 20.00
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 CONDOMINIUM, INC.
 Ref: 4632 DILLON ST.
 (ET AL)
 LR - Agreement 40.00
 Surcharge 40.00
 Subtotal: 60.00
 Total: 120.00
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JAN 12 2017

CIRCUIT COURT
FOR BALTIMORE CITY

Highfield House Condominium

Condominium Declaration



CONDOMINIUM
REGIME
DECLARATION

SUPERIOR COURT

of BALTIMORE CITY

LAND RECORDS

ROOM 618

~~RECORDED~~
EN
CHARLES W. MACKAY, JR. Clerk

CERTIFIED COPY

CONDOMINIUM REGIME DECLARATION

FROM

GTF CORPORATION

TO

METROPOLITAN GOOD CHARITIES

BLDG

Libec WA No. 3856, Fol. 86

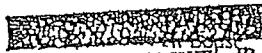
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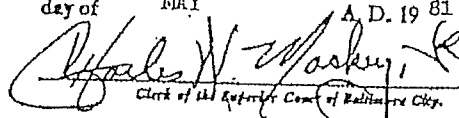
In the Superior Court of Baltimore City

State of Maryland,
City of Baltimore, Sct.

 Clerk of the Superior Court of Baltimore City, do hereby certify that
CHARLES W. MACKEY, JR.
the foregoing is a true copy of the original CONDOMINIUM REGIME DECLARATION
taken from the records of the said Superior Court of Baltimore City as recorded in Liber WA
No. 3856 Folio 86 one of the LAND Records of Baltimore City.

*In Testimony Whereof, I hereto set my hand and
affix the seal of said Court, this 22nd*

day of MAY A. D. 19 81


Clerk of the Superior Court of Baltimore City.

This Certificate is not authentic unless the Seal of the Superior Court of Baltimore City is originally impressed here.

HIGHFIELD HOUSE CONDOMINIUM

CONDOMINIUM REGIME DECLARATION

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HIGHFIELD HOUSE CONDOMINIUM

CONDOMINIUM REGIME DECLARATION

THIS DECLARATION, Made in Baltimore City, State of Maryland, this 27 day of December, 1979, by METROPOLITAN 4000 CHARLES BUILDING, an Illinois Limited Partnership,

WHEREAS, by Deed dated the 13th day of September, 1963 and recorded among the Land Records of Baltimore City aforesaid in Liber J.F.C. No. 1557, Folio 111, et seq., CPF Corporation granted and conveyed unto the said Metropolitan 4000 Charles Building (hereinafter called "Developer") all that certain parcel of land more particularly described in Exhibit A attached hereto and made a part hereof by reference; and

WHEREAS, the said parcel of land has been improved by a multi-story residential apartment building known as Highfield House; and

WHEREAS, it is the intention of Developer to subject the said parcel of land and the improvements thereon to a condominium regime and to that end Developer has caused to be prepared a series of Plats by Lyon Associates, Inc., Surveyors and Civil Engineers, consisting of sevantaen (17) sheets, entitled "Highfield House Condominium," and dated November 6, 1979 (hereinafter called the "Condominium Plats").

NOW, THEREFORE, THIS DECLARATION WITNESSETH:

ARTICLE I

Declaration of Condominium

Developer does hereby declare its intent and does subject to a condominium regime pursuant to Title 11 of the Real Property Article, Annotated Code of Maryland (1978 Cumulative Supplement), all that parcel of ground lying in Baltimore City, State of Maryland, more particularly described in Exhibit A attached hereto and made a part hereof.

TOGETHER WITH the buildings and improvements thereon erected and the rights, alleys, ways, waters, privileges, appurtenances and advantages to the same belonging or in anywise appertaining.

Said parcel of land and the improvements constructed thereon are shown on the Condominium Plats which are incorporated herein by reference. The Condominium Plats are recorded or are intended to be recorded simultaneously herewith among the Condominium Plat Books of the Land Records of Baltimore City aforesaid.

ARTICLE II

Name

The name of the Condominium (which is hereafter referred to as the "Condominium") shall be

HIGHFIELD HOUSE CONDOMINIUM

ARTICLE III

Description of Condominium

The Condominium consists of the land described in Exhibit A attached hereto and the improvements erected thereon.

The improvements consist of a fifteen (15) story structure with one (1) underground parking level and an outdoor swimming pool. The structure contains thirteen (13) floors of residential units and common elements, including a recreation room, storage locker area, laundry room, and a two-story lobby, and the parking garage, all as more particularly shown on the Condominium Plats. The address of the improvements being known as 4000 North Charles Street.

For purposes of identification, each residential unit is given a three or four digit identifying number. The first digit in a three-digit number and the first two digits in a four-digit number of each identifying number indicates the floor of the building on which the unit is located and the other digits identify the specific unit.

The structure is a steel frame building with masonry and glass walls, concrete floors and drywall partitions, all as more particularly shown on the Condominium Plats.

The Condominium is divided in the manner and to the extent depicted on the Condominium Plats into Condominium units and common elements, which are further subdivided into limited common elements and general common elements.

ARTICLE IV

Description of Units

Units will be sold to one or more owners, each owner obtaining a particular and exclusive property right thereto, and also an undivided percentage interest in the common elements of the Condominium as shown in Exhibit B attached hereto and made a part hereof.

The dimensions, area and locations of each unit are shown graphically and as noted on the Condominium Plats, provided, however, that the existing physical boundaries of any unit or common element constructed or reconstructed in substantial conformity to the Condominium Plats shall be conclusively presumed to be its boundaries, regardless of the shifting, settlement or lateral movement of the building and regardless of minor variations between the physical boundaries, as described herein or shown on the Condominium Plats, and the existing physical boundaries of any such unit or common element.

Except as otherwise hereinafter provided, each residential unit shall include the space bounded by and contained within the outside surface or stud side of the paneling, sheetrock or drywall portion of the interior perimeter walls, and the outside surface or masonry side of the paneling, sheetrock or drywall portion of the exterior perimeter wall, the lower surface of the unfinished structural concrete ceiling, and the upper surface of the unfinished structural concrete subfloor of each unit. Each residential unit also includes both the portions of the building as so described and the airspace so encompassed, including windows and doors to the outside surfaces

thereof. Each such unit shall contain all built-in kitchen appliances installed therein and all electrical installations and fixtures for the use of such unit as well as all wiring and conduit running from and including the unit circuit breaker panel to all such installations and fixtures, and without limiting the generality of the foregoing, each unit shall include all outlets, switches, lampholders and other electrical service terminals, wherever located, for the exclusive use of said unit. Each unit shall include all of the heating and air-conditioning machinery and equipment located within said unit, and all of its controls and control wiring, and all supply, return and drain pipes to the point of their connection with their respective common risers. Each unit shall also contain all duct work, if any, running from said heating and air-conditioning equipment to, and including, the outlets thereof into the unit. Each unit shall contain the range hood fan, if any, and the bath fan, if any, and the connecting duct work to the vertical shaft. Each unit shall also include all bathroom and kitchen plumbing fixtures and connections therefor, including all sinks, built-in dishwashers, disposals, faucets, commodes, bathtubs and shower stalls and including hot and cold water pipes to, and drain pipes from, respectively, the point of connection with each such fixture to the point where each such pipe or drain connects with its common riser. Unless specifically excluded by the terms of this Article, each unit shall include all improvements, fixtures and installations of every kind and nature whatsoever located within the boundaries of said unit as set forth herein as well as the improvements, fixtures and installations specifically included by the terms hereof whether or not said improvements, fixtures and installations are located within said boundaries; provided, however, that whenever load-bearing walls, partitions or columns are located within said boundaries, said unit shall be deemed to include only

the non-load-bearing or non-structural portions of said walls, partitions or columns respectively.

In interpreting deeds, declarations and plans, the existing physical boundaries of a unit constructed or reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in a deed, plat or this Declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries shown on the plat or in the deed and those of the building.

ARTICLE V

Description of Common Elements

The common elements include all of the Condominium, except the units. The common elements are divided into limited common elements and general common elements.

Limited Common Elements. Entrances and door frames shown and graphically described in the Condominium Plats are limited common elements appurtenant to each of the units to which they are attached or assigned. These limited common elements are reserved for the exclusive use of the units to which they are appurtenant by reason of attachment or assignment, to the exclusion of other units, and there shall pass with a unit, as appurtenant thereto, the exclusive right to use the limited common elements so appurtenant. Any expense of ordinary maintenance or repair relating to such limited common elements shall be the responsibility of the owner of the unit to which the element is appurtenant or the unit owners sharing such elements, but all structural maintenance, repair or replacement thereof shall be treated and paid for as a part of the common expense of the Council unless the same shall be caused by negligence or deliberate act of an individual unit owner or other persons residing in

a unit with the unit owner's actual or implied consent or permission, in which case expenses of maintenance, repair or replacement relating to such limited common elements referred to in this Part shall be borne by and assessed against the individual unit owner, less the amount of any insurance benefits received by the Council on account thereof.

General Common Elements. The general common elements of the Condominium shall consist of all the common elements not described above as a part of the limited common elements.

Any expense of maintenance, repair or replacement relating to the general common elements and structural maintenance, repair or replacement of the general common elements, shall be treated and paid for as a part of the common expense of the Council unless the same shall be caused by the negligence or deliberate act of the individual unit owner or other persons residing in a unit with the unit owner's actual or implied consent or permission, in which case expenses of maintenance, repair or replacement relating to such general common elements referred to in this Part shall be borne by and assessed against the individual unit owner, less the amount of any insurance benefits received by the Council on account thereof.

ARTICLE VI

Interest Acquired

Each unit in the Condominium has all of the incidents of real property and the owner of a unit shall have such estate therein as may be acquired in real property, including an estate in fee simple absolute and shall have the same estate as to an undivided percentage interest in the common elements in the Condominium equal to that set forth in Exhibit B attached hereto.

The percentage interest of each unit owner in the common expenses and common profits of the Condominium shall be that set forth in Exhibit B attached hereto.

These percentage interests shall have a permanent character and except as provided herein, may not be changed without the written consent of all of the unit owners and their mortgagees.

ARTICLE VII

Administration

The administration of the Condominium shall be by the Council of Unit Owners (herein called the "Council") established by the By-Laws appended to this Declaration and shall be in accordance with the laws of the State of Maryland and with the provisions of this Declaration, said By-Laws and any proper amendments thereof.

ARTICLE VIII

Votes

The number of votes at meetings of the Council appurtenant to each unit in the Condominium shall be the sum of the percentage interest in the common profits and common expenses appurtenant to such unit times one hundred (100).

ARTICLE IX

Compliance

Each owner shall comply with the provisions of this Declaration, the By-Laws and the decisions and resolutions of the Council or its representatives, as lawfully amended from time to time and uniformly enforced, and failure to comply with any such provision, decision or resolution, shall be grounds for an action by the Council for damages, foreclosure and/or injunctive relief, or any combination thereof, or any other action or relief available at law or in equity.

ARTICLE X

Lien for Assessments

Subject to the limitation upon the lien for assessments imposed by Article XIV hereof, sums assessed by the Council to meet the budget adopted by the Council pursuant to the By-Laws

to pay common expenses and any other sums properly assessed by the Council shall be a lien against the unit to which the assessment applied, and upon any default in the payment thereof which shall continue for thirty (30) days after written notice of such default to the owner of the unit, sent to the address of the owner of the unit shown on the Roster of Members maintained by the Council, in addition to all other remedies provided by law, the owner of the unit hereby declares his assent to the passage of a decree for the sale of the unit to which the lien applies and hereby authorizes the Council or its duly designated attorney-in-fact to sell such unit. Any such sale, whether under the aforementioned assent to a decree or under the aforementioned power of sale, shall be made in the same manner and subject to the same requirements as the foreclosure of mortgages or deeds of trust on real property in this State containing a power of sale or an assent to a decree. Suit against the owner of the unit for any deficiency following foreclosure may be maintained in the same proceeding and suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. The terms of any such foreclosure sale may be all cash upon ratification of the sale or such other terms as the party selling may deem expedient.

Upon such foreclosure, the condominium assessment lien shall have preference over any other assessment, lien, judgment or charge of whatsoever nature except:

- a. General and special assessments for real estate taxes on the Condominium unit; and
- b. The lien of any first deed of trust, mortgage instrument or encumbrance duly recorded on the unit prior to the time a Statement of Condominium Lien is recorded among the Land Records of Baltimore City.

Subject to such priority, upon any such sale of the property under this provision, the proceeds shall be applied as follows:

1. The repayment of all expenses incident to the sale, including a counsel fee of Seven Hundred Fifty (\$750.00) Dollars for conducting the proceedings if without contest, but if legal services shall be rendered to the Council or party selling under the power of sale in connection with any contested matter in the proceedings, then such additional counsel fees and expenses shall be allowed out of the proceeds of sale as the court may deem proper; and a commission to the party making the sale of said property equal to the commission allowed Trustees for making sale of property by virtue of a decree of the court having equity jurisdiction in the State of Maryland; and

2. To the payment of all claims of the Council hereunder, whether the same shall have matured or not, including interest thereon until ratification of the final audit; and

3. The balance, if any, to the owner of the unit, or to whomsoever may be entitled to the same.

In the event the assessment shall be paid after any advertisement of the unit, but before the sale thereof, the owner hereby covenants to pay also, all expenses incident to said advertisement or notice, all court costs and all expenses incident to the foreclosure proceedings under this provision, and a commission on the total amount of the assessment indebtedness equal to one-half the percentage allowed as commission to Trustees making sale under orders or decree of the court having jurisdiction in the State of Maryland; but said sale may be proceeded with unless, prior to the date appointed therefor, payment be made of said assessment, costs, expenses and commission.

The Council shall have the power to bid in the unit at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

ARTICLE XI

Common Expenses

All expenses of maintenance of the common elements and for the operation of the Condominium shall be assessed to all units in proportion to the percentage interest in the common expenses for that unit as set forth in Exhibit B attached hereto. All such charges against any Condominium unit and all charges applicable to that unit for repairs (or other corrections) to a unit made pursuant to Section 7.4 of the By-Laws shall be levied and assessed as a lien at the beginning of each fiscal year and shall become due and payable in installments, subject to acceleration on default, as the By-Laws shall provide.

ARTICLE XII

Compliance with Condominium Regime

All present and future owners, tenants and occupants of units shall be subject to and shall comply with, the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement between such owner, tenant or occupant and the Council that the provisions of this Declaration, the By-Laws and the Rules and Regulations as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof. A copy of the current By-Laws of the Condominium is filed herewith, marked Exhibit C and made a part hereof.

ARTICLE XIII

No Exemption From Liability

No owner of a Condominium unit may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit.

ARTICLE XIV

Grantor/Grantee Liability

In a voluntary conveyance of a Condominium unit the grantee of the unit shall be jointly and severally liable with the grantor for all unpaid assessments by the Council against the grantor for his share of the common expenses up to the time of the voluntary grant without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such contract purchaser shall be entitled, on written request, to a statement in writing from the Council setting forth the amount of any unpaid assessments against the grantor due the Council and such purchaser shall not be liable for, nor shall the Condominium unit conveyed be subject to a lien for, any unpaid assessments made by the Council against the grantor or the unit in excess of the amount therein set forth.

ARTICLE XV

Developer Rights

Developer reserves the right to change the design and arrangement of units, at its expense, including the right to alter the boundaries between units, to incorporate a part or all of a unit as a part of another unit, to divide a unit into two (2) or more units, and/or to designate all or part of a unit as general or limited common elements, as long as Developer owns the units so altered. If Developer alters the boundaries of a unit, such alteration shall be reflected by an amendment to this Declaration. If more than one unit is concerned, Developer may reapportion, between the units, the percentage interests appurtenant to the

units concerned, and this too shall be reflected by an amendment to this Declaration and the Condominium Plat of the unit or units affected.

Anything contained in this Declaration or the By-Laws to the contrary notwithstanding, alteration of a unit or units by the Developer as herein provided for need not be approved by the Council, unit owners or purchasers, lienors or mortgagees of units (except a mortgage lender on the entire Condominium or a mortgage lender who has a lien on the unit [or units] affected, whose approval in advance in writing shall be required), and an amendment to this Declaration and the Condominium Plat reflecting an authorized alteration of a unit or units by the Developer as herein permitted need be signed and acknowledged only by the Developer, and may be recorded by the Developer.

The provisions hereof are not intended and shall not be interpreted to limit or restrict in any manner the rights of the owner or owners of any unit or units to change the design and arrangement of those units as permitted by Section 11-107(d) of the Real Property Article, Annotated Code of Maryland, or other applicable law.

ARTICLE XVI

Easement

The Council and Management Agent, if any, and their agents or employees, shall have an irrevocable right and easement to enter units to make repairs to that unit, other units or common elements when repairs reasonably appear to be necessary for public safety or to prevent damage to property other than that unit, and to restore any part of the Condominium. Such entry to a unit shall only be made after twenty-four (24) hours notice given to the owner or occupant of the unit, except in the event of an emergency in which event entry may be made without prior notice.

In addition to any easement established by law, each unit

shall have, appurtenant thereto, an easement in the common elements for the purposes of providing maintenance, support, repair or service for such unit and to and for the ducts, pipes, conduits, vents, plumbing, wiring and other utility services to the unit. This easement, whether included in said boundaries or otherwise, is a common element.

If any part of the common elements encroaches upon any unit, or if any unit or any part thereof encroaches upon a common element, whether such encroachment is attributable to design, construction, settlement or shifting of the Condominium, or any other reason whatsoever beyond the control of the Developer, the Council and/or any unit owner, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does hereby exist. Further, such easement shall remain in full force and effect so long as the encroachment shall continue and shall be relocated, if necessary, to permit the maintenance of such encroachment where necessary.

ARTICLE XVII

Amendments

Prior to the recordation among the Land Records of Baltimore City of the first deed of a unit to a buyer from the Developer, the Developer, without joinder of the Council or of any other person, may amend any of the provisions of this Declaration, the By-Laws annexed thereto, and/or the Condominium Plats by filing an amendment thereof among the Land Records aforesaid. Such amendment need be signed and acknowledged only by the Developer and need not be approved by the Council, unit owners or purchasers, lienors or mortgagees of units (except a mortgage lender on the entire Condominium or a mortgage lender who has a lien on the unit, or units, affected whose approval in advance in writing shall be required), whether or not elsewhere required for an amendment.

ARTICLE XVIII

Severability

The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

ARTICLE XIX

Waiver

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE XX

Number and Gender

Whenever the singular or plural number, or masculine, feminine or neuter gender is used herein, it shall equally include the other, and the use of any gender shall be applicable to all genders.

ARTICLE XXI

Benefit

This Condominium Declaration shall be binding upon and inure to the benefit of the Developer herein, its successors and assigns.

ARTICLE XXII

Developer's Successors or Assigns

As used herein, "Developer" shall mean not only the said Metropolitan 4000 Charles Building, an Illinois Limited Partnership, but also its successors and assigns, if such successors or assigns should acquire more than one unit in the property hereby submitted to a condominium regime, and an express assignment by the said Metropolitan 4000 Charles Building of its rights as Developer.

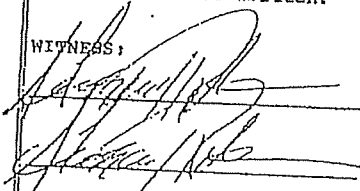
ARTICLE XXIII

Easements, Etc. in Common Elements

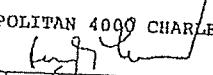
Subject to the following provisions of this Article XXIII, the Council may grant from time to time exclusive or non-exclusive easements, rights of way, licenses and similar interests in or affecting all or any portion of the general common elements, or the use thereof, provided that any such grant must be approved by the affirmative vote of unit owners having seventy-five (75%) percent or more of the votes assigned to units by this Declaration. Any such grant shall state that it was approved by unit owners having at least seventy-five (75%) percent of the votes assigned to units hereunder. The Council shall have no right to act under this Article XXIII until the expiration of three (3) years after recording of this Declaration. The rights of each unit owner in the general common elements and to the use thereof are subject to this Article XXIII.

WITNESS the hand and seal of the Developer, Metropolitan 4000 Charles Building, an Illinois Limited Partnership, the day and year first above written.

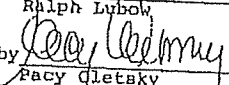
WITNESS:



METROPOLITAN 4000 CHARLES BUILDING

by  (SEAL)

Ralph Lubow

by  (SEAL)

Pacy Gletsky

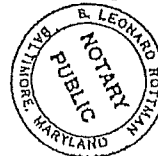
STATE OF MARYLAND, City OF BALTIMORE, to wit:

I HEREBY CERTIFY, That on this 27 day of December, 1979, before me, the subscriber, a Notary Public in and for the State and City aforesaid, personally appeared RALPH LUBOW and PACY OLETSKY, General Partners of Metropolitan 4000 Charles Building, an Illinois Limited Partnership, personally known to me, who made oath that they are the General Partners as aforesaid, and as such are authorized to make this acknowledgement, and they acknowledged that the foregoing Declaration is the act of Metropolitan 4000 Charles Building, an Illinois Limited Partnership, and that said Declaration was executed and is to be recorded solely for the purpose of establishing a condominium regime as therein provided.

AS WITNESS my hand and Notarial Seal.

[Signature]
Notary Public

My Commission expires July 1, 1982.



I HEREBY AFFIRM under the penalty of perjury that the notice requirements of Section 11.102.1 of the Real Property Article, if applicable, have been fulfilled.

METROPOLITAN 4000 CHARLES BUILDING

by *[Signature]* (SEAL)
Ralph Lubow

by *[Signature]* (SEAL)
Pacy Oletsy

HIGHFIELD HOUSE CONDOMINIUM

CONDOMINIUM REGIME DECLARATION

EXHIBIT A

Description of Condominium

3695

BEGINNING for the same at the corner formed by the intersection of the south side of Highfield Road (formerly Forrest Avenue) and the west side of Charles Street Avenue; and running thence southerly, binding on the west side of Charles Street Avenue, three hundred feet, more or less, to a pipe driven in the ground; thence west, at right angles to Charles Street Avenue, three hundred feet, more or less, to the end of the second line of the lot of ground described in a Deed dated August 1st, 1919 and recorded among the Land Records of Baltimore City in Liber S.C.L. No. 3418, folio 266, from Henry S. Dulaney and wife to The University Homes Company; and running thence northerly, parallel with Charles Street Avenue and along the third line of the lot of ground described in the above mentioned Deed, three hundred feet, more or less, to the south side of Highfield Road, and thence easterly, binding on the south side of Highfield Road, three hundred feet, more or less, to the place of beginning. The improvements thereon being known as No. 4000 N. Charles Street.

BEING the same lot of ground which by Deed dated the 13th day of September, 1963 and recorded among the Land Records of Baltimore City aforesaid in Liber J.F.C. No. 1557, folio 111, etc., was granted and conveyed by CFF Corporation to the within named Declarant.

HIGHFIELD HOUSE CONDOMINIUM
CONDOMINIUM REGIME DECLARATION

EXHIBIT B

Appurtenant Undivided Percentage
Interest in the Common Elements
and in the Common Expenses and
Common Profits of the Condominium

<u>Unit No.</u>	
301	.74
302	.89
303	.52
304	.53
305	.50
306	.51
307	.31
308	.51
309	.49
310	.71
311	.51
312	.73
314	.74
401	.74
402	.89
403	.52
404	.53
405	.50
406	.51
407	.31
408	.51
409	.49
410	.71
411	.51
412	.73
414	.74
501	.74
502	.89
503	.52
504	.53
505	.50
506	.51
507	.31
508	.51
509	.49
510	.71
511	.51
512	.73
514	.74
601	.74
602	.89
603	.52
604	.53
605	.50
606	.51
607	.31
608	.51
609	.49
610	.71
611	.51
612	.73
614	.74

HIGHFIELD HOUSE CONDOMINIUM

CONDOMINIUM REGIME DECLARATION

EXHIBIT B

Appurtenant Undivided Percentage
Interest in the Common Elements
and in the Common Expenses and
Common Profits of the Condominium

<u>Unit No.</u>	
701	.74
702	.89
703	.52
704	.53
705	.50
706	.51
707	.31
708	.51
709	.49
710	.71
711	.51
712	.73
714	.74
801	.74
802	.89
803	.52
804	.53
805	.50
806	.51
807	.31
808	.51
809	.49
810	.71
811	.51
812	.73
814	.74
901	.74
902	.89
903	.52
904	.53
905	.50
906	.51
907	.31
908	.51
909	.49
910	.71
911	.51
912	.73
914	.74
1001	.74
1002	.89
1003	.52
1004	.53
1005	.50
1006	.51
1007	.31
1008	.51
1009	.49
1010	.71
1011	.51
1012	.73
1014	.74

HIGHFIELD HOUSE CONDOMINIUM

CONDOMINIUM REGIME DECLARATION

EXHIBIT B

<u>Unit No.</u>	<u>Appurtenant Undivided Percentage Interest in the Common Elements and in the Common Expenses and Common Profits of the Condominium</u>
1101	.74
1102	.89
1103	.52
1104	.53
1105	.50
1106	.51
1107	.31
1108	.51
1109	.49
1110	.71
1111	.51
1112	.73
1114	.74
1201	.74
1202	.89
1203	.70
1204	.53
1205	.48
1206	.51
1207	.44
1208	.51
1209	.71
1210	.71
1212	.73
1214	.74
1401	.74
1402	.89
1403	.71
1404	.53
1405	.48
1406	.51
1407	.44
1408	.51
1409	.71
1410	.71
1412	.73
1414	.74
1501	.74
1502	.89
1503	.71
1504	.53
1505	.48
1506	.51
1507	.44
1508	.51
1509	.71
1510	.71
1512	.73
1514	.74

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HIGHFIELD HOUSE CONDOMINIUM

CONDOMINIUM REGIME DECLARATION

EXHIBIT B

Appurtenant Undivided Percentage
Interest in the Common Elements
and in the Common Expenses and
Common Profits of the Condominium

Unit No.

1601	.74
1602	.89
1603	.71
1604	.53
1605	.48
1606	.51
1607	.44
1608	.51
1609	.71
1610	.71
1612	.73
1614	.74

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0019**** #18 282 6L L2 JJJ

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D-Exh. B

Highfield House Condominium

Custom Document



Briefing On Proposed Construction and Financing Plan For Highfield House Rear Deck

**Prepared to Inform and Solicit Input from Highfield House Owners and Residents
September 2017**

Please review this briefing paper carefully. It discusses a proposed construction program to repair drainage and resurface the rear deck at Highfield House and three financing options to pay for the work. The financing options include estimates of the amount of condo fees and special assessment for each type of unit for each financing option. We will hold an open meeting at 7:00 pm on Monday October 2, 2017 in the Guilford Room to review the rear deck project, answer questions and get your input. If you have questions or comments before open meeting, please let the Board know by emailing us c/o tperkins@wpmlc.com, leaving comments at the front desk or by discussing them with any member of the board.

Background on Rear Deck

What we refer to as the rear deck is really a three part building system that:

1. Forms the roof of the garage, Guilford Room, owner storage areas and some of the mechanical and electrical rooms on the lower level of Highfield House.
2. Provides a waterproof membrane to keep water out of the garage and the other areas note above.
3. Provides an aggregate concrete surface with three large planters and six box planters and aluminum and glass fencing that are important architectural elements of the building.

The 2011 Reserve Study identified the waterproof membrane and concrete plaza deck at Highfield House as a major building element that would need to be replaced before 2025. The Reserve Study estimated the cost of resurfacing the rear deck and replacing the waterproof membrane at \$2.8 million plus another \$1.0 million for related "walls, concrete, inspections and restorations, phased" (incl. garage and plaza deck walls) for a total of \$3.8 million with target dates beginning in 2018.

Current Condition

There is water leaking into the garage through the rear deck. The water leaking into the garage has a strong alkaline content from seeping through the concrete deck and can damage the finish on cars, which we have dealt with by using improvised drip pans to capture leaking water and diverting it away from cars. There is also standing water on the rear deck following any significant rain that does not drain and over time will cause further damage to the underlying infrastructure including the structural supports for the garage roof and plaza deck.

To gain a better understanding of the condition of the rear deck and develop a plan to address its deficiencies, the Board approved a study of the rear deck in 2016. This study was overseen by the physical plant committee and was undertaken by Schamu, Machowski + Patterson (SM+P) architects and Morabito Consultants structural engineers after a competitive consultant selection process. The evaluation process included test borings through all layers of the rear deck and test pits in planters and on the surface of the deck.

The study found the deck/garage roof to be structurally sound but the waterproof membrane to be at the end of its useful life. It also found that the drainage system in the planters was compromised with crushed drainage pipes, silt in the gravel layer under the surface of the planters and through dirt and silt blocking drain openings in the planters and on the surface of the deck. Our consultants believe the original drainage system through the planters was probably inadequate from the outset because additional drains outside the planters were added in the 1980s. They also note that the four inches between the top of the structural elements of the garage roof and the top of the concrete surface of the deck leaves little room to create slope on the deck to improve drainage.

Options For Fixing

The SM+P study offered three options for replacing the deck and membrane and improving drainage on the plaza with an initial estimated cost ranging from \$3.5 to \$3.8 million. Because the garage roof is structurally sound, we have some flexibility on the timing of this work but significant delay without any effort to reduce water infiltration could result in structural damage to the garage roof, which would require much more money to repair/replace and potentially take the garage or portions of the garage out of service for a time if structural repairs in the garage become necessary.

The three construction options presented by our outside consultants include:

- A. Replacement In Kind (using only existing drains in planters and on the deck)
- B. Replacement in Kind with additional drains installed
- C. Comprehensive Redesign and Replacement

The consultant's findings were presented to residents at an open meeting and have been discussed and reviewed in detail by the physical plant committee. The comprehensive redesign and replacement called for isolating the planters from the rest of the deck, using drains within the planters only to drain the planters, adding 20+ new drains to the deck itself and fixing the slope of the deck to the maximum possible to improve drainage.

Recommended Construction Strategy

The physical plant committee is recommending a variation of option B that combines Enhanced Maintenance with Improved Replacement In Kind with some additional drains. It includes:

- 1) improved cleaning and maintenance of drains (already implemented),
- 2) vacuuming water off the deck when needed (already implemented),
- 3) caulking and concrete patching of rear deck surface to reduce water leaking onto the waterproof membrane and into the garage (being bid and scheduled for this Fall),
- 4) rebuilding and improving the drainage systems within the existing planters over the next five years (With renovation of the rear planter and rebuilding its drainage system - bid and planned for Spring 2018 if approved by the owners),
- 5) monitoring the condition of the garage roof by an architect or engineer, and
- 6) replacing the waterproof membrane and resurfacing the deck in approximately 10 years, with the exact timing to be dictated by conditions on the deck.

Work on the rear (westernmost) planter, which is seen as having the most significant drainage problems, is to be completed first in the spring of 2018 if approved by unit owners. As now envisioned, improving the drainage in the rear planter involves removing all existing trees and shrubs in the rear planter, which are not original, replacing all existing drain pipes to central planter drain, installing two new drains down into the garage within the planter and installing drain pipes to these drains from existing scupper openings on the planter's perimeter to increase its capacity to drain water, replacing the waterproof membrane over a new sloped surface and replacing the gravel layer, soil and grass on the planter to return it to its original design.

The estimated cost for caulking and patching is 34,000 in 2017 (already approved and budgeted) and we may do more of this work in future years. The low bid to rebuild the rear planter in 2018 is \$174,395. The estimated total cost to improve and supplement all planter drainage, replace the waterproof membrane, resurface the deck and refurbish all benches and screening on the deck ranges from \$3,921,183 to \$4,238,115 (Average of \$4,079,649) if the work were all done in 2018. These estimates are revised based on the actual bid for the rear/west planter; include a 15% contingency and architectural/engineering design and construction administration (see page 14 for summary and SM+P Preliminary Estimate dated 9/8/17 for detail).

After reviewing the reports of our consultants, a public meeting with residents and considerable discussion, the physical plant committee recommended the repair and restoration of the rear planter in 2018 to deal with what to date is the largest visible pooling of water on the deck and related drainage problems. In addition to relying on input from SM+P, we have researched published information on dealing with concrete decks at other modern buildings, including some designed by Mies. We will refine the scope and approach to additional needed work on the deck, using additional consultants if needed, once we see the results of our initial efforts and the effectiveness of an improved version of the Mies designed in-planter drainage system.

Recommended Option, Phasing & Flexibility

There are a range of opinions about construction (discussed above) and financing options (discussed below) for the rear deck that were reviewed and considered by members of the Board and the physical plant committee who have been actively engaged in dealing with rear deck problems. The large majority of those who have studied the rear deck analysis believe:

- The work should be phased over time so we can see what solutions actually work and allow us to adapt our approach if needed during a multi-year, multi-phase construction process.
- We should focus on existing drainage systems within the planters because these cover most of the surface area of the deck, were the key elements of the original drainage design, and because we have such limited ability to change the slope on the surface of the deck it is not clear that adding many more surface drains will be that effective.
- Phasing will allow us to pursue some creative financing options including possible historic tax credits or a historic grant or easement to help finance the eventual resurfacing of the deck. It is far from certain that we can obtain historic financing but delaying resurfacing of the deck for a number of years will allow us to explore it.
- Financing Option 3, that phases the construction work, assumes resurfacing of the deck in 2026, and combines a one-time above inflationary increase in our condo fee in 2018 with a future special assessment is believed to be the best financing option by many.¹ It gives owners time to plan for a special assessment and a special assessment provides owners with the most flexible and lowest cost option to finance their share of the cost. However, by paying for the interim repairs and a portion of the future cost of resurfacing via a condo fee increase, Financing Option 3 should also help preserve property values because it shows tangible commitment by existing owners to begin paying for the project.
- There is also some support for Financing Option 2, funding all of the rear deck costs with reserves. This option might minimize the impact on future property values but offers less flexibility to owners on how to pay for the cost of the work.
- Whichever financing option we favor this year, we should remain flexible and adjust our plan for construction and financing for changes in interest rates and financing terms to assure the lowest cost option that will produce a quality result for owners and the building.

Financing Options

We present three options (attached) for rebuilding reserves after replacing the pool, improving rear deck drainage, and ultimately replacing the waterproof membrane and resurfacing the rear deck.

¹ If the monitoring of the rear deck/garage roof infrastructure indicates greater deterioration than anticipated, we may have to adjust the construction timeline accordingly.

We want to get input from the community on these options before the board approves and recommends to unit owners a 2018 budget that will allow us to start repair and restoration of the rear deck. The Board is scheduled to approve a 2018 budget at its October 16, 2017 meeting. Owners will vote on the 2018 budget at the annual meeting on December 11, 2017. The 2018 budget only includes the cost for improving the drainage system in the rear planter and beginning to rebuild reserves after the pool replacement but the Board wants owners to understand the full scope of the rear deck project over ten years before asking for approval to rebuild the rear planter.

The three financing options are:

- 1) Full Funding of All Rear Deck Work in 2018 Using Special Assessment²
- 2) Interim Repairs To Planters & Resurfacing Deck in 2026 - Fully Funded By Reserves
- 3) Interim Repairs To Planters & Resurfacing Deck in 2026 - Funded By Reserves & Special Assessment

The Board and Physical Plant Committee view repairs to the rear deck and replacement of its underlying membrane as essential and unavoidable. While the timing of replacing the deck and waterproof membrane may extend a few years beyond 2026 if interim measures are effective, we believe putting a plan in place now to finance the work is in the best interest of owners because it will reduce uncertainty, help preserve and enhance property values and allow owners to plan in advance for any changes in our condominium fee or a special assessment. The Board is seeking guidance on unit owners' preferences for a special assessment versus increase condominium fees and views on how and when the work should be done.

Each of these financing options has advantages and disadvantages.

- **Financing Option 1** (See page 11) - anticipates all of the work on the rear deck will be done in 2018 and that all of the \$4.1M cost (assumed average of high and low estimate) is raised now using a special assessment. This would result in a special assessment per unit type as shown below (note that individual units vary in size and your actual assessment could be modestly higher or lower than the average numbers below):

- Studio - \$12,600
- One Bedroom - \$20,300
- Two Bedroom - \$29,400
- Three Bedroom - \$36,300

Unit owners would have the option of paying these amounts from their savings, financing these amount over a five year period with Highfield House at an interest rate of approximately 6% in the current market or financing on their own for up to 15 or even 30

² For modeling purposes for Option 1 we show all work funded and done in 2018 but, in reality, the time required to design, bid and complete all the work on the rear deck and approve and fund a special assessment might require a 2019 or later start.

years using a first or second mortgage or equity credit line with an interest rate closer to 4% in the current market.

The key advantage of financing the entire deck now is we can lock in the lowest possible cost and perhaps even bring in the entire cost of the project below the \$4.1M estimate (the cost for doing the work in five phases without inflation). Using a special assessment also provides unit owners with low cost financing options. The key disadvantage of this approach is that we will be unable to learn what works well and what doesn't work in terms of drainage by testing various options in a phased approach and will be unable to explore historic tax credit or easement financing possibilities. It also will disrupt use of the plaza, the pool and the pool deck for a good part of a year. The estimated construction period would be approximately 8 months and it might take another six months or more to design and bid a total replacement of the deck.

In Option 1, condo fees are still increased 4% in 2018 and 1% through 2021 to rebuild reserves after the pool and build reserves to over \$1 million over time. Because a special assessment is used to fully fund the rear deck in Option 1, the total estimated condominium fee per unit increases about 7% from 2017 to 2022 before declining below 2017 levels by 2026. **These increases are for reserves only and do not cover estimated increases for operating costs.** The reserve funds generated in Option 1 cover proposed 2018 reserve projects totaling \$109,109 and spending for maintenance beginning in 2019 of approximately \$160,000 inflated at 2% annually and also rebuild reserves to over \$1M by 2022. **The estimates also do not include any major one-time expenses such as a roof replacement.**

- **Financing Option 2** (See page 12) – anticipates using existing planters with added drains as the primary vehicle to improve drainage of the rear deck and doing the work in phases, with planter improvements done over the next five years beginning in 2018 and resurfacing of the rear deck and replacement of the waterproof membrane in 2026. In this option, all work is financed using reserves with condo fees increased to build our reserves to pay for it.

The key advantage of Option 2 is that we immediately commit to paying for the rear deck repairs and start setting aside money to pay for all of the work. This should minimize uncertainty about how the project will be paid for and might help minimize any impact on future property values or resale potential. Phasing the work over time will enable us to test the effectiveness of using the planters as our primary drainage vehicle and allow us to refine our approach over time. It will also give us time to explore historic tax credit or easement possibilities. The main disadvantage of Option 2 is that it raises condo fees for the rear deck work and to rebuild reserves by 44% over 10 years from 2017 through 2026. After 2026 condo fees decline significantly (see attached model). Using condo fees rather than a special assessment also provides unit owners with fewer financing options.

- **Financing Option 3** (See page 13) – also anticipates using existing planters with added drains as the primary vehicle to improve drainage of the rear deck and doing the work in phases, with planter improvements done over the next five years beginning in 2018 and resurfacing of the rear deck and replacement of the waterproof membrane in 2026. But in this option, we finance work over the next five years to improve the planter drainage with condo fee increases and reserves and use a special assessment to finance a large portion of the cost of resurfacing the rear deck and replacement of the waterproof membrane in 2026.

We believe using a mix of reserve funds and special assessment financing should limit uncertainty about how the project will be paid for and lessens any impact on future property values or resale potential. Phasing the work over time will enable us to test the effectiveness of using the planters as our primary drainage vehicle and allow us to refine our approach over time and explore historic tax credit and easement possibilities.

The key advantage of Option 3 over Option 2 is that condo fees for the rear deck and to replenish reserves increase only 19% between 2017 and 2026 before declining vs. 44% in Option 2. In Option 3 the amount per unit type for the special assessment in 2026 is only projected to be about 62% of the amount for the 2018 special assessment in Option 1 (note that individual units vary in size and your actual assessment could be modestly higher or lower than the numbers below):

- Studio - \$ 7,800
- One Bedroom - \$12,500
- Two Bedroom - \$18,100
- Three Bedroom - \$22,400

The main disadvantage of Option 3 over Options 1 and 2 is that it assumes a special assessment will be approved in the future and thus creates somewhat more uncertainty about future interest rates and may be seen as something of a looming financial burden for new buyers at Highfield House. This may have a more negative impact on future sales prices and sale potential than Options 1 or 2 but because the amount of the future assessment is smaller than in Option 1, the impact on sale prices and resale potential should be somewhat diminished.

There are any number of variations to the three financing options summarized above and shown in detail on the attached financial models. The Board is looking for feedback from Highfield House residents on their preference for doing all the work on the rear deck at once vs. phasing the work over a five to ten year period and their preference for use a special assessment now or in the future vs. funding the work through increases in our condo fee.

Putting Condo Fees and Special Assessments in Perspective

- Based on the recent survey of comparable condominium properties, Highfield House's condo fee as of February 2017 on a per-square-foot basis, adjusted for differences in

utility billing is \$0.57 vs. \$0.58 at comparable buildings (Carrolton, Colonnade, Harper House, St. James, Warrington and Winthrop House).

- Highfield House has raised its condo fee slightly faster over the past three years than comparable buildings 1.96% annual compound rate vs. 1.7% for peers.
- Highfield House has made much less use of special assessments between 2010 and 2016 than comparable buildings \$2,424 per unit at Highfield House vs. \$18,400 per unit at comparable buildings and as high as \$38,000 per unit at the Colonnade and \$47,000 per unit at the Warrington.
- Highfield House's reserve level at \$2,871 per unit (\$473,735 in total pre-pool replacement) as of February 2017 is less than half the \$6,738 average per unit at comparable buildings and our reserve level is projected to be under \$400,000 by year end when the pool and other approved 2017 repairs are fully paid.
- If Highfield House had reserves at the average per unit of other buildings, our reserves would be \$991,691, compared to \$906,000 the Reserve Study recommended for 2017, making us much better positioned to finance a significant portion of the rear deck work with funds on hand.
- Highfield House is contributing a higher percentage of its monthly condo fee to reserves than comparable buildings 16% vs. 12.6%, except for Winthrop House, which is at 21%. This is due we believe to other buildings making more frequent and greater use of special assessments and having higher reserve balances.

In the recent survey of Highfield House's residents, residents gave a good (slightly above average) rating to Highfield House overall but were not entirely satisfied with the quality of the building's maintenance or the amount the board is currently spending to maintain the building. Residents rated the new pool very good but were less satisfied with the overall value of their condo fee than they were with the building and community overall (see results of resident survey in newsletter for more).

Option One

Full Funding in 2018 Using Special Assessment

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Estimated Cost of Deck	\$	4,079,649	Average of high and low for rear deck resurfacing							
Assumed Inflation rate			2% May be further cost savings if work all done at once							
Amount From Reserves	\$	-								
Assumed Interest Rate On Reserves			1.50%							
Total To Be Fund With Special Assessment	\$	4,079,649								
Special Assessment Per Unit Type										
Studio	\$	12,600								
One Bedroom	\$	20,300								
Two Bedroom	\$	29,400								
Three Bedroom	\$	36,300								

With Special Assessment residents would have option of paying at once, financing themselves through mortgage or home equity loan or paying over 5 years with interest to Hlg

Estimated Condo Fee For Reserves - INCLUDES COST FOR REAR DECK BUT DOES NOT INCLUDE SPENDING FOR LARGE INFREQUENT REPAIRS, LIKE ROOF REPLACEMENT

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Opening Reserve Fund Balance	\$ 462,334	\$ 373,069	\$ 552,330	\$ 697,636	\$ 856,837	\$ 1,030,226	\$ 1,202,858	\$ 1,222,229	\$ 1,238,398	\$ 1,254,676	\$ 1,271,002
Condo Fee Increases For Reserves		4%	1%	1%	1%	0%	-10%	0%	0.25%	0.25%	
Proposed Reserve Fund Contribution	\$ 225,000	\$ 281,477	\$ 295,161	\$ 310,992	\$ 325,971	\$ 325,971	\$ 174,681	\$ 174,681	\$ 178,085	\$ 181,498	\$ 184,911
Less Normal Reserve Fund Projects	\$ (314,265)	\$ (109,105)	\$ (160,160)	\$ (163,363)	\$ (166,630)	\$ (169,963)	\$ (173,362)	\$ (176,830)	\$ (180,366)	\$ (183,973)	\$ (187,680)
Plus Interest Earnings	\$	\$ 6,889	\$ 9,305	\$ 11,572	\$ 14,048	\$ 16,623	\$ 18,053	\$ 18,317	\$ 18,559	\$ 18,802	\$ 19,045
Ending Reserve Fund Balance	\$ 373,069	\$ 552,330	\$ 697,636	\$ 856,837	\$ 1,030,226	\$ 1,202,858	\$ 1,222,229	\$ 1,238,398	\$ 1,254,676	\$ 1,271,002	\$ 1,287,247

Estimated Monthly Condo Fee Per Unit Type - FOR RESERVES ONLY NOT OPERATING EXPENSES

Unit Type	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Studio	\$ 364.73	\$ 379.32	\$ 383.11	\$ 386.94	\$ 390.81	\$ 390.81	\$ 351.73	\$ 351.73	\$ 352.61	\$ 353.49
1 Bedroom	\$ 585.40	\$ 608.82	\$ 614.90	\$ 621.05	\$ 627.26	\$ 627.26	\$ 564.54	\$ 564.54	\$ 565.95	\$ 567.36
2 Bedroom	\$ 847.15	\$ 881.04	\$ 889.85	\$ 898.74	\$ 907.73	\$ 907.73	\$ 816.96	\$ 816.96	\$ 819.00	\$ 821.05
3 Bedroom	\$ 1,047.18	\$ 1,089.07	\$ 1,099.96	\$ 1,110.96	\$ 1,122.07	\$ 1,122.07	\$ 1,009.86	\$ 1,009.86	\$ 1,012.38	\$ 1,014.92

Estimated Monthly Increase in Condo Fee

Unit Type	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Studio	\$	\$ 14.59	\$ 3.79	\$ 3.83	\$ 3.87	\$ -	\$ (39.08)	\$ -	\$ 0.88	\$ 0.88
1 Bedroom	\$	\$ 23.42	\$ 6.09	\$ 6.15	\$ 6.21	\$ -	\$ (62.73)	\$ -	\$ 1.41	\$ 1.41
2 Bedroom	\$	\$ 33.89	\$ 8.81	\$ 8.90	\$ 8.99	\$ -	\$ (90.77)	\$ -	\$ 2.04	\$ 2.05
3 Bedroom	\$	\$ 41.89	\$ 10.89	\$ 11.00	\$ 11.11	\$ -	\$ (112.21)	\$ -	\$ 2.52	\$ 2.53

Option Two

Interim Repairs To Planter & Resurfacing Deck In 2026 - Fully Funded With Reserves

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	21
Estimated Cost of Deck 3% Inflation)	\$ 3,256,638	\$ 3,321,771	\$ 3,388,206	\$ 3,455,970	\$ 3,525,090	\$ 3,595,591	\$ 3,667,503	\$ 3,740,853	\$ 3,815,670	\$ 3,891,984	
Assumed Inflation Rate	2%										
Interest Rate On Reserves	1.5%										
Amount Finance From Reserves										\$ 3,891,984	
										100% Funded From Reserves	
Total Funded With Special Assessment											\$ -
Assessment Per Unit Type											
Studio											\$ -
One Bedroom											\$ -
Two Bedroom											\$ -
Three Bedroom											\$ -

Estimated Condo Fee For Reserves - INCLUDES COST FOR REAR DECK BUT DOES NOT INCLUDE SPENDING FOR LARGE INFREQUENT REPAIRS, LIKE RC											
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	21
Condo Fee Increases For Reserves	9%										
Reserve Fund Contribution	\$ 225,000	\$ 352,074	\$ 459,804	\$ 575,076	\$ 698,416	\$ 792,683	\$ 812,480	\$ 832,474	\$ 852,668	\$ 852,668	\$ 342,7
Less Normal Reserve Fund Projects	\$ (314,265)	\$ (109,105)	\$ (160,160)	\$ (163,363)	\$ (166,630)	\$ (169,963)	\$ (173,362)	\$ (176,830)	\$ (180,366)	\$ (183,973)	\$ (187,6
Less Reserve Funded Deck Repairs	\$ -	\$ (174,395)	\$ (78,355)	\$ (298,256)	\$ (302,575)	\$ -	\$ -	\$ -	\$ -	\$ (3,891,984)	\$ -
Plus Interest Earnings		\$ 6,110	\$ 8,376	\$ 11,012	\$ 13,747	\$ 20,343	\$ 30,112	\$ 40,274	\$ 50,838	\$ 32,468	\$ 9,9
Reserve Fund Balance	\$ 373,069	\$ 447,753	\$ 677,418	\$ 801,887	\$ 1,044,845	\$ 1,687,909	\$ 2,357,138	\$ 3,053,056	\$ 3,776,196	\$ 585,375	\$ 750,4

Estimated Monthly Condo Fee Per Unit Type - INCREASES FOR RESERVES ONLY - NOT OPERATING COSTS											
Studio	\$ 364.73	\$ 397.56	\$ 425.38	\$ 455.16	\$ 487.02	\$ 511.37	\$ 516.49	\$ 521.65	\$ 526.87	\$ 526.87	\$ 395.
1 Bedroom	\$ 585.40	\$ 638.09	\$ 682.75	\$ 730.54	\$ 781.68	\$ 820.77	\$ 828.97	\$ 837.26	\$ 845.64	\$ 845.64	\$ 634.
2 Bedroom	\$ 847.15	\$ 923.39	\$ 988.03	\$ 1,057.19	\$ 1,131.20	\$ 1,187.76	\$ 1,199.63	\$ 1,211.63	\$ 1,223.75	\$ 1,223.75	\$ 917.
3 Bedroom	\$ 1,047.18	\$ 1,141.43	\$ 1,221.33	\$ 1,306.82	\$ 1,398.30	\$ 1,468.21	\$ 1,482.89	\$ 1,497.72	\$ 1,512.70	\$ 1,512.70	\$ 1,134.
Estimated Monthly Increase In Condo Fee											
Studio	\$ 32.83	\$ 27.83	\$ 29.78	\$ 31.86	\$ 24.35	\$ 5.11	\$ 5.16	\$ 5.22	\$ -	\$ -	\$ (131.
1 Bedroom	\$ 52.69	\$ 44.67	\$ 47.79	\$ 51.14	\$ 39.08	\$ 8.21	\$ 8.29	\$ 8.37	\$ -	\$ -	\$ (211.
2 Bedroom	\$ 76.24	\$ 64.64	\$ 69.16	\$ 74.00	\$ 56.56	\$ 11.88	\$ 12.00	\$ 12.12	\$ -	\$ -	\$ (305.
3 Bedroom	\$ 94.25	\$ 79.90	\$ 85.49	\$ 91.48	\$ 69.91	\$ 14.68	\$ 14.83	\$ 14.98	\$ -	\$ -	\$ (378.

Option Three

Interim Repairs To Planters & Resurfacing Deck In 2026 - Funded With Reserves & Special Assessment

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Estimated Cost of Deck Resurfacing/Concrete Plaza Restoration (Excluding Interim Repairs - Avg High & Low)	\$ 3,256,638	\$ 3,321,771	\$ 3,388,206	\$ 3,455,970	\$ 3,525,090	\$ 3,595,591	\$ 3,667,503	\$ 3,740,853	\$ 3,815,670	\$ 3,891,984
Assumed Inflation Rate Construction	2%									
Interest Rate On Reserves	1.5%									
Amount Financed From Reserves										\$ 1,371,721
									85% of Reserve Fund	
Total To Be Fund With Special Assessment										\$ 2,520,263
Assessment Per Unit Type										
Studio										\$ 7,800
One Bedroom										\$ 12,500
Two Bedroom										\$ 18,100
Three Bedroom										\$ 22,400

With Special Assessment residents would have option of paying at once, financing themselves through mortgage or home equity loan or paying over 5 years with

Estimated Condo Fee For Reserves - INCLUDES COST FOR REAR DECK BUT DOES NOT INCLUDE SPENDING FOR LARGE INFREQUENT REPAIRS, LIKE ROOF REPLACEMENT

Year	2,017	2,018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026
Condo Fee Increases For Reserves		8%	2%	2%	1%	1%	1%	1%	1%	1%
Proposed Reserve Fund Contribution	\$ 225,000	\$ 337,954	\$ 368,452	\$ 399,560	\$ 415,425	\$ 431,448	\$ 447,632	\$ 463,978	\$ 480,487	\$ 497,161
Less Normal Reserve Fund Projects	\$ (314,265)	\$ (109,105)	\$ (160,160)	\$ (163,363)	\$ (166,630)	\$ (169,963)	\$ (173,362)	\$ (176,830)	\$ (180,366)	\$ (183,973)
Less Reserve Funded Deck Repairs	\$ -	\$ (174,395)	\$ (78,355)	\$ (298,256)	\$ (302,575)	\$ -	\$ -	\$ -	\$ -	\$ (1,371,721)
Plus Interest Earnings	\$ -	\$ 3,206	\$ 4,205	\$ 3,771	\$ 3,396	\$ 5,383	\$ 7,480	\$ 9,690	\$ 12,013	\$ 14,452
Ending Reserve Fund Balance	\$ 373,069	\$ 430,730	\$ 564,872	\$ 506,584	\$ 456,199	\$ 723,067	\$ 1,004,817	\$ 1,301,655	\$ 1,613,789	\$ 555,256

Estimated Monthly Condo Fee Per Unit Type - INCREASES FOR RESERVES ONLY - NOT OPERATING COSTS

Studio	\$ 364.73	\$ 393.91	\$ 401.79	\$ 409.82	\$ 413.92	\$ 418.06	\$ 422.24	\$ 426.46	\$ 430.73	\$ 435.03
1 Bedroom	\$ 585.40	\$ 632.23	\$ 644.88	\$ 657.77	\$ 664.35	\$ 671.00	\$ 677.71	\$ 684.48	\$ 691.33	\$ 698.24
2 Bedroom	\$ 847.15	\$ 914.92	\$ 933.22	\$ 951.88	\$ 961.40	\$ 971.02	\$ 980.73	\$ 990.54	\$ 1,000.44	\$ 1,010.44
3 Bedroom	\$ 1,047.18	\$ 1,130.95	\$ 1,153.57	\$ 1,176.64	\$ 1,188.41	\$ 1,200.30	\$ 1,212.30	\$ 1,224.42	\$ 1,236.67	\$ 1,249.03

Estimated Monthly Increase In Condo Fee

Studio	\$ 29.18	\$ 7.88	\$ 8.04	\$ 4.10	\$ 4.14	\$ 4.18	\$ 4.22	\$ 4.26	\$ 4.31
1 Bedroom	\$ 46.83	\$ 12.64	\$ 12.90	\$ 6.58	\$ 6.64	\$ 6.71	\$ 6.78	\$ 6.84	\$ 6.91
2 Bedroom	\$ 67.77	\$ 18.30	\$ 18.66	\$ 9.52	\$ 9.61	\$ 9.71	\$ 9.81	\$ 9.91	\$ 10.00
3 Bedroom	\$ 83.77	\$ 22.62	\$ 23.07	\$ 11.77	\$ 11.88	\$ 12.00	\$ 12.12	\$ 12.24	\$ 12.37

SM+P Estimate - revised 9/8/17

HIGHFIELD HOUSE PLAZA BUDGET ESTIMATES

(See SM+P Preliminary Estimate 9/8/17 for detail)

	2018	2019	2020	2021
Phase 1 - Center West Planter and Drains	\$ 174,395			
Phase 2 - Brick Masonry Planters and Drains	\$ 76,819	\$ 78,004		
Phase 3 - South Planter and Drains	\$ 286,674		\$ 296,334	
Phase 4 - North Planter and Drains	\$ 285,123			\$
Subtotal Interim Repairs	\$ 823,011			
Phase 5 - Concrete Plaza Restoration Low	\$ 3,098,172			
Phase 5 - Concrete Plaza Restoration High	\$ 3,415,104			
Average Low and High Plaza Restoration	\$ 3,256,638			
Estimated Total Low Cost In 2018	\$ 3,921,183			
Estimated Total High Cost in 2018	\$ 4,238,115			
Estimated Total Cost with Avg High & Low 2018	\$ 4,079,649			
Estimated Total Cost 2018 - 2023 Avg High & Low	\$ 4,386,739	↗\$ 78,004	↗\$ 296,334	↗\$ -

Note – High and low estimate exclude a potential \$5,000 savings on the Brick Masonry Planters

In our financial models, we modified timing so Phase 4 is done in 2021 and Phase 5 is done in 2026

Highfield House Condominium

Emergency Contact Information Form



HIGHFIELD HOUSE CONDOMINIUM, INC.
EMERGENCY CONTACT INFORMATION

OWNER TENANT (Circle One)

Name: _____

Unit Address: _____

Mailing Address (if different from Unit Address): _____

City: _____ State: _____ Zip: _____

Home #: _____ Work #: _____

Cell #: _____ Email: _____

Names of all occupants living in unit: (List all living in the unit)

Adults: _____

Children: _____

Name, address & phone number of person to contact in case of emergency:
(PERSON WHO HAS A KEY TO THE UNIT)

1ST Name: _____

Address: _____

Phone #: () _____

2ND Name: _____

Address: _____

Phone #: () _____

If you are a tenant, please fill in Owner information:

Name: _____

Address: _____

Phone #: _____



PLEASE RETURN TO:

WPM REAL ESTATE GROUP

11433 Cronridge Drive
Owings Mills, MD 21117
Office (443) 796-7400 Fax (443) 796-7188
www.wpmlc.com

Highfield House Condominium

Insurance Declaration
Pages





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/29/2018

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 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 PSA Financial 11311 McCormick Road, Ste 500 Hunt Valley MD 21031-8622		CONTACT NAME: Debra Flower PHONE (A/C, No, Ext): 443-798-7480 FAX (A/C, No): (410) 828-0242 E-MAIL ADDRESS: dflower@psafinancial.com	
INSURED Highfield House Condominium Association c/o WP&M Real Estate Group LLC 11433 Cronridge Drive Owings Mills MD 21117		INSURER(S) AFFORDING COVERAGE INSURER A: Greater New York Insurance Co INSURER B: Greenwich Insurance Company INSURER C: Travelers Ins Company INSURER D: INSURER E: INSURER F:	
		NAIC # 22187	

COVERAGES **CERTIFICATE NUMBER:** 18/19 Master **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	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			6119M28082	12/1/2018	12/1/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Employee Benefits \$ 1,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS <input checked="" type="checkbox"/>			6119M28082	12/1/2018	12/1/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			PPP7453559L17A-17	12/1/2018	12/1/2019	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Property (169Units) \$5000ded			6119M28082	12/1/2018	12/1/2019	Building Limit-RC basis \$34,077,000
C	Employee Theft			105879407	12/1/2018	12/1/2019	Limit \$600,000

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

Location: 4000 N. Charles St, Baltimore, MD. 21218

WP&M Real Estate Group LLC is Additional Insured as respects General Liability when required by written contract.

CERTIFICATE HOLDER

vjames@wpmlc.com

WP&M Real Estate Group LLC
11433 Cronridge Drive
Owings Mills, MD 21117

CANCELLATION

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

Debra Flower/DLF

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Highfield House Condominium

Litigation



HIGHFIELD HOUSE LITIGATION STATEMENT:

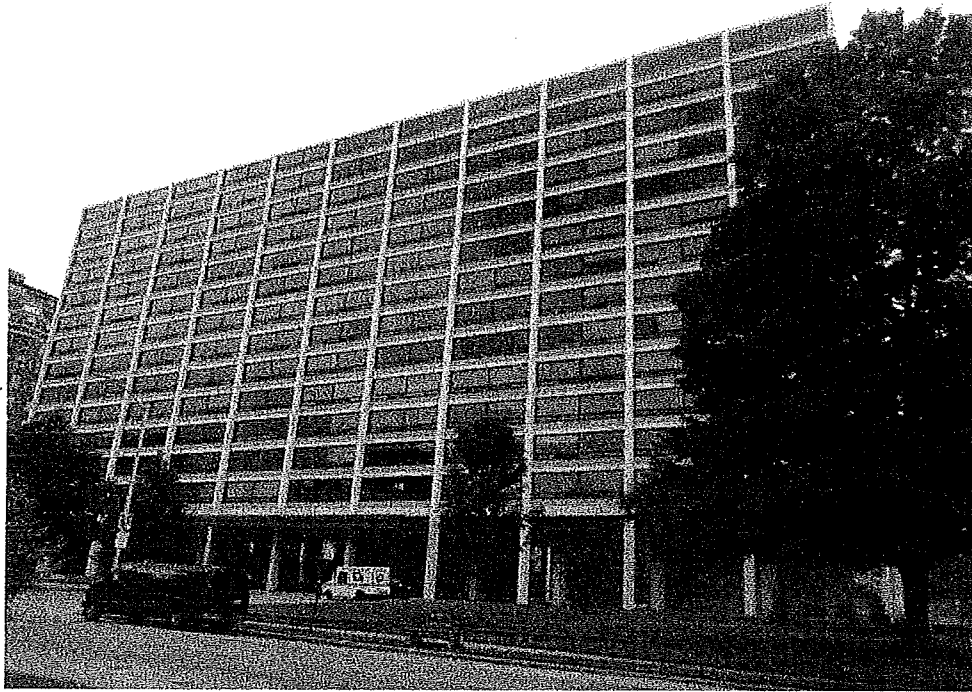
In 2010, former Highfield House residents Jerome and Mary Sachs filed a lawsuit in the Circuit Court for Baltimore City against Highfield House, its former Board President, property manager, and Brodie Management (the "Defendants") alleging a violation of the Maryland Fair Housing Act. Specifically, the Complaint alleged that Highfield House's enforcement of its No-Pets Rule violated the rights of Mr. and Mrs. Sachs. In 2012, Defendants prevailed on summary judgment. Mr. and Mrs. Sachs appealed that decision. In 2014, the Court of Special Appeals remanded the case back to the Circuit Court for Baltimore City. In 2015, Defendants once again prevailed on summary judgment. The Sachs have chosen to once again appeal this second grant of summary judgment in favor of the Defendants.

Highfield House Condominium

Reserve Reports



Revised
FULL RESERVE STUDY
Highfield House
Condominium, Inc.



Baltimore, Maryland
Inspected - June 27, 2018
Revised - November 29, 2018



Long-term thinking. Everyday commitment.

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Long-term thinking. Everyday commitment.

Highfield House Condominium, Inc.
Baltimore, Maryland

Corporate Office

Reserve Advisors, Inc.
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Dear Board of Directors of Highfield House Condominium, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Highfield House Condominium, Inc. in Baltimore, Maryland and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 27, 2018.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two years. We look forward to continuing to help Highfield House Condominium, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on November 29, 2018 by

Reserve Advisors, Inc.

Visual Inspection and Report by: Stephen E. Breski, RS¹
Review by: Alan M. Ebert, RS, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



Long-term thinking. Everyday commitment.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Highfield House Condominium, Inc. (Highfield House)

Location: Baltimore, Maryland

Reference: 92074

Property Basics: Highfield House Condominium, Inc. is a condominium style development of 165 units in one building. The building was built from 1964 to 1965 and converted to condominiums in 1979.

Reserve Components Identified: 62 Reserve Components.

Inspection Date: June 27, 2018. We conducted previous inspections in 1992, 1997 and 2011.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2028 due to replacement of the windows and doors.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 1.7% anticipated annual rate of return on invested reserves
- 2.4% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Cash Status of Reserve Fund:

- \$440,124 as of June 26, 2018
- 2018 budgeted Reserve Contributions of \$324,000

Project Prioritization: We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Replacement of the waterproof membrane and concrete structure repairs at the plaza
- Replacement of the metal louvers
- Replacement of the staircases
- Renovations of the Guilford Room and lobby
- Replacement of the hallway, Guilford Room and lobby air handling units
- Replacement of a portion of the common domestic water, waste and vent pipes
- Replacement of a portion of the concrete driveways
- Inspections and capital repairs to the concrete retaining wall
- Replacement of a portion of the on-grade concrete at the garage
- Replacement of the exhaust fans at the garage
- Replacement of the main entrance doors



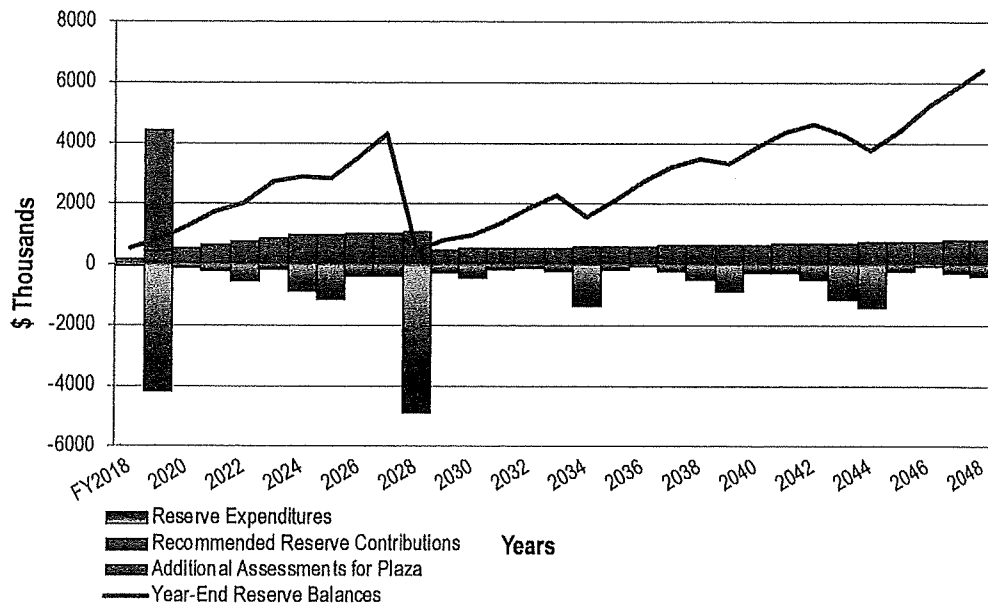
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of \$109,000 from 2019 through 2024
- Inflationary increases from 2025 through 2028
- Decrease to \$530,000 by 2029 due to fully funding for replacement of the windows and doors
- Inflationary increases from 2030 through 2048, the limit of this study's Cash Flow Analysis
- An additional annual assessment of \$4,000,000 in 2019 to fund replacement of the waterproof membrane and concrete structure repairs at the plaza
- Initial adjustment in Reserve Contributions of \$109,000 represents an average monthly increase of \$55.05 per unit owner and about a seven percent (6.5%) adjustment in the 2018 total Operating Budget of \$1,686,863.
- Additional assessment of \$4,000,000 in 2019 is equivalent to an average monthly Additional Assessment of approximately \$2,020 per unit owner



Highfield House
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2019	4,433,000	811,532	2029	530,000	832,296	2039	671,800	3,343,380
2020	542,000	1,253,919	2030	542,700	965,593	2040	687,900	3,849,262
2021	651,000	1,745,287	2031	555,700	1,386,824	2041	704,400	4,358,226
2022	760,000	2,015,374	2032	569,000	1,881,625	2042	721,300	4,651,916
2023	869,000	2,754,567	2033	582,700	2,315,586	2043	738,600	4,333,659
2024	978,000	2,895,714	2034	596,700	1,807,993	2044	756,300	3,754,899
2025	1,001,500	2,838,146	2035	611,000	2,122,326	2045	774,500	4,407,532
2026	1,025,500	3,566,555	2036	625,700	2,756,273	2046	793,100	5,233,322
2027	1,050,100	4,315,782	2037	640,700	3,239,311	2047	812,100	5,854,485
2028	1,075,300	526,212	2038	656,100	3,485,435	2048	831,600	6,422,897





2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of

Highfield House Condominium, Inc.

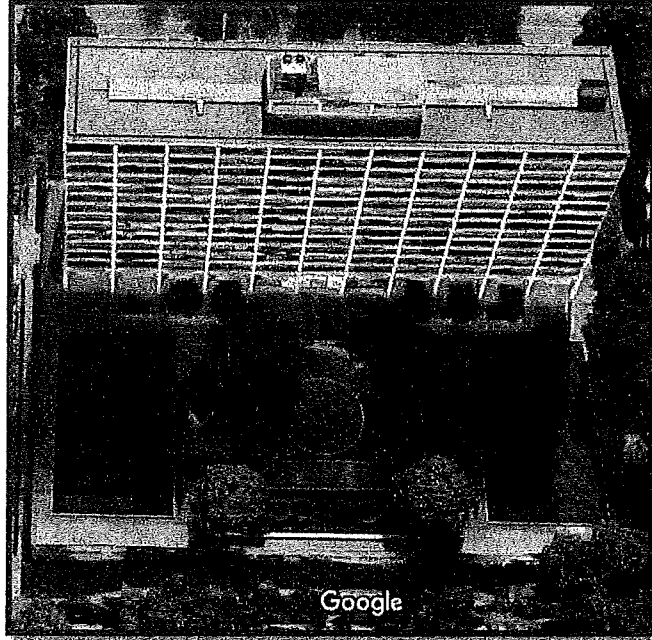
Baltimore, Maryland

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 27, 2018. We conducted previous inspections in 1992, 1997 and 2011.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Reserve Component Detail** - Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Unit Owners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Unit Owners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:



- Highfield House responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from reserve funding at this time.

- Foundation
- Floor Coverings, Terrazzo, Replacement
- Pipes, Interior Building, Building Heating and Cooling, Common (2000)
- Pool Structure (2017)
- Structural Frame
- Wall Coverings, Marble, Replacement

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$10,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins
- Exercise Equipment, Interim Replacements
- Expansion Tanks
- Floor Coverings, Terrazzo, Interim Honing
- Garage Doors, Operators, Interim Replacements
- Irrigation System, Controllers
- Landscape
- Laundry Room, Renovation
- Office Equipment
- Paint Finishes, Touch Up
- Pool Cover
- Pumps Less Than Five-HP (horsepower)
- Signage
- Split System, Laundry Room
- Staff Room, Renovation
- Staircases, Inspections, Repairs and Paint Finish Applications
- Unit Heaters
- Wall Coverings, Marble, Interim Honing



- Water Softener System
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the unit owners to repair or replace at their cost. Property Maintained by Unit Owners, including items billed back to Unit Owners, relates to unit:

- Doors
- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units (Fan Coil Units)
- Interiors
- Pipes (Within Units)
- Storage Lockers

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Concrete Sidewalks, Streets (Municipality)
- Laundry Equipment (Leased)



3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2018 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of *Reserve Expenditures* and *Reserve Funding Plan*.

RESERVE EXPENDITURES

Highfield House
Condominium, Inc.
Reserve Study

Explanatory Notes:

1) 2.4% is the estimated future inflation rate for estimating future replacement costs.
2) FY2018 is fiscal year beginning January 1, 2018 and ending December 31, 2018.

Line Item	Total Quantity	Per Piece Quantity	Units	Reserve Component Inventory	Estimated 10 Year of Event	Life Analysis		Costs				RUL = 0 FY2018	Year																														
						Unit	Remaining	Unit (2018)	Per Piece (\$0%)	Total (\$0%)	55-Year Total (\$0/40)		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15																
Exterior Building Elements																																											
1180	1	1	Allowance	Doors, Main Entrance (incl. Revolving Door)	2020	to 30	2	\$4,000.00	\$4,000	\$4,000	\$4,422																																
1200	140	140	Each	Light Fixtures	2022	to 28	4	\$10.00	21,600	21,600	\$4,866																																
1440	19,900	19,900	Square Feet	Roofs, Inverted (incl. Membrane and Drainage Details)	2025	to 25	10	\$11.00	\$219,900	219,900	\$64,122																																
1540	31,200	15,600	Linear Feet	Staircases, Windows, Doors and Control Units, Phased	2027	to 20	9 to 19	4.50	70,200	140,400	\$36,714																																
1830	2	2	Each	Staircases	2019	to 50	1	\$15,000.00	30,000	30,000	\$9,720																																
1830	55,500	55,500	Square Feet	Walls, Concrete, Inspections and Restorations	2024	to 15	6	4.30	238,650	238,650	\$668,873																																
1868	55,500	55,500	Square Feet	Walls, Concrete, Coating Applications	2024	to 23	6	3.50	154,250	154,250	\$43,837																																
1861	2,500	2,500	Square Feet	Walls, Ceilings, Metal	2022	to 50	4	60.00	150,000	150,000	\$11,733																																
1820	19,000	19,000	Square Feet	Walls, Masonry, Inspections and Repairs	2024	to 12	6	4.60	76,000	76,000	\$24,499																																
1868	11,000	11,000	Square Feet	Walls, Seals, Inspections, Repairs and Paint Finishes	2024	to 10	6	3.60	39,600	39,600	\$11,887																																
1500	64,000	64,000	Square Feet	Windows and Doors	2026	to 56	10	62.00	\$792,000	792,000	\$228,823																																
Interior Building Elements																																											
2100	3	3	Each	Elevator Cab, Finisher	2023	to 20	6	\$15,000.00	45,000	45,000	\$131,041																																
2230	1,800	1,800	Square Yards	Floor Coverings, Carpet	2024	to 12	6	62.00	105,600	105,600	\$47,489																																
2330	250	250	Square Yards	Floor Coverings, Vinyl Tile	2024	to 15	6	47.00	11,750	11,750	\$2,862																																
2431	1	1	Allowance	Garage Room, Renovation, Complete	2024	to 20	3	\$5,000.00	15,000	15,000	\$33,819																																
2432	1	1	Allowance	Garage Room, Renovation, Partial	2031	to 10	13	\$1,000.00	13,000	13,000	\$4,572																																
2600	310	310	Each	Light Fixtures	2044	to 30	25	150.00	45,000	45,000	\$6,140																																
2600	1	1	Allowance	Lobby, Renovation	2021	to 15	3	\$2,000.00	6,000	6,000	\$17,137																																
2700	1	1	Allowance	Marketplace	2021	to 35	3	\$15,000.00	45,000	45,000	\$14,737																																
2800	77,800	77,800	Square Feet	Paint Finishes	2024	to 10	6	0.80	62,240	62,240	\$27,872																																
2500	5	5	Each	Roof and Loss of Rooms, Renovation	2029	to 20	11	\$10,000.00	45,000	45,000	\$4,813																																
2330	3,300	3,300	Square Feet	Wall Coverings, Wood Laminate	2034	to 20	16	5.00	16,500	16,500	\$2,115																																
Building Services Elements																																											
3020	2	2	Each	Air Handling Units, Newways	2019	to 25	1	\$5,000.00	71,000	71,000	\$28,131																																
3021	2	2	Each	Air Handling Units, Lobby and Quirked Room	2019	to 25	1	\$15,000.00	\$32,000	\$32,000	\$2,758																																
3022	1	1	Each	Air Handling Units, Service Areas	2031	to 25	13	\$15,000.00	165,000	165,000	\$21,778																																
3100	2	2	Each	Boilers, Building Heat, 8.375-MPH, Capital Program	2040	to 15	22	\$9,500.00	191,000	191,000	\$20,819																																
3105	2	2	Each	Boilers, Building Heat, 8.375-MPH, Replacement	2025	to 50	2	\$27,500.00	55,000	55,000	\$21,211																																
3160	3	3	Each	Boilers, Domestic Hot Water, 600-AMH	2027	to 20	9	\$19,000.00	153,000	153,000	\$18,462																																
3170	1	1	Allowance	Building Automation System	2027	to 15	9	\$30,000.00	120,000	120,000	\$20,322																																
3200	1	1	Each	Chiller, 300-Tons, Capital Program	2022	to 10	5	\$18,000.00	90,000	90,000	\$28,839																																
3205	1	1	Each	Chiller, 300-Tons, Replacement	2043	to 25	25	\$32,000.00	800,000	800,000	\$62,522																																
3200	1	1	Each	Cooling Tower, 300-Tons, Capital Program	2020	to 15	21	\$1,000.00	61,000	61,000	\$1,824																																
3205	1	1	Each	Cooling Tower, 300-Tons, Replacement	2025	to 35	7	\$34,000.00	238,000	238,000	\$58,900																																
3300	7	7	Allowance	Elevator Systems, Main Panels, Phased	2020	to 70+	11 to 17	\$2,000.00	\$22,000	\$22,000	\$17,799																																
3300	3	3	Each	Elevators, Traction, Controls and CML Outside	2020	to 35	21	\$29,000.00	87,000	87,000	\$31,874																																

RESERVE EXPENDITURES

Highfield House
Condominiums, Inc.
Baltimore, Maryland

Line Item	Total Quantity	Per Phase Quantity	Uses	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis Years	Unit	Costs			30 Year Total (01/01/05)	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
								Unit (2018)	Per Phase (2018)	Total (2018)																		
Exterior Building Elements																												
1180	1	1	Aluminum	Doors, Main Entrance (incl. Pooling Deck)	2010	10 to 20	2	\$4,000.00	\$4,000	\$4,000	\$4,000																	
1200	140	140	1 1/2 Each	Light Fixtures	2022	10 to 25	6	150.00	21,000	21,000	21,000														41,375			
1440	18,800	18,800	Square Feet	Roofs, Inverted (incl. Modified Bitumen and Entrance Casings)	2028	10 to 25	10	31.00	582,800	579,800	574,100																	
1540	31,300	10,000	Linear Feet	Staircase Windows, Doors and Corbel Joints (Pencil)	2027	10 to 20	5 to 10 ft	4.50	140,250	140,400	338,100				110,110												129,540	
1600	2	2	Each	Staircases	2019	10 to 20	1	15,000.00	30,000	30,000	30,750																	
1660	55,500	55,500	Square Feet	Walls, Concrete, Inspections and Repairs	2021	10 to 15	6	4.20	233,100	234,000	1,006,075	348,717															442,141	
1665	55,500	55,500	Square Feet	Walls, Concrete, Coating/Epoxies	2021	10 to 20	6	3.50	194,250	194,250	583,887																	309,852
1661	2,300	2,300	Square Feet	Walls, Masonry, Metal	2022	10 to 10	4	60.00	138,000	138,000	131,733																	
1820	19,000	19,000	Square Feet	Walls, Masonry, Insulation and Repairs	2024	10 to 12	6	4.00	76,000	78,000	339,689	111,074																140,503
1838	11,000	11,000	Square Feet	Walls, Brick, Inspection, Repairs and Paint Finishes	2024	10 to 10	6	3.60	39,600	39,600	118,817	67,476																73,268
1900	54,000	54,000	Square Feet	Windows and Doors	2026	45 to 55	10	60.00	3,240,000	3,278,000	4,153,823																	
Interior Building Elements																												
2100	3	3	Each	Decking Gas Firepits	2023	15 to 25	5	15,000.00	45,000	45,000	131,041																81,416	
2200	1,650	1,650	Square Yards	Floor Coverings, Carpet	2024	8 to 12	6	63.00	104,970	100,170	447,889	149,330																165,582
2300	250	250	Square Yards	Floor Coverings, Vinyl Tile	2024	10 to 15	6	47.00	11,750	11,750	30,982				19,206													
2451	1	1	Appliance	Garaged Room, Renovation, Complete	2021	10 to 20	3	58,000.00	65,000	65,000	153,665							54,897										
2452	1	1	Appliance	Garaged Room, Renovation, Partial	2021	10 to 10	13	11,000.00	11,000	11,000	14,972																	
2500	310	310	Each	Light Fixtures	2041	10 to 20	25	150.00	45,500	45,500	96,140																65,140	
2620	1	1	Appliance	Lobby, Renovations	2021	10 to 15	3	23,000.00	51,000	20,000	191,157																41,024	
2700	1	1	Appliance	Mallroom	2021	10 to 15	3	18,400.00	18,400	18,400	18,797																	
2800	77,800	77,800	Square Feet	Floor Finishes	2024	8 to 10	8	6.80	528,240	62,800	278,619	93,664															115,510	
2920	4	4	Each	Roof and Loose Rooms, Renovation	2029	10 to 20	11	9,000.00	45,000	45,000	58,413																	
2960	3,300	3,300	Square Feet	Wall Coverings, Pressed Laminate	2034	10 to 20	15	8.00	15,000	15,000	24,115	24,115																
Building Services Elements																												
3000	2	2	Each	Air Handling Units, Hallways	2018	15 to 25	1	35,000.00	71,000	71,000	188,159																126,446	
3021	2	2	Each	Air Handling Units, Lobby and Garaged Rooms	2019	15 to 25	1	15,000.00	30,000	30,000	83,307																	64,630
3022	1	1	Each	Air Handling Units, Service Areas	2021	15 to 25	13	15,000.00	16,000	16,000	21,778																	
3100	2	2	Each	Boilers, Building Heat, 8.75-MWH, Capital Repairs	2040	10 to 15	22	89,500.00	118,000	119,000	203,515									203,515								
3106	2	2	Each	Boilers, Building Heat, 8.75-MWH, Replacement	2025	10 to 20	7	297,000.00	534,000	594,000	721,211																	
3108	3	3	Each	Boilers, Power/Hot Water, 600-MWH	2027	15 to 20	8	18,500.00	58,000	59,500	181,402																	185,560
3170	1	1	Appliance	Building Automation Systems	2027	10 to 15	6	120,000.00	120,000	120,000	340,822									229,850								
3200	1	1	Each	Chiller, 300-Tons, Capital Repairs	2033	10 to 10	5	156,000.00	104,000	108,000	179,633																	
3206	1	1	Each	Chiller, 300-Tons, Replacement	2043	25 to 35	25	532,000.00	532,000	537,000	962,522																	962,522
3209	1	1	Each	Cooling Tower, 300-Tons, Capital Repairs	2039	10 to 15	21	61,000.00	61,000	61,000	100,378										100,378							
3269	1	1	Each	Cooling Tower, 300-Tons, Replacement	2026	25 to 35	7	304,000.00	204,000	204,000	358,500																	
3300	3	1	Appliance	Electrical Systems, Main Panels, Process	2033	10 to 17	11 to 17	82,000.00	82,000	158,000	212,779		77,822															
3370	3	3	Each	Elevators, Tractors, Control and Call Buttons	2039	10 to 15	21	128,000.00	264,000	340,000	613,874										613,874							

RESERVE EXPENDITURES

Highfield House
Condominiums, Inc.
Baltimore Maryland

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Exert	Use Analysis Years: Original Remaining	Costs \$			55 Year Total (6/30/65)																														
							Unit (2018)	Per Phase (2018)	Total (2018)	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30																
3.005	3	3	Each	Elevators, Traction Hoist and Motors	2018	10 to 15	30	60,000.00	180,000	180,000	364,666																													365,666
3.300	2	2	Each	Exhaust Fans, Motors and Balancers	2020	10 to 30	2	12,000.00	24,000	24,000	26,166																													
3.400	1	1	Each	Heat Exchanger, Building Heat	2012	10 to 25	21	31,000.00	31,000	31,000	54,772																													
3.600	1	1	Allowance	Life Safety System, Control Panel	2024	10 to 15	6	30,000.00	30,000	30,000	85,953												49,366																	
3.600	1	1	Allowance	Life Safety System, Emergency Devices	2031	10 to 25	16	56,000.00	56,000	56,000	85,953																													
3.606	166	166	33 Units	Pipes, Domestic Water, Waste and Vent, Plenum	2022	10 to 30	4 to 20	5,800.00	220,420	1,438,020	1,547,451	421,729												466,656																
3.700	2	2	Each	Pumps, Building Cooling, 30 HP	2020	10 to 25	17	14,500.00	29,000	29,000	58,548																													
3.701	2	2	Each	Pumps, Building Heating, 10 HP	2019	10 to 10	1	9,000.00	18,000	18,000	21,418																													
3.702	2	2	Each	Pumps, Building Heating, 15 HP	2027	10 to 15	9	19,000.00	31,000	31,000	63,181																													
3.820	1	1	Allowance	Security System	2024	10 to 15	6	14,500.00	14,500	14,500	40,597																													
3.800	3	3	Each	Storage Tanks, Dynamic Hot Water, Bladder High/Low/Low (2018 in Planning)	2018	10 to 15	0	7,000.00	31,000	31,000	78,640																													
3.801	15	15	Floors	Trench Chute and Easors	2026	10 to 05	15	3,000.00	45,000	45,000	51,644																													
3.900	1	1	Each	Track Computer (2018 in Planning)	2018	10 to 25	0	24,000.00	24,000	24,000	67,402																													
3.920	1	1	Allowance	Vent, Plenum	2019	10 to 50	1	25,000.00	25,000	25,000	302,913	30,538												39,222																
Reserve Life Elements																																								
4.120	15,200	3,600	Square Feet	Cybernetic Elevators, Part #	2020	10 to 35	2 to 25	12.00	31,920	134,640	85,517																													
4.735	1,200	1,200	Square Feet	Finishing Work, Concrete, Drywall and Capital Reserve	2021	10 to 15	3	15.50	21,950	21,950	34,904																													
4.900	1	1	Allowance	Unplanned Maintenance and General Structure Repairs, Phase (2018 in Planning)	2019	25 to 28	1 to 3	4,000,000.00	4,000,000	4,000,000	4,000,000																													
Pool Elements																																								
6.200	8,450	4,450	Square Feet	Concrete Deck, Inspection, Pool Repairs and Repairs	2020	8 to 12	11	1.50	15,320	10,320	30,318																													
6.500	1	1	Allowance	Fencing	2025	10 to 12	7	15,000.00	15,000	15,000	43,848																													
6.600	1	1	Allowance	Mechanical Equipment (incl. Water Fountain)	2031	10 to 15	13	19,000.00	19,000	19,000	81,987																													
6.600	1,200	1,200	Square Feet	Pool Finish, Plaster	2027	8 to 12	9	13.50	17,010	17,010	87,308																													
6.601	130	130	Linear Feet	Pool Finish, Tile	2027	15 to 25	13	42.00	5,460	5,460	8,568																													
Structural Elements																																								
7.011	1	1	Allowance	Alternate Books, Restrooms	2034	15 to 20	16	10,000.00	10,000	10,000	14,815	14,815																												
7.300	35,300	3,530	Square Feet	Concrete On grade Parking	2021	10 to 60	3 to 20+	12.00	42,360	420,600	178,230																													
7.400	2	2	Each	Doors and Operators (2018 in Budgeted)	2018	8 to 15	0	28,000.00	56,000	56,000	187,218																													
7.400	1	1	Allowance	Exhaust System (Drives)	2021	10 to 30	0	12,000.00	12,000	12,000	12,463																													
7.620	55	55	Each	Light Fixtures	2047	10 to 20	22	250.00	13,750	13,750	27,353																													
Additional Expenditures, By Year										611,406,299	1,337,362	128,197	32,872	228,166	488,666	871,411	747,840	264,512	573,581	1,132,931	1,422,793	100,663	48,567	264,305	364,696															

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Highfield House
Condominium, Inc.
Baltimore, Maryland

	Individual Reserve Budgets & Cash Flows for the Next 30 Years															
	FY2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Reserves at Beginning of Year (Note 1)	440,124	647,303	811,532	1,253,919	1,745,287	2,015,374	2,754,567	2,855,714	2,838,146	3,556,555	4,315,782	525,212	832,296	955,593	1,385,824	1,881,625
Plus Recommended Reserve Contributions	162,000	433,000	542,000	651,000	760,000	669,000	978,000	1,001,500	1,025,500	1,050,100	1,075,300	530,000	542,700	555,700	569,000	582,700
Plus Additional Assessments for Plaza		4,000,000														
Total Recommended Reserve Contributions (Note 2)	162,000	4,433,000	542,000	651,000	760,000	669,000	978,000	1,001,500	1,025,500	1,050,100	1,075,300	530,000	542,700	555,700	569,000	582,700
Plus Estimated Interest Earned, During Year (Note 3)	4,179	11,453	17,408	25,278	31,596	40,203	47,623	48,327	53,981	66,435	40,810	11,450	15,153	19,827	27,548	35,376
Less Anticipated Expenditures, By Year	(69,000)	(4,180,224)	(117,021)	(184,910)	(521,609)	(170,010)	(884,476)	(1,107,385)	(351,072)	(367,308)	(4,905,680)	(235,366)	(424,556)	(154,296)	(101,747)	(184,115)
Anticipated Reserves at Year End	\$547,303	\$911,532	\$1,253,919	\$1,745,287	\$2,015,374	\$2,754,567	\$2,855,714	\$2,838,146	\$3,556,555	\$4,315,782	\$525,212	\$832,296	\$955,593	\$1,385,824	\$1,881,625	\$2,315,582

(NOTE 3)

(continued)

	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Reserves at Beginning of Year	2,315,586	1,607,993	2,122,326	2,756,273	3,239,311	3,485,435	3,343,380	3,849,262	4,358,226	4,651,916	4,333,659	3,754,899	4,407,532	5,233,322	5,854,485
Total Recommended Reserve Contributions	596,700	611,000	625,700	640,700	654,100	671,800	687,900	704,400	721,300	738,600	756,300	774,500	793,100	812,100	831,800
Plus Estimated Interest Earned, During Year	33,069	31,440	41,119	50,633	55,679	57,556	60,622	69,176	75,941	75,734	68,173	68,796	81,257	93,452	103,478
Less Anticipated Expenditures, By Year	(1,337,362)	(128,107)	(32,872)	(208,195)	(466,655)	(871,411)	(242,640)	(264,812)	(503,551)	(1,132,691)	(1,403,233)	(190,663)	(48,567)	(284,389)	(386,666)
Anticipated Reserves at Year End	\$1,607,993	\$2,122,326	\$2,756,273	\$3,239,311	\$3,485,435	\$3,343,380	\$3,849,262	\$4,358,226	\$4,651,916	\$4,333,659	\$3,754,899	\$4,407,532	\$5,233,322	\$5,854,485	\$6,422,897

(NOTE 4)

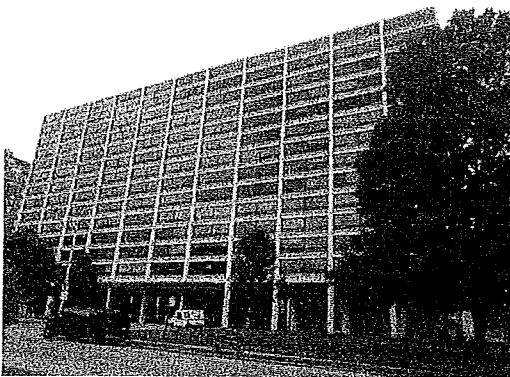
Explanatory Notes:

- 1) Year 2018 starting reserves are as of June 26, 2018; FY2018 starts January 1, 2018 and ends December 31, 2018.
- 2) Reserve Contributions for 2018 are the remaining budgeted 6 months; 2019 is the first year of recommended contributions.
- 3) 1.7% is the estimated annual rate of return on invested reserves; 2018 is a partial year of interest earned.
- 4) Accumulated year 2048 ending reserves consider the need to fund for subsequent replacement of the waterproof membrane and concrete repairs at the plaza shortly after 2048, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserves balance at critical point).

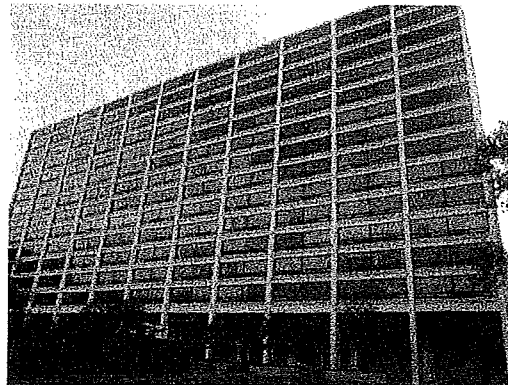
4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service.*

Exterior Building Elements



Front elevation overview



Rear elevation overview

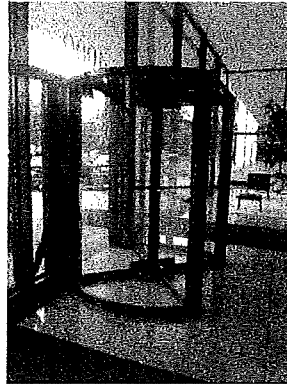
Doors, Main Entrance

Line Item: 1.180

Quantity: One main entrance system with a revolving door

History: Original

Condition: Reported in satisfactory condition



Revolving door overview

Useful Life: Up to 30 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

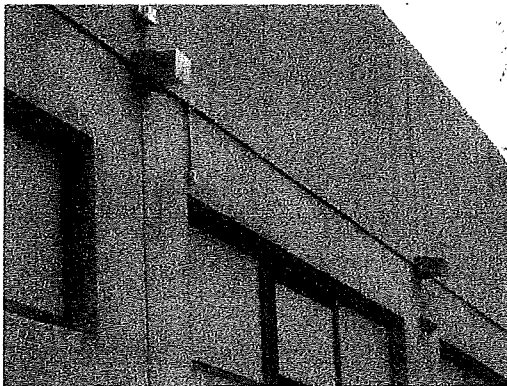
Light Fixtures

Line Item: 1.260

Quantity: Approximately 140 exterior recessed and wall mounted light fixtures accent the building

History: Unknown age

Condition: Good to fair overall



Wall mounted light fixtures



Recessed light fixtures



Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Roofs, Inverted

Line Item: 1.440

Quantity: 16,900 square feet. This quantity includes the modified bitumen sections of roof and the entrance canopy roof.

History: Replaced in 2005; the Association should conduct inspections of the roofs semiannually and fund these inspections through the operating budget.

Condition: Fair overall with deterioration and wear evident. Management does not report history of leaks.



Inverted roof overview – *Note: paver system*



Inverted roof overview – *Note: paver system*



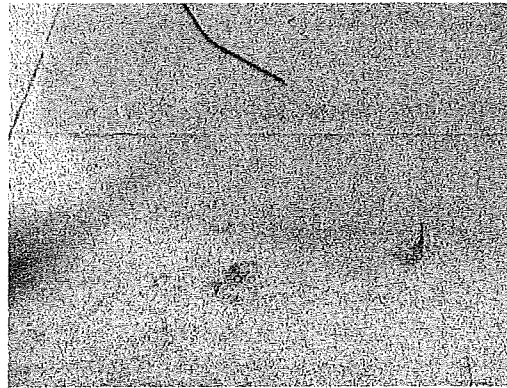
Inverted roof



Inverted roof deterioration



Modified bitumen roof section – Note: wear

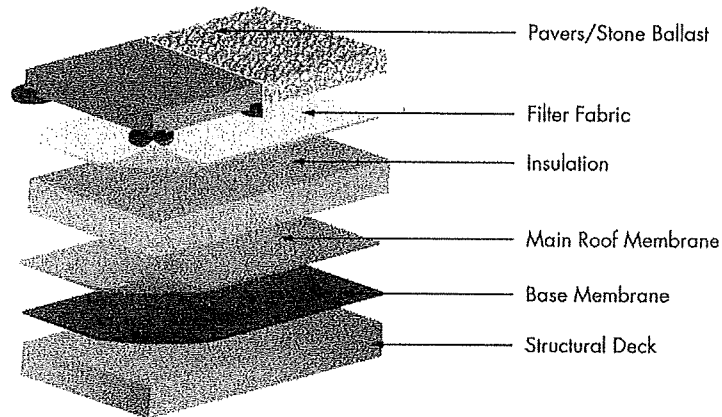


Modified bitumen roof wear

Useful Life: Up to 25 years

Component Detail Notes: Inverted roofs are also referred to as "upside down roofs" or Protected Membrane Roofs (PMR). This type of roofing system consists of a waterproofing material applied directly to the concrete roof deck and topped with rigid insulation, filter fabric and gravel ballast. This configuration maintains the membrane at a temperature close to that of the building interior, and protects it from the damaging effects of ultraviolet radiation and from pedestrian damage. The following image details the typical components of an inverted roof although it may not reflect the actual configuration at Highfield House:

INVERTED ROOF DETAIL



© Reserva Advisors, Inc.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Sealants, Windows, Doors and Control Joints

Line Item: 1.540

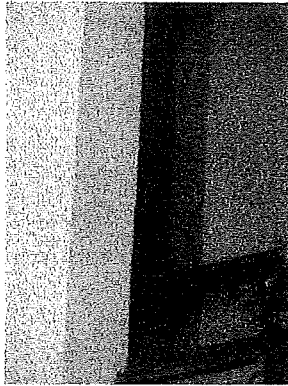
Quantity: 31,200 linear feet of exterior sealants or *caulk*¹ at the windows, doors and control joints²

History: A portion of the sealant were replaced in 2017 and 2018

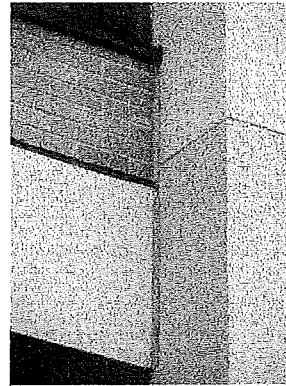
Condition: Good to fair overall

¹ The terms sealant and caulk are used interchangeably throughout this text and throughout the industry.

² A control joint is a formed or sawed groove in a wall system that allows for thermal expansion and contraction of the building materials without damage.



Window sealant overview



Control joint sealant overview

Useful Life: Up to 20 years

Component Detail Notes: The rate of deterioration of the sealants is not uniform due to the different exposures to sunlight and weather. The Association should anticipate gradual dispersed deterioration as the sealants age.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend Highfield House replace up to fifty percent (50%), or 15,600 linear feet of joint sealant during each event.

Staircases

Line Item: 1.600

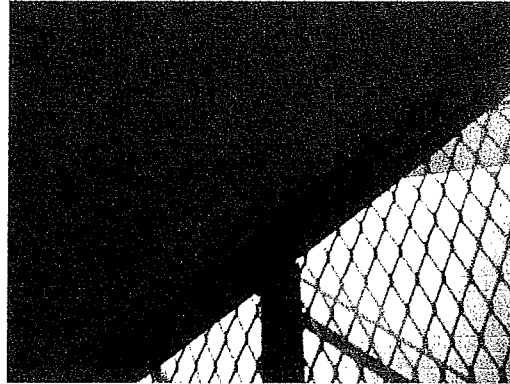
Quantity: Two sets of metal and concrete staircases located between the plaza deck and the garage.

History: Original

Condition: Fair to poor overall



Staircase overview



Concrete deterioration



Metal paint finish deterioration and rust

Useful Life: Up to 50 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should budget for periodic power washing, minor replacements, and staining through the operating budget.

Walls, Concrete

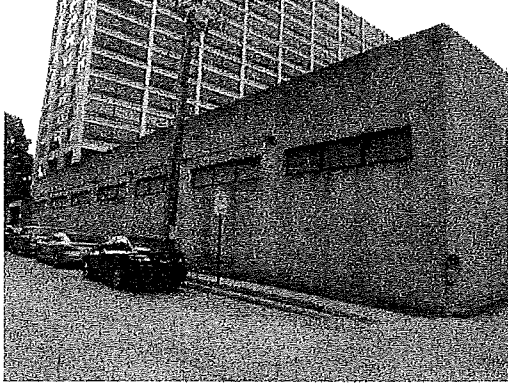
Line Items: 1.660 and 1.665

Quantity: Approximately 55,500 square feet of concrete structural members and facade with a coating application

History: The Association last completed a major concrete facade restoration in 2004



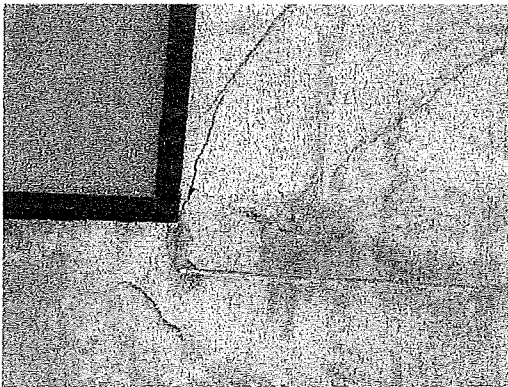
Conditions: The façade is in good to fair overall condition and the coating is in good to fair overall condition with cracks and deterioration evident.



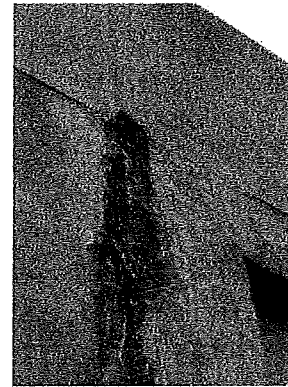
Concrete wall overview



Concrete wall and columns



Concrete wall cracks and deterioration



Concrete wall cracks and deterioration

Useful Life: We recommend concrete facade inspections and repairs every 10- to 15-years. We recommend a systematic inspection and repair program to minimize the amount of required repairs over time and potential for water infiltration. Protective coatings have a useful life of up to 20 years.

Component Detail Notes: Periodic liquid-applied coatings serve to inhibit deterioration of the exterior concrete. Coatings on concrete must allow entrained moisture in the concrete to migrate to the concrete surface and evaporate. A non-permeable coating traps this moisture and increases concrete spalling and eventual degradation of the coating.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for the following work per repair event:

- Complete inspection
- Partial depth replacement of up to one percent (1%) of the concrete
- Crack repairs to up to three percent (3%) of the concrete
- Application of a coating to the repaired areas only
- Engineering fees
- Scaffolding
- Sidewalk protection

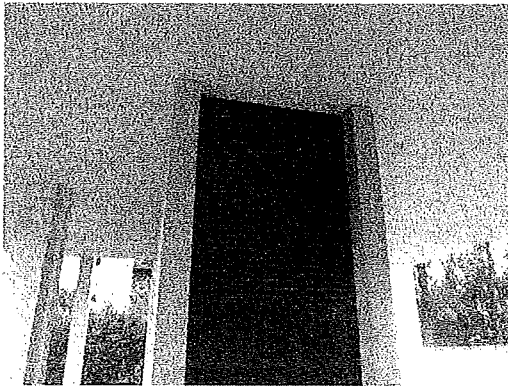
Walls, Louvers, Metal

Line Item: 1.681

Quantity: Approximately 2,300 square feet of metal louvers

History: Unknown age

Condition: Fair overall with finish deterioration evident



Metal louver overview



Finish deterioration

Useful Life: Up to 50 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Walls, Masonry

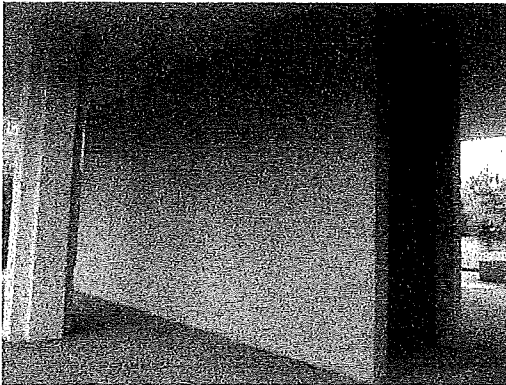
Line Item: 1.820

Quantity: Approximately 19,000 square feet of the exterior walls

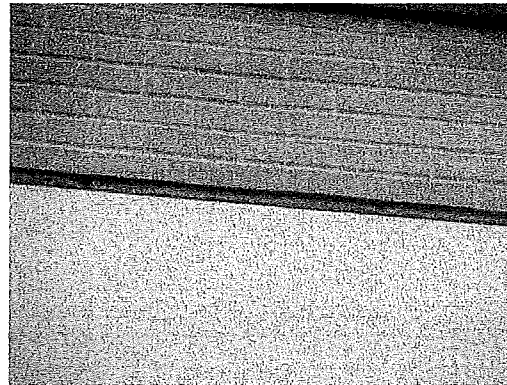
History: Management reports some repairs have been completed

Condition: Good overall with the following evident:

- Minimal previous repairs evident
- Efflorescence is not visible
- No masonry cracks are evident
- No spalled masonry is evident
- No mortar deterioration is evident
- Mortar joints are tooled



Masonry wall overview



Masonry wall

Useful Life: We advise a complete inspection of the masonry and related masonry repairs every 8- to 12-years to forestall deterioration.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Our cost includes the following activities:

- Complete inspection of the masonry
- Repointing of up to ten percent (10%) of the masonry
- Replacement of a limited amount of the masonry

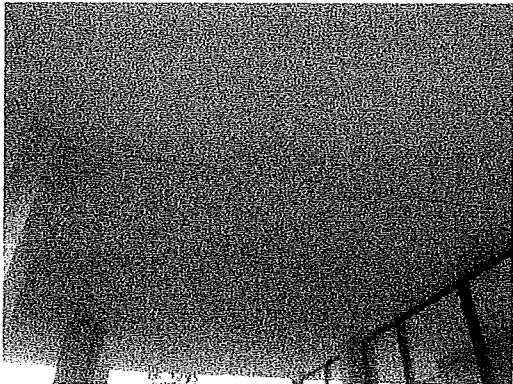
Walls, Soffit

Line Item: 1.888

Quantity: 11,000 square feet of soffit beneath the building at the plaza level

History: Unknown age

Condition: Good to fair overall



Soffit overview



Soffit overview

Useful Life: Inspection, repairs and paint finish applications every 10 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Our estimate of cost includes the following:

- Inspection of the concrete soffit
- Repairs of up to one percent (1%) of the concrete soffit
- Paint finish applications to the concrete soffit

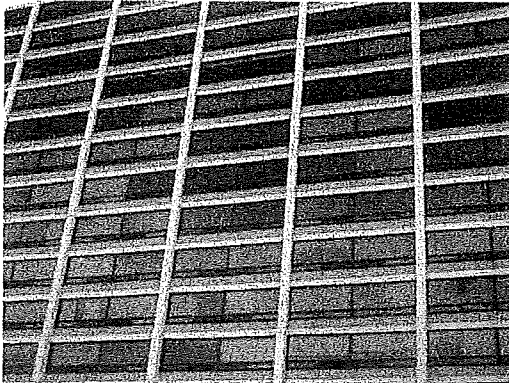
Windows and Doors

Line Item: 1.980

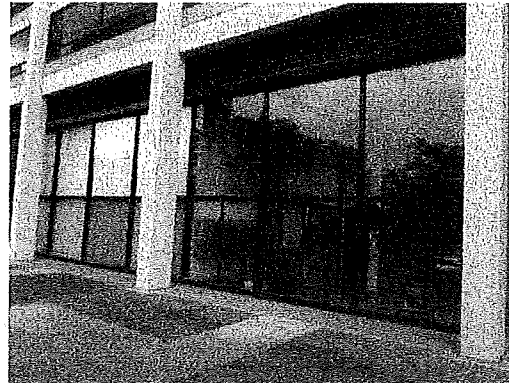
Quantity: 54,600 square feet

History: Original

Condition: Reported in fair condition



Windows overview



Windows overview

Useful Life: 45- to 55-years

Component Detail Notes: Properly designed window assemblies anticipate the penetration of some storm water beyond the gaskets. This infiltrated storm water collects in an internal drainage system and drains, or exits, the frames through weep holes. These weep holes can become clogged with dirt or if a sealant is applied, resulting in trapped storm water. We recommend Highfield House periodically verify that weep holes are unobstructed concurrent with facade repairs. However, as window frames, gaskets and sealants deteriorate, leaks into the interior can result. The windows will eventually need replacement or major capital repairs to prevent water infiltration and damage from wind driven rain.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our recommended time of replacement included in this reserve study is based on conversations with Management and the Board, and in review of an engineering assessment conducted by *Building Envelope Consultants and Scientists (BECS)* dated October 18, 2018.

Interior Building Elements

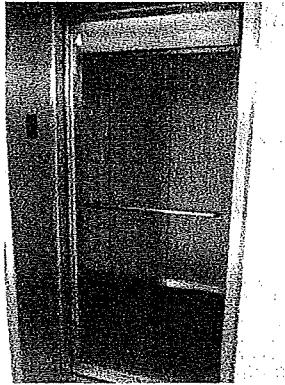
Elevator Cab Finishes

Line Item: 2.100

Quantity: Three elevators

History: Replaced in 2003

Condition: Fair overall



Cab finishes overview

Useful Life: Up to 20 years

Component Detail Notes: The elevator cab finishes consist of:

- Tile floor coverings
- Laminate wall coverings
- Eggcrate ceiling finishes

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

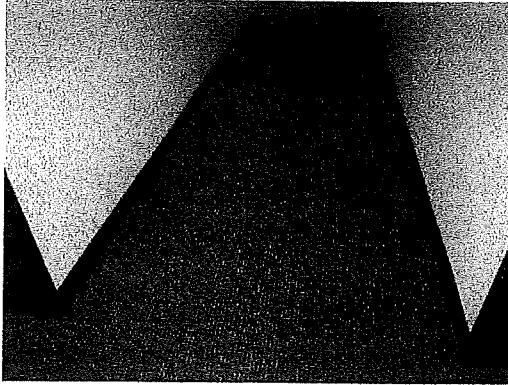
Floor Coverings, Carpet

Line Item: 2.200

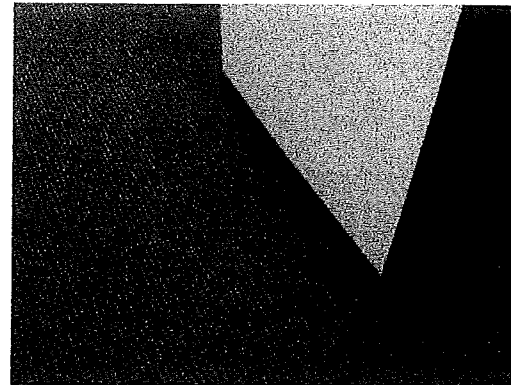
Quantity: 1,590 square yards at the hallways (Contractor measurements will vary from the actual floor area due to standard roll lengths, patterns and installation waste.)

History: Replaced in 2014

Condition: Good to fair overall



Carpet overview



Carpet overview

Useful Life: 8- to 12-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

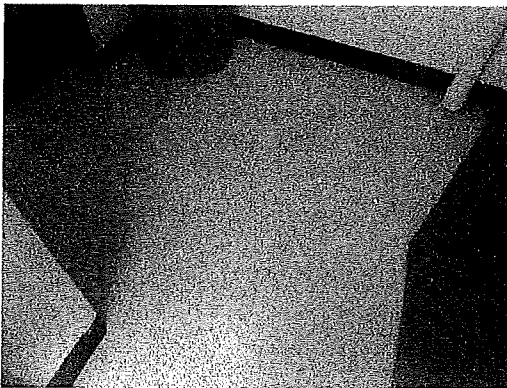
Floor Coverings, Vinyl

Line Item: 2.300

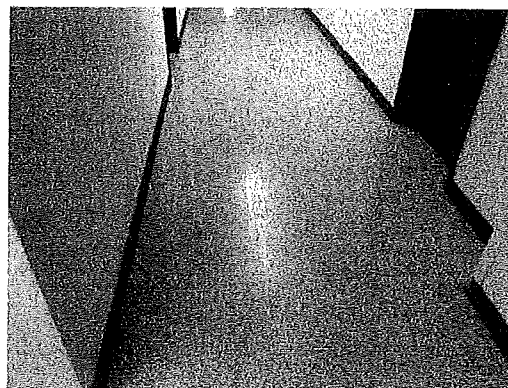
Quantity: 250 square yards at the service hallways, trash rooms and freight elevator lobbies

History: Unknown age

Condition: Good to fair overall



Vinyl tile floor overview



Vinyl tile floor overview



Useful Life: 10- to 15-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Guilford Room

Line Items: 2.451 and 2.452

History: The ages of the components are varied

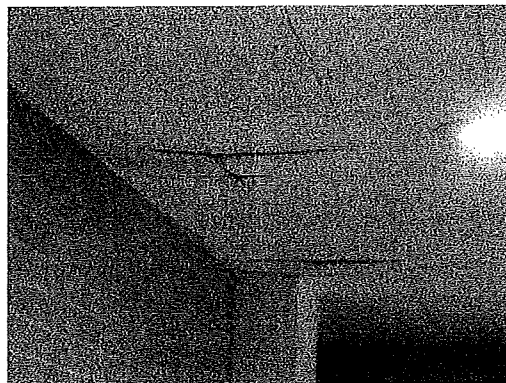
Condition: Good to fair overall with ceiling tile damage



Guilford room overview



Guilford room kitchen



Ceiling tile damage

Useful Life: Complete renovations every 20 years with interior partial renovations every 10 years



Component Detail Notes: Components include:

- Tile floor coverings
- Acoustical ceiling tiles
- Paint finishes
- Exercise equipment
- Kitchen equipment (including cabinets and countertops)
- Light fixtures
- Furnishings

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Partial renovations should include paint finish applications and replacement of up to fifty percent of the furnishings and exercise equipment. Complete renovations should include paint finish applications, replacement of up to fifty percent of the furnishings and exercise equipment and replacement of all the remaining components listed above.

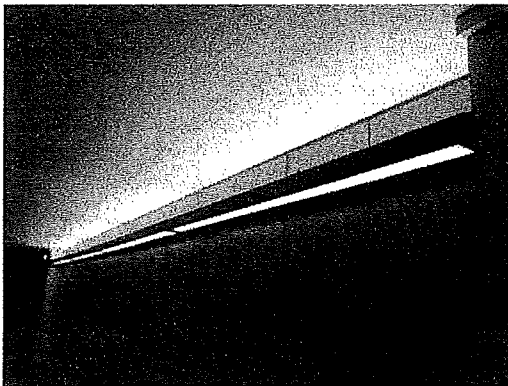
Light Fixtures

Line Item: 2.560

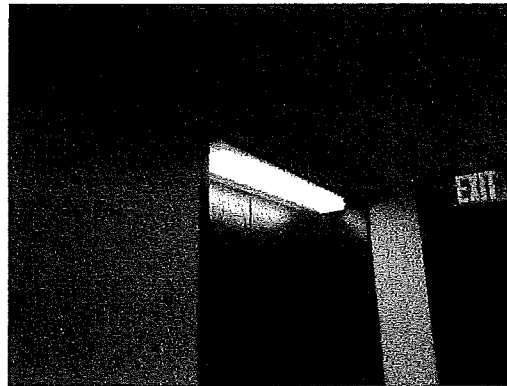
Quantity: Approximately 310 interior wall and ceiling mounted light fixtures

History: Replaced in 2017

Condition: Reported satisfactory



Light fixture overview



Light fixture overview

Useful Life: Up to 30 years

Priority/Criticality: Per Board discretion



Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Lobby, Renovations

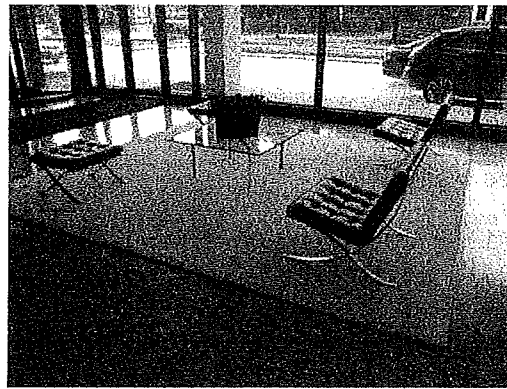
Line Item: 2.600

History: Components are at various unknown ages

Condition: Good to fair overall



Lobby overview



Lobby furniture

Useful Life: Renovation 10- to 15-years

Component Detail Notes: Components comprise the following:

- Terrazzo floor covering
- Marble wall coverings on a portion of the walls
- Paint finishes on the ceiling and a portion of the walls
- Furnishings
- Light fixtures

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Renovation should include paint finish applications, honing of the marble and terrazzo and replacement of all the remaining components listed above.

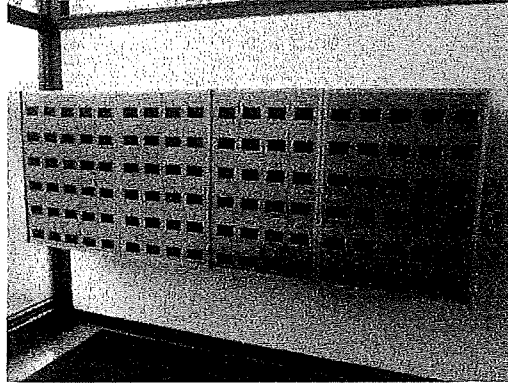
Mailboxes

Line Item: 2.700

History: Original



Condition: Reported satisfactory overall



Mailboxes overview

Useful Life: Up to 35 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We recommend the Association replace the mailboxes in conjunction with lobby renovations.

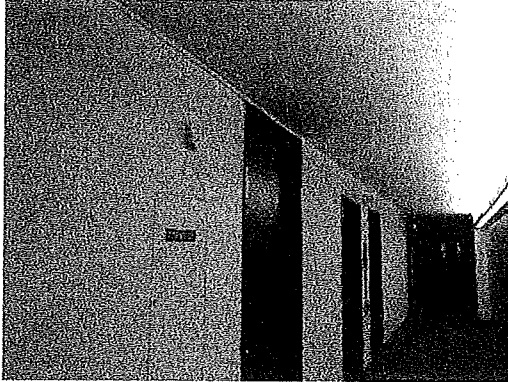
Paint Finishes

Line Item: 2.800

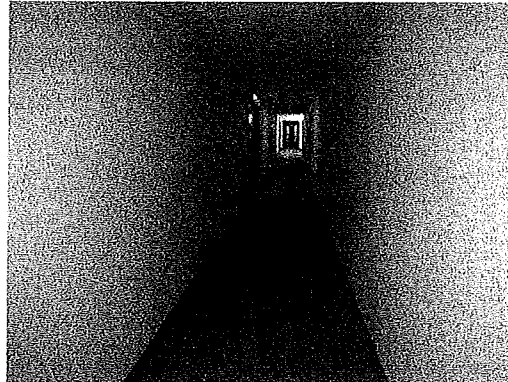
Quantity: Approximately 77,800 square feet

History: Paint finishes were applied in 2014

Condition: Good overall



Paint finish overview



Paint finish overview

Useful Life: 6- to 10-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

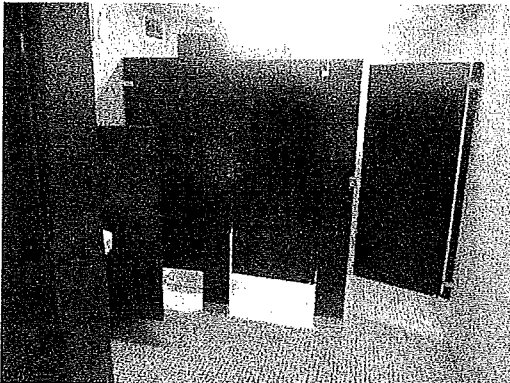
Rest and Locker Rooms

Line Item: 2.900

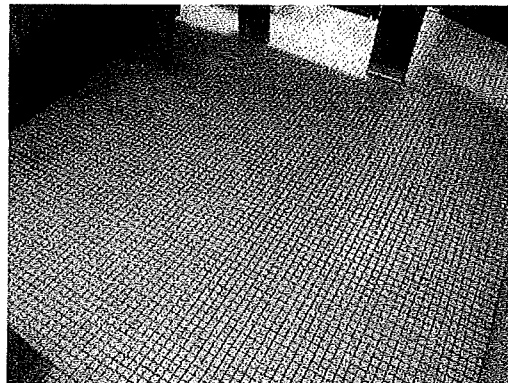
Quantity: Five common rest and locker rooms

History: Renovations were conducted in 2009

Condition: Fair overall with tile floor covering stains



Rest room overview



Tile floor covering at rest room – *Note: stains*

Useful Life: Renovation up to every 20 years



Component Detail Notes: Components include:

- Tile floor coverings
- Tile wall coverings on a portion of the walls
- Paint finishes on the ceiling and a portion of the walls
- Light fixtures
- Plumbing fixtures

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Renovation should include paint finish applications and replacement of all the remaining components listed above. The Association should budget for interim renovations as needed through the operating budget.

Wall Coverings, Wood Laminate

Line Item: 2.980

Quantity: Approximately 3,300 square feet at the hallways

History: Replaced in 2014

Condition: Good to fair overall



Wood laminate wall covering overview

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

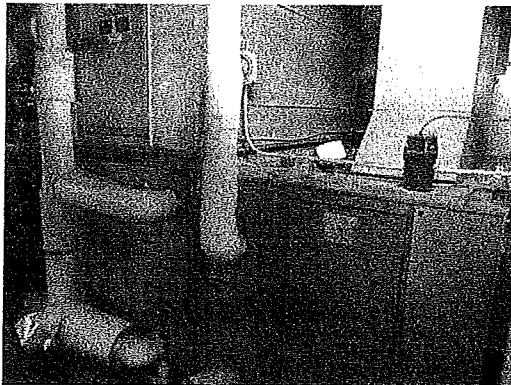
Building Services Elements

Air Handling Units

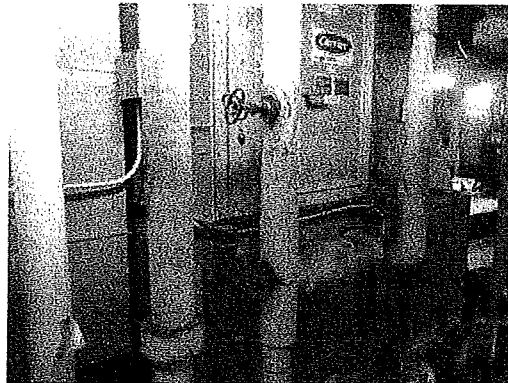
Line Items: 3.020, 3.021 and 3.022

Location, Quantity, History and Condition: The following table depicts the location each air handling unit serves, quantity of air handling units, history and condition:

Location Served	Quantity	History	Condition
Hallways	Two each	Unknown ages	Fair to poor
Lobby	One each	23 years	Fair
Guilford Room	One each	23 years	Fair
Service areas	One each	10 years	Good to fair



Lobby air handling unit overview



Guilford air handling unit overview

Useful Life: 15- to 25-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Boilers, Building Heat

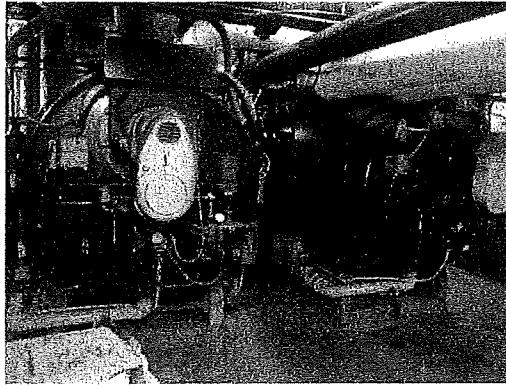
Line Items: 3.100 and 3.105

Quantity: Two *Cleaver Brooks* gas-fired boilers



History: Original

Condition: Reported in fair operational condition



Boilers overview

Useful Life: Up to 60 years with capital repairs every up to 15 years

Component Detail Notes: The boilers have an *input* capacity of 8,375-MBH (thousand British Thermal Units per hour) each. Typical capital repairs include replacement of heat exchanger tubes and burners. In larger systems, the cost of boiler replacement justifies capital repairs. In the case of needed capital repairs, Highfield House should compare the cost of boiler replacement with that of the capital repair and the age. Energy efficiency improvements may also warrant complete replacement.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Our estimate of cost includes allowances for design, engineering, controls and repiping. Based on the desire of the Association to replace the existing boilers with more energy efficient building heat boiler systems, we recommend the Association replace the existing boiler with high efficiency modular boilers at the time of replacement. Future updates to this reserve study will consider any changes made to the building heat system.

Boilers, Domestic Hot Water

Line Item: 3.160

Quantity: Three A. O. Smith gas-fired boilers

History: Installed in 2009

Condition: Reported satisfactory without operational deficiencies



Boilers overview

Useful Life: 15- to 20-years

Component Detail Notes: The boilers have an input capacity of 660-MBH (thousand British Thermal Units per hour) each to generate domestic hot water.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost includes an allowance for replacement of controls.

Building Automation System

Line Item: 3.170

History: Last upgraded in 2012

Condition: Reported satisfactory

Useful Life: Up to 15 years

Component Detail Notes: The building automation system (or energy management system) monitors and controls the mechanical systems. The system includes approximately control points and/or sensors.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Chiller

Line Items: 3.200 and 3.205

Quantity: One York 300-ton capacity chiller

History: Installed in 2013

Condition: Reported satisfactory without operational deficiencies



Chiller overview

Useful Life: Replacement every 25- to 35-years with capital repairs up to every 10 years

Component Detail Notes: The centrifugal chiller provides chilled water for air conditioning the building.

Proper maintenance includes the following:

- Eddy current tests. The eddy current test compares known discontinuities in the magnetic fields between a known calibration tube and the actual tube being tested. The test probes create the two necessary magnetic fields in each tube for the comparison.
- Capital repairs or partial machine disassembly (invasive inspection of interior machine components or tear down inspections) to evaluate the condition of the chiller tubes for defects such as permeability and cracks.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Our cost is based on information provided by the Association.



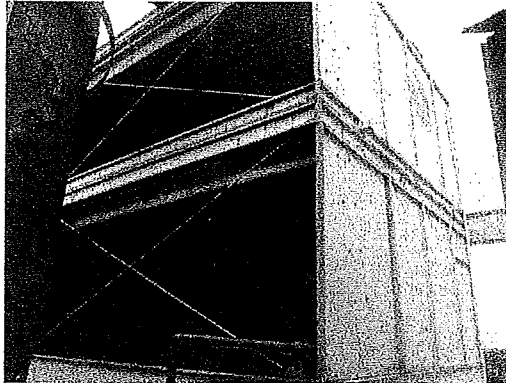
Cooling Tower

Line Items: 3.260 and 3.265

Quantity: One BAC cooling tower

History: Installed in 1997

Condition: Reported satisfactory without operational deficiencies



Cooling tower overview

Useful Life: Replacement every 25- to 35-years with capital repairs every 10- to 15-years

Component Detail Notes: The cooling tower has a capacity of 300-tons. Proper maintenance includes the following:

- Keeping all areas free of debris and build-up
- Effective water treatment program
- Seasonal testing of valves and controls for proper operation
- Inspection, adjustment and repairs of mechanical components as recommended by the manufacturer
- Annual inspection of components for corrosion or decay
- Capital repairs every 10- to 15-years

Capital repairs include a complete inspection of the cooling tower, pumps, motor drives and controls, replacement of the fill media, spray nozzles and any corroded areas, application of an internal protective coating and structural repairs. In addition, capital repairs may include partial or complete replacement of the motors, pumps, controls and valves.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.



Electrical System

Line Item: 3.300

History: Primarily original to construction.

Condition: Reported satisfactory

Useful Life: Up to and sometimes beyond 70 years

Component Detail Notes: We give a brief overview of electrical system components in the following sections of this narrative.

Primary Switchgear - The primary switchgear is located where the electric supply comes into the building. Switchgear can include associated controls, regulating, metering and protective devices, and is used for the transmission, distribution and conversion of electric power for use within the building. Switchgear components have a useful life of up to and sometimes beyond 70 years. Replacement is often determined by a desired upgrade of the entire electrical system.

Transformer - A transformer is an electric device with two or more coupled windings used to convert a power supply from one voltage to another voltage. Transformers within a building lower the supplied electrical voltage to a level that can be utilized by the building's equipment and unit owners. Transformers do not utilize mechanical components and therefore have a long useful life. However, the Association should anticipate periodic replacement of a limited quantity of transformers.

Distribution Panel - The distribution panel is an electric switchboard or panel used to control, energize or turn off electricity in total or for individual circuits. The panel also distributes electricity to individual and controllable circuits. One or more distribution panels may exist and further distribute electricity to individual panel boards for each unit. The distribution panel is enclosed in a box and contains circuit breakers, fuses and switches. Distribution panels have a useful life of up to and sometimes beyond 70 years.

Bus Bar - A bus bar is an electric conductor that serves as a common connection for two or more circuits and carries a large current. The metal enclosure contains factory assembled conductors, usually copper or aluminum bars or tubes. Bus bars typically convey electricity in a vertical riser to the multiple stories in the building. This component has an indefinite useful life and would rarely require replacement in total unless an upgrade of the capacity of the electrical system is desired.

Circuit Protection - Once electricity is distributed throughout the building and is at a usable voltage level, the electricity is divided into circuits. Each circuit requires circuit protection. Circuit protection is necessary to prevent injury and fires, and minimize damage to electrical components and disturbances to the electrical



system. Abnormalities in the circuit can include overloads, short circuits and surges. Circuit protection devices are commonly referred to as circuit breakers and fuses. For the protection of the circuits in the units and common areas, we recommend the use of only circuit breakers as they are safer than fuses. However, the use of fuses is common for equipment like emergency systems and individual items of equipment. Fuses with a low capacity rating can easily be replaced with fuses of a higher rating resulting in an unprotected, overloaded and unsafe circuit. The circuit protection panels have a useful life of up to and sometimes beyond 70 years.

Conductors - Conductors are the electrical wires that convey electricity to the units, light fixtures, receptacles and appliances. Conductors in typical high and low capacity circuits are copper, as is reported the case at Highfield House. Copper conductors have an indefinite useful life.

Conductor Insulation and Conduit - Conductor insulation provides protection against the transfer of electricity. Conductor insulation can eventually become brittle and damaged from rodents or heat from many years of service. Conductor conduit is a pipe or tube used to enclose insulated electric wires to protect them from damage. Steel conductor conduit, although galvanized, will eventually rust if used in damp conditions. The useful life of conductor insulation and conduit is indeterminate.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We recommend the Association budget to replace the main switchgear, distribution and circuit protection panels. Updates of this Reserve Study will consider possible changes in the scope and times of component replacements based on the conditions, including the need for replacement of the wires.

We recommend the Association conduct thermoscans of the distribution panels and circuit protection panels, and inspections of the transformers for any indications of arcing, burning or overheating on a regular basis, funded through the operating budget. Verification of the integrity of all connection points minimizes the potential for arcing and fires.

Elevators, Traction

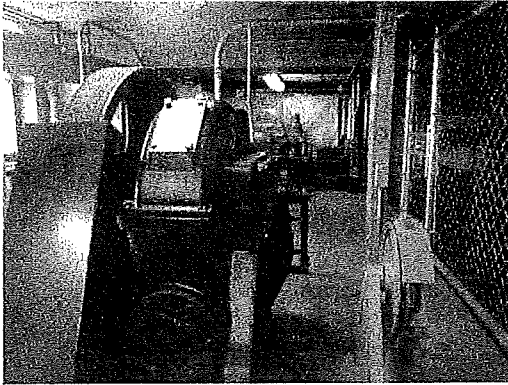
Line Items: 3.360 and 3.365

Quantity: Three traction elevators

History: The controls and call buttons were replaced in 2004 and the hoists and motors were replaced in 2004.



Condition: The controls and call buttons are reported in satisfactory condition and the hoists and motors are reported in satisfactory condition. Service interruptions are reportedly infrequent.



Elevator hoist and motors



Elevator controls

Useful Life: Up to 35 years for the controls and call buttons and up to 45 years for the hoists and motors. However, the scarcity of parts, and the potential frequency and duration of service interruption makes controls replacement more desirable as the components age.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Exhaust Fans

Line Item: 3.380

Quantity: Two exhaust fans for the unit kitchens and bathrooms located at the mechanical penthouse

History: Original

Condition: Reported in fair to poor overall condition



Exhaust fan overview

Useful Life: Up to 30 years

Component Detail Notes: The exhaust fans remove exhaust from the unit kitchens and bathrooms. The Association should fund interim replacements of belts, motors and other components through the operating budget as needed.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

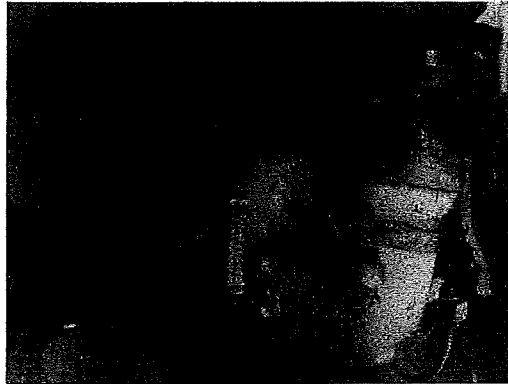
Heat Exchanger

Line Item: 3.460

Quantity: One building heat shell and tube style heat exchanger

History: Replaced in 2017

Condition: Reported satisfactory



Heat exchanger

Useful Life: Up to 25 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association.

Life Safety System

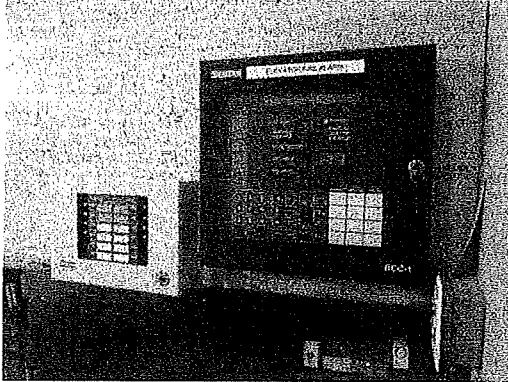
Line Items: 3.555 and 3.560

Quantity: The life safety system at Highfield House includes the following components:

- Audio/visual fixtures
- Control panel
- Detectors
- Emergency light fixtures
- Exit light fixtures
- Pull stations
- Wiring

History: Various unknown ages

Conditions: Reported satisfactory



Life safety system panel



Life safety system devices

Useful Life: Up to 25 years for the devices and up to 15 years for the control panel

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Changes in technology or building codes may make a replacement desirable prior to the end of the functional life. Our estimate of future cost considers only that amount necessary to duplicate the same functionality. Local codes or ordinances at the actual time of replacement may require a betterment as compared to the existing system. A betterment could result in a higher, but at this time unknown, cost of replacement.

Pipes

Line Items: 3.600 and 3.605

Quantity: Based on conversation with Management, we estimate the following quantity of riser sections and types of pipe materials within Highfield House:

Type	Material	Risers	Floors	Riser Sections
Domestic Cold Water Supply	Copper	16	15	240
Domestic Hot Water Supply	Copper	16	15	240
Domestic Hot Water Return	Copper	16	15	240
Sanitary Waste and Disposal	Black steel	16	15	240
Vent	Black steel	2	15	30
			Total	990

History and Conditions:

- Building Heating and Cooling – Replaced in 2000



- Domestic Water, Supply and Return – Original and reported in satisfactory condition
- Sanitary Waste Disposal and Vent – Original and reported in satisfactory condition

Component Detail Notes:

Building Heating and Cooling – We do not anticipate replacement of the building heating and cooling pipes during the next 30 years.

Domestic Water - Copper piping is the predominant type of pipe used in new construction for domestic water piping. With low mineral content in the water, the useful life of copper domestic water pipes is up to and sometimes beyond 80 years. However, there is recent evidence that copper piping prematurely develops pinhole leaks. Studies have shown that changes in water treatment practices, recently required in response to U.S. Environmental Protection Agency regulations, are dramatically increasing the risk of pitting corrosion in many geographic locations. Utility companies are implementing higher chloride levels to prevent outbreaks of waterborne disease. These higher chloride levels can accelerate corrosion of copper pipes and indeterminately reduce their useful life.

In the event that numerous pinhole leaks develop or occur throughout the system of pipes, Highfield House should also consider “in-place” pipe restoration technology. This process includes drying, sandblasting away interior pipe occlusions and applying an epoxy lining to the interior surfaces of the pipes. Future updates of this study will consider the possibility of the pipe restoration process in lieu of pipe replacement at Highfield House. Restoration technology can extend the useful life of a pipe system thus avoiding a system pipe replacement.

Sanitary Waste Disposal and Vent - The black steel pipes typically deteriorate from the inside out as a result of sewer gases, condensation and rust.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for a single riser section assumes replacement of all pipes located within each wall opening, associated branch piping, fittings and minimal interior finishes. However, the cost does not include temporary housing for affected residents, pipes within the units or significant interior finishes.

We recommend the Association budget the following expenditures:

- Domestic water, waste and vent - We include expenditures to replace the pipes at 33 units beginning by 2022 and concluding by 2038.

An invasive analysis of the piping systems will provide various replacement options. Replacement of the systems as an aggregate event will likely require the use of special assessments or loans to fund the replacements.



Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Highfield House could budget sufficient reserves for the beginning of these pipe replacements and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual pipe replacements to budget sufficient reserves.

We recommend the Association budget for replacement of the following items through the operating budget:

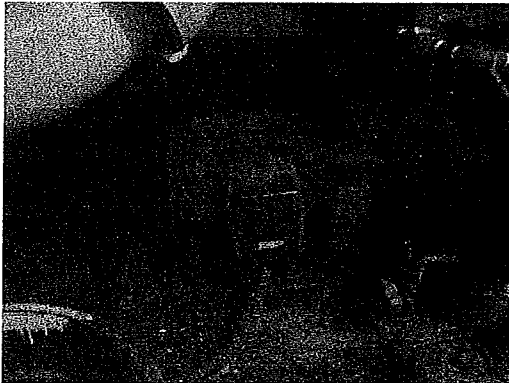
- Replacement of valves on an as-needed basis
- Minor pipe repairs and replacements
- Invasive investigation of the condition of the piping system prior to beginning more aggregate replacements
- Rodding of waste pipe systems

Pumps

Line Items: 3.700 through 3.702

Quantity, History and Conditions:

- Building cooling - 30-HP, two each, 2005, reported satisfactory
- Building heating - 10-HP, two each, 2009, reported satisfactory
- Building heating - 15-HP, two each, 2012, reported satisfactory



Cooling tower pump



HVAC pump

Useful Lives:

- Building cooling, useful life of up to 25 years
- Building heating, useful life of up to 10 years
- Building heating, useful life of up to 15 years



Component Detail Notes: Major pumps included in this Reserve Study are those with a motor drive of at least five-HP. The Association should replace or repair all pumps with motor drives less than five-HP as needed and fund this ongoing maintenance activity through the operating budget. The Association may choose to rebuild pumps prior to complete replacement. However, this activity becomes less desirable as pumps age due to the scarcity of parts. We regard interim replacements of motors and component parts as normal maintenance and base our estimates on complete replacements. An exact replacement time for each individual pump is difficult, if not impossible, to estimate.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Security System

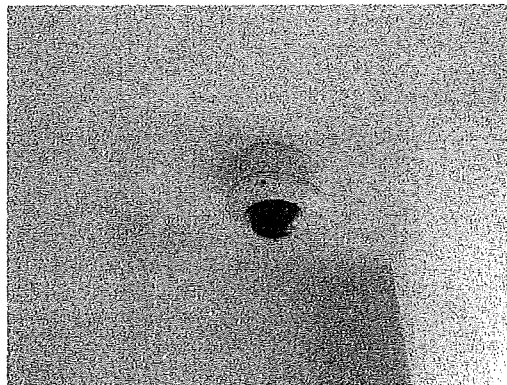
Line Item: 3.820

Quantity: Highfield House utilizes the following security system components:

- Automated access system
- Cameras
- Recorder
- Monitors

History: Replaced in 2009

Condition: Reported satisfactory



Security camera overview

Useful Life: Up to 15 years

Priority/Criticality: Per Board discretion



Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. The Association should anticipate replacement of all of the security system components per event.

Storage Tanks, Domestic Hot Water, Bladder Replacement

Line Item: 3.860

Quantity: Three insulated storage tanks

History: Installed in 2017

Condition: Reported satisfactory

Useful Life: Up to 15 years for bladder replacement

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Management informs us the Association replaced two of the bladders in 2017 and the Association is planning to replace the remaining bladder in 2018.

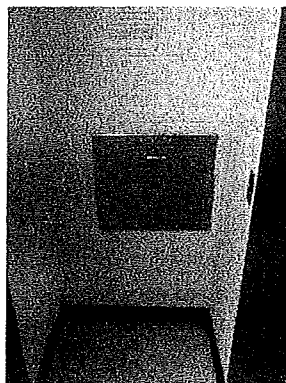
Trash Chute and Doors

Line Item: 3.880

Quantity: One trash chute

History: Original

Condition: Reported satisfactory



Trash chute door



Useful Life: Up to 65 years

Component Detail Notes: Damaged doors or poor door operation will result in a decreased useful life. The Association should fund interim repairs and partial replacements of the doors through the operating budget.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Trash Compactor

Line Item: 3.900

Quantity: One each

History: Original

Condition: Reported unsatisfactory

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

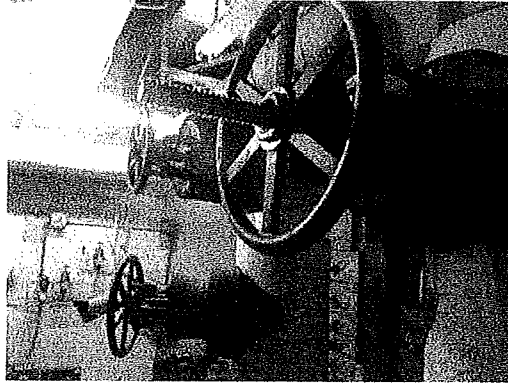
Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Management informs us the Association plans to replace the trash compactor in 2018.

Valves

Line Item: 3.920

History: Replaced as needed

Condition: Reported in fair overall condition



Valves

Useful Life: Up to and likely beyond 50 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. At the request of Management, we include an allowance every three years for the replacement of valves as needed.

Property Site Elements

Concrete Driveways

Line Item: 4.120

Quantity: 11,200 square feet at the front and rear of the property

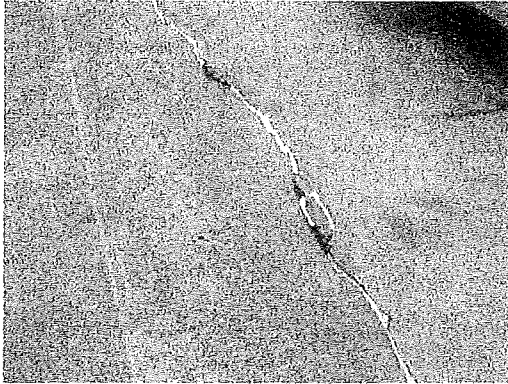
Condition: Fair overall with cracks and deterioration evident



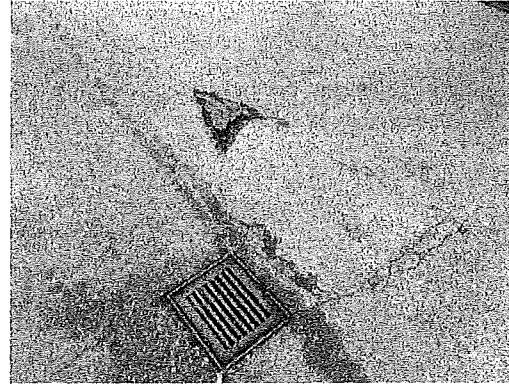
Concrete driveway at rear



Concrete driveway cracks and deterioration



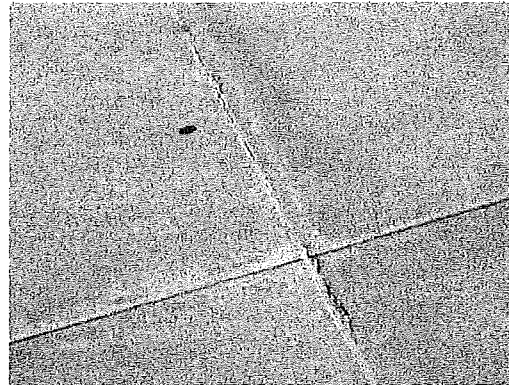
Concrete driveway crack



Concrete driveway cracks and deterioration



Concrete driveway at front



Concrete driveway crack

Useful Life: Up to 65 years although interim deterioration of areas is common

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We estimate that up to 5,600 square feet of concrete driveways, or fifty percent (50%) of the total, will require replacement during the next 30 years.

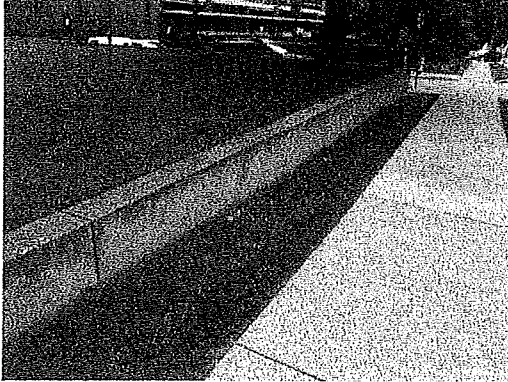
Retaining Wall, Concrete

Line Item: 4.735

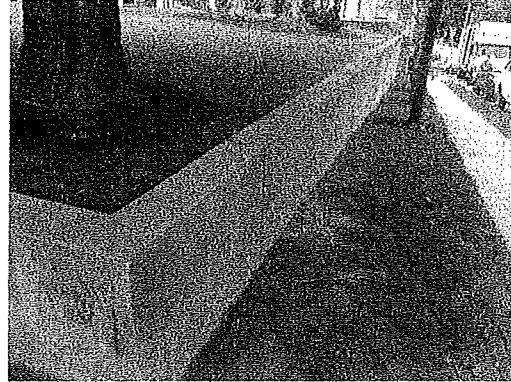
Quantity: 1,300 square feet at the front and side of the property

History: Original

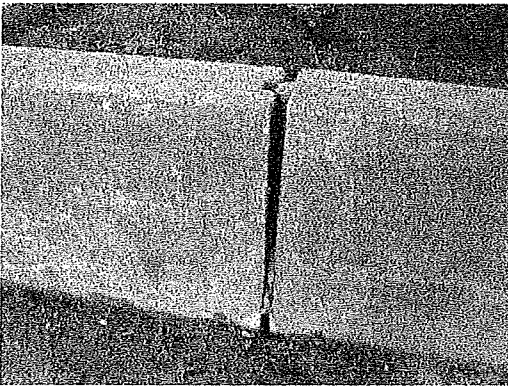
Condition: Fair overall with separation, cracks and lean evident



Retaining wall overview



Retaining wall overview



Retaining wall separation



Retaining wall cracks

Useful Life: Concrete retaining walls have indeterminate useful lives. However, we recommend the Association plan for inspections and capital repairs every 10- to 15-years to forestall deterioration.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

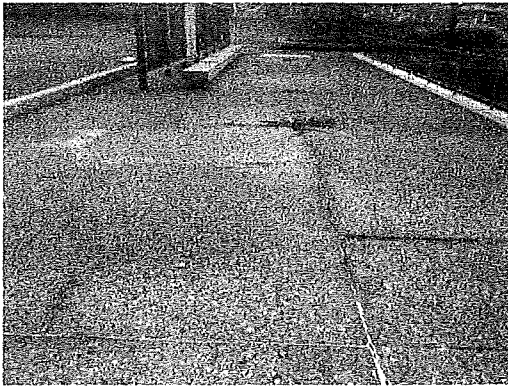
Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Waterproof Membrane and Concrete Capital Repairs, Plaza

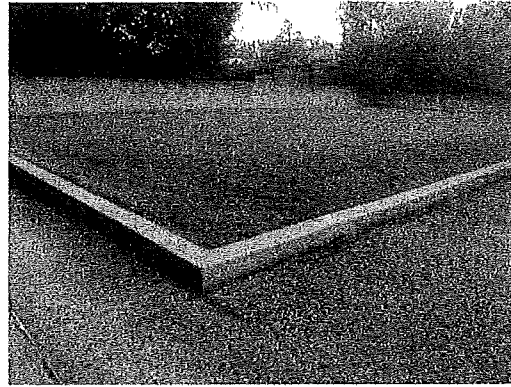
Line Item: 4.960

History: Original

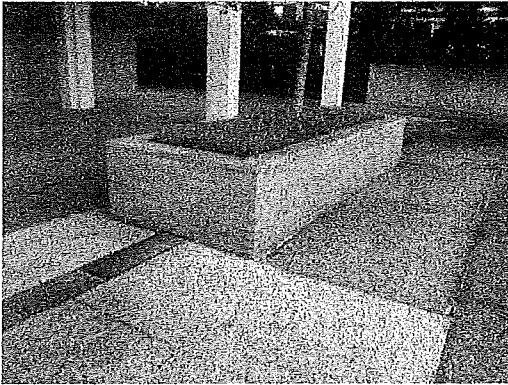
Condition: Reported in fair to poor overall with leaks, deterioration and cracks evident



Plaza overview



Plaza overview



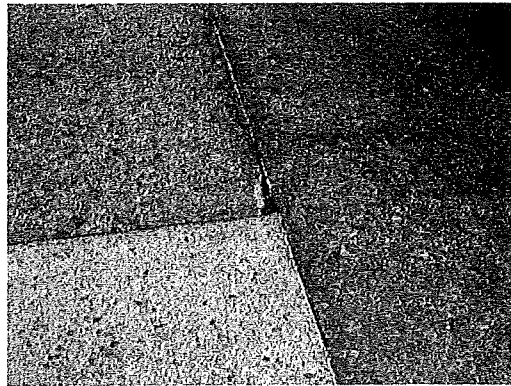
Plaza overview



Concrete at plaza deterioration and cracks



Concrete at plaza deterioration and cracks



Concrete at plaza deterioration and cracks

Useful Life: 25- to 35-years



Component Detail Notes: Due to the non-invasive nature of our inspection, we are unable to determine the exact composition of the plaza. Based on our visual inspection, experience with similar construction and knowledge of replacement/capital repair projects of this type, we surmise the plaza comprises the following elements:

- Concrete
- Planters
- Landscaping
- Railings
- Irrigation System
- Perimeter flashing
- Underlying waterproof membrane atop the structure
- Elevated structural concrete

A concrete topping protects the subsurface structure from the infiltration of storm water. We surmise a waterproof membrane separates and protects the structure from the migration of storm water through surface cracks in the concrete topping. Over time, the development of surface cracks is a normal occurrence in the topping, allowing storm water to come in contact with and wear the waterproof membrane. As the membrane ages and deteriorates, water infiltration through the structure and leaks into the space beneath will become more frequent and widespread. Deterioration of the concrete structure beneath the membrane is also probable due to membrane leaks and normal aging of the concrete.

We surmise a waterproof membrane separates and protects the structure from the migration of storm water through the landscape elements. Over time, the growth of tree and large shrub roots may erode the membrane. The Association should inspect the areas under landscape to identify evidence of water infiltration through the membrane and limit irrigation of the landscape until repairs, if necessary, are made. Highfield House should fund isolated membrane repairs through the operating budget to maximize the useful life of the membrane. As the membrane ages and deteriorates, water infiltration through the structure and leaks into the space beneath will become more frequent and widespread. Deterioration of the concrete structure beneath the membrane is also probable due to membrane leaks and normal aging of the concrete.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Management inform us the Association is projecting approximately \$4,000,000 to be spent on replacement of the waterproof membrane and capital repairs at the plaza in 2019. We include this projected amount on this line item.

Pool Elements

Concrete Deck

Line Item: 6.200

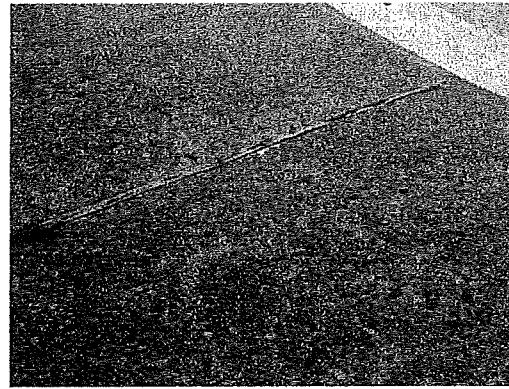
Quantity: 6,450 square feet

History: Original

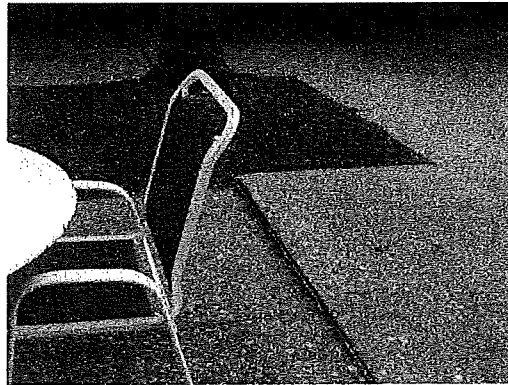
Condition: Fair overall with cracks and deterioration evident



Concrete pool deck overview



Concrete pool deck cracks and deterioration



Concrete pool deck heave

Useful Life: The useful life of a concrete pool deck is up to 60 years or more with timely repairs. We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years.

Component Detail Notes: Following near term total replacement of the pool deck, we recommend the Association budget for the following:



- Selective cut out and replacements of up to ten percent (10%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Management informs us the Association will replace the pool deck in conjunction with plaza membrane replacement. We include this amount on Line Item 4.960, "*Waterproof Membrane and Concrete Structure Repairs, Plaza*".

Furniture

Line Item: 6.500

Quantity:

- Chairs
- Lounges
- Tables
- Umbrellas
- Ladders and life safety equipment

History: Replaced in 2013

Condition: Good to fair overall with deterioration evident



Pool furniture overview



Table deterioration

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion



Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We recommend interim re-strapping, refinishing, cushion replacements, reupholstering and other repairs to the furniture as normal maintenance to maximize its useful life.

Mechanical Equipment

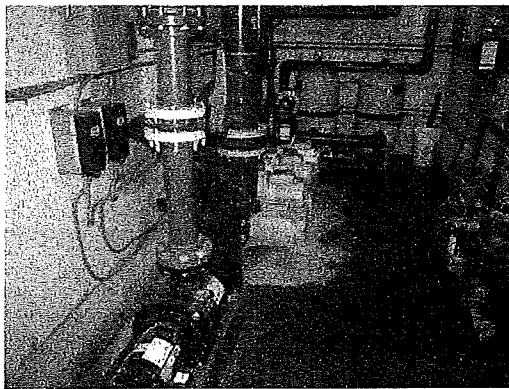
Line Item: 6.600

Quantity:

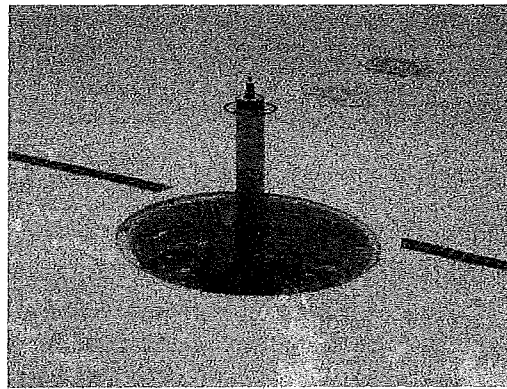
- Automatic chlorinator
- Controls
- Filters
- Interconnected pipe, fittings and valves
- Pumps
- Water fountain

History: Replaced in 2017

Condition: Reported satisfactory



Pool mechanical equipment overview



Pool water fountain overview

Useful Life: Up to 15 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We consider interim replacement of motors and minor repairs as normal maintenance.



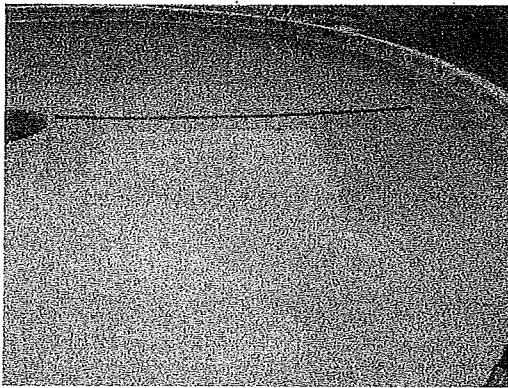
Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 1,260 square feet of plaster based on the horizontal surface area and approximately 130 linear feet of tile

History: The plaster finishes are original to replacement of the pool structure in 2017

Condition: Good overall



Pool plaster finish



Pool tile finish

Useful Life: 8- to 12-years for the plaster and 15- to 25-years for the tile

Component Detail Notes: Removal and replacement provides the opportunity to inspect the pool structure and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structure, we recommend the Association budget for the following:

- Removal and replacement of the plaster finish
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event.



Garage Elements

Attendant Booth

Line Item: 7.011

History: Renovated in 2016

Condition: Good to fair overall



Attendant booth overview

Useful Life: Renovations every 15- to 20-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Concrete, On-grade

Line Item: 7.360

Quantity: 35,300 square feet of on-grade concrete

Condition: Good overall with no significant deterioration evident



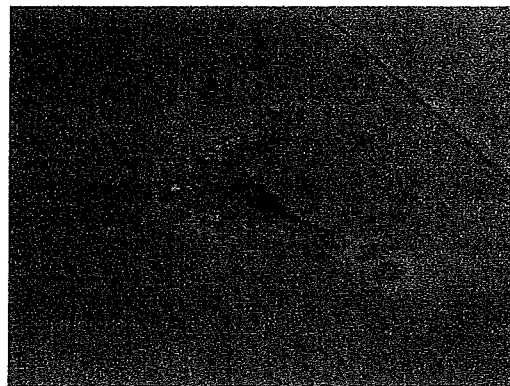
Concrete garage overview



Concrete spall and exposed rebar



Concrete spall and exposed rebar



Concrete spall

Useful Life: Up to 90 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Expenditures assume:

- Complete inspection of the floor
- Selective cut out and replacement of up to ten percent (10%), or 3,530 square feet, of the on-grade concrete
- Crack repairs as needed

Doors and Operators

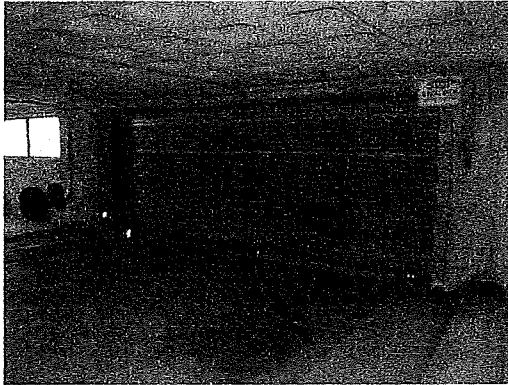
Line Item: 7.400

Quantity: Two overhead sectional garage doors with operators

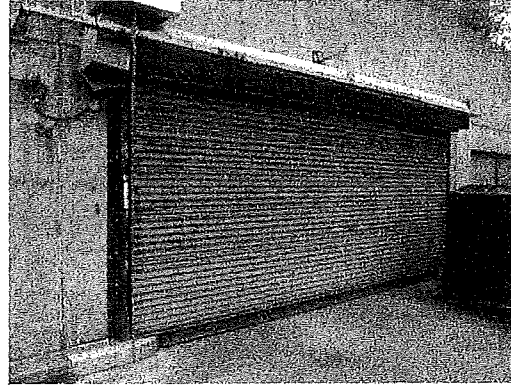


History: One door replaced in 2017 and one door budgeted for replacement in 2018

Condition: The door recently replaced is in satisfactory condition and the door to be replaced in 2018 is in unsatisfactory condition



Garage door overview



Garage door overview

Useful Life: 8- to 15-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. The Association should fund interim replacements of components through the operating budget.

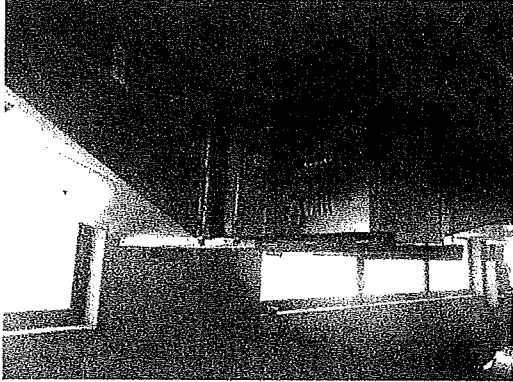
Exhaust System

Line Item: 7.460

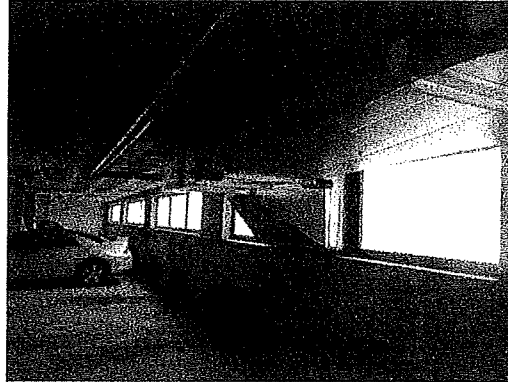
Quantity: Two exhaust fans

History: Unknown ages

Condition: Reported in fair operational condition



Exhaust system



Exhaust system

Useful Life: Up to 30 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. We regard interim repairs or partial replacements of components as normal maintenance.

Light Fixtures

Line Item: 7.600

Quantity: 55 light fixtures

History: Replaced in 2017

Condition: Reported satisfactory



Light fixture overview

Useful Life: Up to 30 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study in two years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.



5. METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Highfield House can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Unit Owners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for construction costs in Baltimore, Maryland at an annual inflation rate. Isolated or regional markets of

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.



greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Highfield House and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors, Inc. is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our principals are founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our principals is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to the 2,600,000-square foot 98-story Trump International Hotel and Tower in Chicago. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.



QUALIFICATIONS
THEODORE J. SALGADO
Principal Owner

CURRENT CLIENT SERVICES

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, property inspection services and consulting services for a nationwide portfolio of more than 6,000 clients. Under his direction, the firm conducts reserve study services for community associations, apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.



PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. with John P. Poehlmann in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored *Reserves*, an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

EXPERT WITNESS

Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois, Rivers Point Row Property Owners Association, Inc. in Charleston, South Carolina and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

EDUCATION - Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

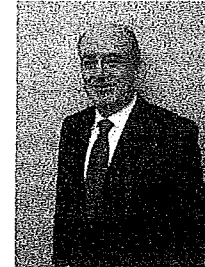
American Association of Cost Engineers - Past President, Wisconsin Section
Association of Construction Inspectors - Certified Construction Inspector
Association of Professional Reserve Analysts - Past President & Professional Reserve Analyst (PRA)
Community Associations Institute - Member and Volunteer Leader of multiple chapters
Concordia Seminary, St. Louis - Member, National Steering Committee
Milwaukee School of Engineering - Member, Corporation Board
Professional Engineer, Wisconsin (1982) and North Carolina (2014)

Ted continually maintains his professional skills through American Society of Civil Engineers, ASHRAE, Association of Construction Inspectors, and continuing education to maintain his professional engineer licenses.



JOHN P. POEHLMANN, RS
Principal

John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.



Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference and trade show exhibiting, and electronic marketing campaigns. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.

PRIOR RELEVANT EXPERIENCE

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. An international organization, Community Associations Institute (CAI) is a nonprofit 501(c)(3) trade association created in 1973 to provide education and resources to America's 335,000 residential condominium, cooperative and homeowner associations and related professionals and service providers.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Reserve Studies for the First Time Buyer, Minimizing Board Liability, Sound Association Planning Parallels Business Concepts, and Why Have a Professional Reserve Study. He is also a contributing author in Condo/HOA Primer, a book published for the purpose of sharing a wide background of industry knowledge to help boards in making informed decisions about their communities.

INDUSTRY SERVICE AWARDS

- CAI Wisconsin Chapter Award
- CAI National Rising Star Award
- CAI Michigan Chapter Award

EDUCATION

- University of Wisconsin-Milwaukee - Master of Science Management
- University of Wisconsin - Bachelor of Business Administration

PROFESSIONAL AFFILIATIONS

- Community Associations Institute (CAI)** - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters

- Association of Condominium, Townhouse, & Homeowners Associations (ACTHA)** – member



STEPHEN E. BRESKI, RS
Responsible Advisor

CURRENT CLIENT SERVICES

Stephen E. Breski, a Senior Civil Engineer, is an Advisor for Reserve Advisors. Mr. Breski is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, planned unit developments and homeowner associations. Mr. Breski frequently serves as the Quality Assurance Review Coordinator for all types of developments.

The following is a partial list of clients served by Stephen Breski demonstrating the breadth of experiential knowledge of community associations in construction and related buildings systems.

Saint Sophia Greek Orthodox Cathedral - Located in Northwest Washington, D.C., the cornerstone of this cathedral was laid by President Dwight D. Eisenhower in 1956. A second building was constructed in addition to the cathedral in 2004. This building, known as the Education and Activities Center, includes classrooms and a library.

Big Bass Lake Community Association, Inc. - Located in Gouldsboro, Pennsylvania, this community features three dams which provide the 1,655 single family homes with over 850,000 square yards of surface area for boating and recreation. Residents enjoy a clubhouse, a recreational center, a ski hill, docks, recreational courts, beaches and playgrounds. The Association also maintains an administration building, maintenance shop, sales office and library.

Woodmont Country Club - This exclusive club was established more than 100 years ago. The elegant design of Woodmont's Clubhouse, incorporates several dining venues, a grand ballroom and an expansive fitness and wellness center. The clubhouse overlooks Woodmont's two premiere golf courses and 22 *Har-Tru* tennis courts.

Grosvenor Park II Condominium Council of Unit Owners - This 19-story high rise is located near the border of Maryland and the District of Columbia. Built in 1965 and converted to condominiums in 1979, this building is called home by 422 unit owners. Common amenities included are an on-site laundry facility, fitness center, concierge services, surface level parking and three levels of garage parking.

Burning Tree County Club - Less than 30 miles outside of New York City, this club located in Greenwich, CT was founded in 1962. Burning Tree's 18-hole golf course has hosted US Open Qualifiers and Met PGA events throughout the years. Other amenities include an 8-lane pool with diving well, *Har-Tru* tennis courts and a platform tennis complex.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Breski worked for a private construction management company in Pittsburgh, Pennsylvania, where he was working as a cost estimator. Prior to working as an estimator, Mr. Breski also worked for the nation's largest provider of wireless infrastructure, where he assisted in the structural analysis of cell phone towers. Mr. Breski attended the Swanson School of Engineering at the University of Pittsburgh where he attained his Bachelor of Science degree in Civil and Environmental Engineering. His studies focused on structural engineering.

EDUCATION

University of Pittsburgh - B.S. Civil and Environmental Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) – Community Association Institute
Engineer in Training (E.I.T.) – State of Maryland



ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



RESOURCES

Reserve Advisors, Inc. utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors, Inc. actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors, Inc., library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.



7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials, labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Highfield House responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Highfield House responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in *Reserve Expenditures* that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.



8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, Inc. (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part ***is not and cannot be used as a design specification for design engineering purposes or as an appraisal.*** You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and ***shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.***

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.

Highfield House Condominium

Rules and Regulations



HIGHFIELD HOUSE CONDOMINIUM, INC.

GOVERNING DOCUMENTS

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AMENDED MANDATORY LEASE PROVISIONS FOR RENTALS	p. 19
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CONDOMINIUM REGIME DECLARATION	p. 35
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Rule 40: Access to Building

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GENERAL RULES

RULE A: Definition of Terms

Wherever in these Rules reference is made to "Unit Owner," "Owner," or "Resident," such terms shall apply, as appropriate, to the Owner of a unit, his family, tenants (whether or not in residence), domestic employees, agents, visitors, guests, invitees, or licensees of such Unit Owner and to any occupant of such unit for whatever purposes of occupancy.

RULE B: Compliance

Each Unit Owner shall comply with all the Rules hereinafter set forth governing the Condominium building and common elements including public halls, terraces, driveways, recreation areas, grounds, parking areas and any other appurtenances.

RULE C: Power of the Council to Change Rules

The Council of Unit Owners ("Council"), through its Board of Directors, reserves the right to alter, amend, modify, repeal or revoke these Rules at any time by Resolution of the Board of Directors; provided, the Council is notified of such action of the Board in accordance with the By-Laws of the Condominium and Applicable Law.

SPECIFIC RULES

Rule 1: Use of Sidewalks and Other Passageways

The sidewalks, passageways, stairways, corridors and halls must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from Condominium units. No baby carriages or other articles of personal property shall be left unattended in the lobbies of the building, in passenger elevators, or in the halls, passageways, corridors, courts, sidewalks, parking areas or lawns of the building. Bicycles shall be taken to and from the building through the service elevator only and shall not be taken through the main entrance or through the first floor lobby. No milk bottles, containers or similar receptacles shall be placed within the public corridors. The Council shall have the right to impound any article in the common areas of the Condominium in violation of this provision.

Rule 2: Attachments to Windows and Outside Walls

Residents shall not place anything in, through, or upon the windows of a Condominium unit without prior written consent of the Board of Directors, and no awnings or other projections shall be attached to the outside walls or other parts of the building; except, that a sign on behalf of a candidate for public office or a slate of candidates for public office, or a sign for the support or defeat of any question submitted to voters in accordance with Article of the Annotated Code of Maryland, may be placed on the inside surface of a window in a Condominium Unit, but not in any of the common areas of the Condominium, and such signs shall be permitted only for the period of time as is specified by the law governing the jurisdiction in which the Condominium is

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located" If such period for the display is not limited specifically by the law of the local jurisdiction, then the period for the display shall be 30 days before the primary election, general election, or vote on the proposition, and 7 days after any of the aforesaid election.;

Rule 3: Disposal of Trash

No trash or trash cans or garbage or garbage receptacles will be permitted in the hallways at any time. The Council maintains trash chutes in the building and Residents must deposit trash in these chutes. Newspapers, magazines and other periodicals and oversized cartons shall be stacked neatly on the floor of the service elevator room. Garbage should be disposed of in the garbage disposal provided in each unit. Items which might tend to clog the disposal (e.g., artichokes, corn husks, etc.) should be included with regular garbage items and placed in the chutes. The Board of Directors shall have the right to impound any trash, garbage receptacles or other obstructions which are placed in the hallways of the building or other common areas in violation of these Rules. Unit Owners shall instruct their employees as to the proper disposal of trash and garbage and under no circumstances is anything to be placed on the floor of the service elevator room other than newspapers, magazines and other periodicals and oversized cartons. All materials to be dropped into the chutes for disposal shall be placed in appropriate bag containers tied closed.

Rule 4: Signs on Exteriors of Units

No sign, advertisement, notice or other lettering shall be exhibited, painted or affixed by Unit Owners on any part of the exterior of a Condominium unit, or on any door or window thereof, nor on the halls or any other portion of the interior or exterior of the building without the prior written consent of the Board of Directors.

Rule 5: Entrance Doors to Units

Residents shall keep the entrance doors to their units into the hallways of the building closed at all times except when opened for purposes of ingress and egress.

Rule 6: Deposit of Unit Passkeys with Management

Unit Owners shall deposit with the Counsel a passkey to their unit or make other arrangements satisfactory to the Counsel to permit emergency entrance to the unit, when necessary. If a Unit Owner fails to provide the Council with a passkey or to make other arrangements satisfactory to the Board of Directors to allow the Council to gain entry to a unit in the event of an emergency, the Council shall have the right to gain entry into the unit by such means as it deems reasonably necessary, under the circumstances, and the Council, its Officers, Directors, agents and employees shall not be responsible for any damage done to the unit and caused by so gaining entry, and such entry shall not be deemed a trespass.

Any passkey to a unit that is left with the Council shall be transferred to the official Condominium lock-box: for safekeeping.

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Access to such passkey to any unit will require that the resident of such unit request its release from either the Building Manager or from the staff person who is specifically authorized by the Building Manager to have access to the key lock-box.

In the event a resident is locked out of his or her unit other than between the hours of 8:30 A.M. and 5:00 P.M., or on a Saturday, Sunday, or holiday, the Condominium will attempt to arrange for the Building Manager or the appointed staff person to come to the building to allow entry by the resident at a charge of \$50.00 or in such other amount as the Board of Directors shall from time to time determine after notice to residents. Lockouts during regular weekdays and between the hours of 8:30 A.M. and 5:00 PM will be serviced by the Building Manager or by the appointed staff person.

Owners who have listed their units for sale or for rent with real estate brokers or with other persons representing them must make their own arrangements directly with their agents or other representatives regarding access to their units for showings. Neither the Council nor Management is authorized to assume any responsibility for arranging to have any unit opened for this or for any other purpose and shall not do so, unless the entry is otherwise expressly authorized by the Declaration or By-Laws of the Condominium.

Domestic employees or any other person who is authorized by the resident to have access to the resident's unit should be provided keys by the resident. Neither the Council nor Management is authorized to assume any responsibility for providing keys to any person for entry into any unit or for arranging to have any unit opened and shall not do so, unless the entry is otherwise expressly authorized by the Declaration or By-Laws of the Condominium.

Rule 7: Parking of Automobiles

No automobile or other vehicle shall be parked upon any part of the premises at any time except in the garage, or parking areas provided for that purpose.

Rule 8: Use of Windows and Disposal of Dirt

Residents shall not hang or shake any carpet, rug or any article out of the windows of the building or in the halls, shall not allow anything whatever to fall from the windows or throw anything out of the doors, or down the passages or stairways of the Condominium, or sweep any dirt or other substance into any of the corridors, stairways, halls, shafts or ventilators.

Rule 9: Control of Disturbances

Unit Owners shall at all times not make or permit to be made any disturbing noises in the building by themselves, their family, their tenants, or by their employees, agents, visitors or licensees, nor do or permit to be done anything that will unreasonably interfere with the rights, convenience and peaceful enjoyment of any other Unit Owner. Unit Owners shall not play, or permit to be played, any musical instrument or operate or permit to be operated a stereo, radio, television set, or any other similar sound-producing device in a unit if the same shall unreasonably disturb or annoy any other Resident of the building. The Board of Directors may

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make exceptions to this Rule 9 in the case of emergencies and for certain other purposes carried out for limited periods of time, such as construction and repair either to the common elements or to individual units.

Rule 10: Erection of Wires, Cables and Antennae

No wires, cables or antennae of any type shall be erected on the roof or exterior walls of the building without the prior written consent of the Board of Directors. Any cables, wires or antennae erected in violation of this rule shall be subject to removal by the Council without notice to the Resident or Owner of the unit at the Unit Owner's expense.

Rule 11: Pets

Except for those specific Unit Owners who, on or about August 19, 1982, were by authority of the Council made exceptions to the rule prohibiting pets in any unit and whose right in the future to keep similar pets then being maintained by them was preserved through grandfathering under the preexisting Rule II of the Condominium House Rules and Regulations, no pets of any kind shall be permitted in any unit of the Condominium or be allowed on any common element thereof. Those specific Unit Owners whose right to keep pets in their units was grandfathered shall be subject to the terms and conditions of the Pet Agreement approved by the Board of Directors, and they shall continue to have the right to replace any pet with a similar one in weight and size, subject to a Pet Agreement. If any Unit Owner grandfathered under the Rule does not intend to replace a pet as provided for herein, he shall notify the Council of his intention not to do so and the grandfathered status of such Unit Owner shall terminate. If a Unit Owner grandfathered hereunder does not in fact replace a pet within ninety (90) days from the date of the loss of a pet, the grandfathered status of such Unit Owner shall be terminated. If the residence of a grandfathered Unit Owner is terminated for whatever reason, his grandfathered status with respect to pets shall also be terminated and shall thereafter not be transferable to any successor Owner to the grandfathered Unit Owner.

Rule 12: Interference with Lighting and Heating

Residents shall not, in any way, interfere with the lighting or heating apparatus in halls and stairways which, it is hereby distinctly understood, are under the exclusive control of the Council and its agents and employees. Unit Owners are further responsible for the proper use of all heating, air-conditioning and electric appliances which are the property of the Council.

Rule 13: Liability of Unit Owners for Damage

Unit Owners will be held responsible for any damage caused by them, their family, tenants, agents, visitors, guests, invitees or licensees, to shrubs, lawns or other common elements of the Condominium.

Rule 14: Required Use of Tradesmen's Entrance

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All furniture, household and similar goods and merchandise must be taken into and out of the building through the tradesmen's entrance or garage, and in the service elevator, and not through the front entrance.

Rule 15: Required Use of Service Elevator

All persons carrying cleaning supplies, equipment and similar items, persons carrying laundry to and from the laundry room, maintenance personnel and vendors shall use the service elevator.

Rule 16: Responsibility for Property Left with Council

Property left by or for a Resident with the manager or other employee of the Council will be received by such manager or employee as agent of the Resident and not of the Council. The Council assumes no responsibility and shall not be liable for any damage or loss to the same. If packages, money or other articles of any description are left with an employee or agent of the Council, the party doing so assumes the sole risk therefore and the Council shall not be liable for any damage, loss or injury resulting therefrom. Deliveries requiring entrance to a Resident's unit will not be accepted by the Council without the prior written permission from the Resident accompanied by a written waiver from such Unit Owner in favor of the Council of all liability for any loss, damage or injury resulting from such delivery. The Council reserves the right to instruct its employees to refuse to accept any article at any time.

Rule 17: Number of Occupants in Units

Each Condominium unit in the building shall be occupied only by a single family and only for residential purposes. "Family" is defined to mean (a) an individual; (b) two (2) or more persons related by blood, marriage, or adoption living together as a single housekeeping unit in a dwelling unit; or (c) a group of not more than four (4) persons, who need not be related by blood, marriage, or adoption, living together as a single housekeeping unit in a dwelling unit; plus in all cases, usual domestic employees; provided, however, that in no case shall an efficiency or one bedroom unit be occupied by more than two persons; a two bedroom unit occupied by more than four (4) persons; or a three bedroom unit occupied by more than six (6) persons.

Rule 18: Leases of Units: Approval of Board

No Unit Owner shall enter into a lease or renew the lease of any unit in the Condominium without the prior written approval of the Board of Directors of the Condominium, which approval shall not be unreasonably withheld. At least ten (10) days before entering into a lease for any unit in the Condominium, or allowing any person other than the Owner of the unit, or a member of the Unit Owner's family, to occupy the unit, the Unit Owner shall submit to the Board of Directors of the Condominium a true signed copy of the proposed lease for the unit, the names and last addresses of the proposed tenants or occupants of the unit, a criminal history records investigation of the proposed tenants, and any application, credit report or other information about the proposed tenants or occupants that the Unit Owner of the unit has. If the Board of Directors shall fail to advise the Unit Owner within ten (10) business days of its disapproval of the proposed lease, the same shall be deemed to be approved. No lease shall be

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

deemed approved or in effect by the Council until a conformed copy has been delivered to the Council in accordance with Rule 19 hereof. The signing of a lease by any Unit Owner and his tenant shall allow the Council the conclusive presumption that true copies of the Condominium Declaration, By-laws and all house and other rules have been given to such Unit Owner-Landlord and by the Unit Owner-Landlord to his or her tenants, and that the parties to said lease understand and agree to comply with the obligations imposed by the said Condominium documents upon all Unit Owners of the building. The Board of Directors may authorize that the review of a proposed lease and the backgrounds of the proposed tenants and occupants of a unit be done by a committee of the Board. If the background history of a prospective tenant reveals that an act was committed or charged as having been committed by him or by her that would in the opinion of the Board of Directors constitute a threat to the safety of the residents or to the employees of the Condominium, or to the property of the residents or to the property of the Condominium, then the proposed lease with that tenant shall not be approved by the Board. The term "lease" as used in this House Rule 18 shall include any and all Mandatory Lease Provisions which are required by the Condominium to be signed by Unit Owners and their tenants. In the case of a consecutive renewal of a prior lease with the same tenant or tenants, a criminal history records investigation and other credit information need not be submitted by the Unit Owner for approval, unless, for reasonable cause, the Board of Directors deems such information to be necessary, and the Unit Owner is advised of such requirement.

Rule 19: Leases of Units: Term and Filing Requirements

Every lease for a Condominium unit shall be in writing for a term of not less than one (1) year and for not less than the whole unit, and shall provide that the tenant under the lease shall be subject to, and comply with, the provisions of the Declaration, By-Laws, and these, and all other rules of the condominium as they may be amended from time to time, and that the failure of the tenant to comply shall be a default under the lease. A copy of the signed lease shall be submitted to the Council for its records within ten (10) days after the lease is signed, but before the tenant takes possession of the leased premises.

Rule 20: Leasing of Units: Council to Act for Landlord: Assignment of Rents to the Condominium Where Unit Owner Defaults

Each Unit Owner does hereby designate the Councilor its nominee (which may be the managing agent) as attorney-in-fact for the Unit Owner-Landlord to enforce the terms of any lease between the Unit Owner Landlord and his tenant, including, but not limited to, the termination of the lease and institution of an action for eviction for breach of the lease by the tenant for failure of the tenant to comply with any of the provisions of the Declaration, By-Laws, House Rules and Regulations, or other rules of the Condominium as currently exist or which may from time to time be amended or implemented by the Condominium. Such action may be taken at the expense of the Unit Owner-Landlord and the tenant, jointly and severally, and if the Unit Owner fails promptly to reimburse the Condominium for such expenses (including reasonable attorney fees), the Condominium may collect the same from the Unit Owner in the same manner as it may collect all other assessments levied pursuant to the Declaration and By-Laws of the Condominium.

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

Notwithstanding the absence of any express agreement between them, a Unit Owner and his tenant by this Rule 20 shall be deemed to have agreed to the following provision and to such other mandatory provisions as the Condominium may from time to time require be included in any lease agreement between them: "Landlord and Tenant agree that (a) in the event Landlord defaults in the payment of any regular or special assessments, fees, fines, or other expenses due and payable to the Highfield House Condominium, Inc. ("the Condominium") by Landlord, the Condominium, through its Board of Directors or managing agent, is hereby authorized to collect directly from the Tenant all rental payments and other monies payable to Landlord by Tenant, until such time as the Condominium is paid all accrued and unpaid regular and special assessments, fees, fines, or other expenses that are due it from the Landlord; and (b) Landlord, upon such default herein referred to, does hereby sell, assign, and transfer to the Condominium all of the rents and other monies now due or that subsequently may arise, issue, or become due, from the Tenant, until such time as the Condominium is fully paid for all sums due it from Landlord; and (c) Landlord and Tenant do hereby consent to the execution and delivery of the assignment made herein and do hereby appoint and recognize the Condominium as the true and lawful attorney-in-fact for Landlord, with full powers of substitution, to collect and receive from Tenant such sums as are due the Condominium from the Landlord; and (d) Tenant, upon notice from the Condominium of such default on the part of Landlord, shall promptly pay the Condominium all sums otherwise due, or that become due, to Landlord under this Lease Agreement in conformity herewith.

Rule 21: Moving Into and Out of Units

The scheduling of all moves into and out of the building shall be the responsibility and subject to the authority of the Building Manager.

All moves into or out of the building shall be scheduled with the Building Manager not less than two (2) weeks (14 calendar days) in advance of the date and time the move is scheduled to take place. The date and time shall be subject to the approval of the Building Manager in order to assure maximum security for the residents, minimal damage to the common elements, the avoidance of conflicting moves by others, and disruptions to the operations of the building.

No moves into or out of the building will be permitted on weekends or on holidays. Access to or from the building for such purposes will, therefore, be forbidden to any person seeking to move into or out of the building on weekends or on holidays.

The terms "Move In" and "Move Out" and words or terms with meanings similar thereto in these House Rules shall apply to:

A move into or out of the building by a person of his or her furniture and other household possessions pursuant to establishing occupancy in or vacating a unit of the building. Such a move shall be subject to all applicable House Rules and Regulations, including House Rules 21, 22, 23, and 34.

A random move or moves into or out of the building by an established resident of one or more items (for example, a washer, dryer, desk, piano) that is not part of a move described in paragraph (d) (i) of this House Rule 21 and which in the discretion of the Building Manager may, if unsupervised by Condominium

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

personnel, be a potential cause of damage to the common elements of the Condominium in the course of being moved. Such a move shall be subject to all the applicable House Rules, except only as to House Rule 23 and to sub-sections (a) and (e) of House Rule 34.

Rule 22: Liability for Moving Damages

The Owner of a Condominium unit is responsible for any damages done to the common elements of the Condominium by anyone moving into or out of the Owner's Unit. The amount of damages shall be assessed by the Board of Directors and shall be due and payable as an additional assessment with the regular assessment for the unit, and the amount of the assessment shall constitute a lien against the unit, the same as any other Condominium assessment.

Rule 23: Moving Supervision and Service Fees

To defray the costs of scheduling any move into and out of a unit, and wear and tear on the building caused by any move into and out of a unit, a fee of TWO HUNDRED FIFTY DOLLARS (\$250.00) shall be imposed on any Unit Owner as an assessment against the unit for more than one move into and out of any unit within any twelve (12) month period. This fee shall be due and payable prior to the time of the move for which it is being charged, and such charge is deemed an assessment against the unit that is liable and enforceable as any other assessment under the Condominium Declaration, By-Laws, and these Rules.

Rule 24: Use of Units for Family Day Care

Units may not be used as a Family Day Care Home (as the term is defined in Section 11.111.1 (a)(3) of the Real Property Article, Annotated Code of Maryland). This prohibition may be eliminated and Family Day Care Homes may be approved by a simple majority of the total eligible voters of the Condominium under the voting procedures contained in the Declaration or By-Laws of the Condominium.

Rule 25: Restrictions on Use of Council Employees

Employees during working hours of the Condominium are not permitted to perform personal services, run errands within the building, or be sent out of the building by any Unit Owner at any time or for any purpose, and shall not be requested to do so by any Unit Owner.

Rule 26: Use of Storage Rooms

No lighted candle or lamp shall be taken into any storage room. No papers, books, bedding or any other combustible material shall be stored in a storage room unless in an appropriate manner which will not increase the fire risk. The Council is not responsible for any loss or damage by fire, theft, or otherwise, to anything stored in such storage room. It shall be the responsibility of each Unit Owner to insure his possessions against any of the said risks.

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

Rule 27: Compliance with All Rules

Unit Owners shall abide by any separate rules and regulations that may be issued in connection with security, the parking garage, the swimming pool, the "Guilford Room", and any other common areas.

Rule 28: Responsibility for Articles Left in Cars

Articles left in cars or in the garage shall be at the risk of the Unit Owner without liability for loss or damage on the part of the Council.

Rule 29: Requesting Maintenance and Services

No Unit Owner shall contact directly any employee of the Council, other than the building manager, to obtain maintenance or service.

Rule 30: Solicitors in Building and Duty of Unit Owners

Solicitors are not permitted in the building. If any Unit Owner is contacted by a solicitor on the property, the building manager should be notified immediately.

Rule 31: Care in Use of Water and Sewer Apparatus

Toilets and other water and sewer apparatus shall be used only for the purposes for which designed, and no sweepings, matches, rags, ashes or other harmful articles shall be thrown into them. The cost of repairing any damage resulting from misuse of any such apparatus shall be borne by the Unit Owner causing such damage.

Rule 32: Unlawful Use of Units

No unit shall be used for any unlawful purposes and no Unit Owner shall do or permit any unlawful act in, or upon, his unit.

Rule 33: Personal Property Placed on Common Elements

All personal property placed in any part of the common elements of the Condominium or in any place appurtenant thereto shall be at the sole risk of the Unit Owner and the Council shall in no event be liable for the loss, destruction, theft or damage of such.

Rule 34: Posting Of Bond For Moving and Supervision Fees

To secure compensation to the Council for any damages to the common elements of the Condominium during the course of a move into or out of a unit, the owner or occupant of the unit, as the case may be, shall post a FIVE HUNDRED DOLLAR (\$500.00) cash bond with the Council ten (10) calendar days before the scheduled move into or out of the unit. Such bond shall be made payable to "Highfield House Condominium, Inc." and, if posted in the form of an

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

unguaranteed check, shall be subject to bank clearance before the move shall be permitted to take place. The Board of Directors may from time to time change the face amount of the required bond to be posted and shall notify Unit Owners of such changes.

Any move into or out of the building shall be supervised by personnel of the Condominium and there shall be a charge for such supervision of \$10.00 per hour or for any fraction thereof (with a minimum charge of \$40.00 if the move takes less than one hour to complete). Such charge shall be deductible from the posted cash bond. The Board of Directors may from time to time change the hourly supervisory charge and shall notify Unit Owners of such changes.

In the event of any damages to the common elements of the building during the course of a move into or out of a unit, the amount of damages shall be deducted from the cash bond. The balance of the cash bond, if any, shall be repaid to the person who has posted it, less supervisory charges and any required disbursement for damages done, within ten (10) business days following the day the move is completed.

The primary liability under this rule 34 for any damages to the common elements of the Condominium by a unit owner and by any other person occupying the unit shall be jointly and severally that of both, and such liability shall not be limited by the amount of the cash bond posted, but shall include, in addition, all damages in excess of the amount of the cash bond posted after deductions for supervisory charges. Collection from a Unit Owner of compensation for damages resulting from a move into or out of the building shall be subject to the same procedures and remedies established for the collection of unpaid Condominium fees set forth in the Declaration and By-Laws of the Condominium.

In the absence of the posting of the required cash bond, as provided under this House Rule 34, no move into or out of the building will be permitted.

Rule 35: Restrictions on Smoking in Certain Areas

In order to promote the health and comfort of the Residents of the Condominium, and to prevent damage to Condominium property, there shall be no smoking of cigarettes, cigars, pipes or other like material in the following areas:

- Boiler room
- Trash rooms
- Mechanic room
- Elevators
- Main Lobby
- Common hallways to units
- Laundry room
- Switchboard desk or Storage areas

Smoking is not prohibited in any other areas of the Condominium.

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

Rule 36: Attire

Residents shall be properly attired when appearing outside their units.

Rule 37: Fines for Violations

The Board of Directors shall have the power to establish penalties and impose fines for violations of these Rules (and any other rules and regulations applicable to the common elements of the Condominium) by any Owner of a unit, his family, tenants, domestic employees, agents, visitors, guests, invitees, licensees or occupants of such unit, in accordance with Section 11-113 of the Maryland Condominium Act (Title II).

Rule 38: Restrictions On Use Of Swimming Pool

The granting of permission by the Council to residents to conduct private parties or other social gatherings in or on the common elements of the Condominium (including the swimming pool deck) for more guests than are allowed to each unit under the swimming pool rules shall not be deemed authorization to such residents to allow their guests to use the swimming pool. Such activity is expressly forbidden.

Rule 39: Sign In of Visitors

A non-resident person entering the building from any entrance way and for whatever purpose, who is not accompanied by a resident of the building, shall stop and sign in at the front desk before being allowed further access to the building. Signing in shall require the signature of the non-resident person, a printing of his or her name, the date and time of the sign-in, and the name of the resident to be visited or the number of the resident's Unit.

Rule 40: Access To The Building Between 11:00 P.M. And 7:00 A.M.

Between the hours of 11:00 P.M. and 7:00 A.M., entry into the building will not be permitted through the Highfield Road side entrance.

SEVERABILITY

If any provision of these House Rules and Regulations, or any application thereof to any person or circumstance, is held invalid, that invalidity shall not affect other provisions or applications of these Rules and Regulations which can be given effect without the invalid provision or applications; and to this end, the provisions of these Rules and Regulations are declared to be severable.

These Rules and Regulations were adopted under Section 11-111 of the Maryland Condominium Act.

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

FIRST AMENDMENT TO HOUSE RULES AND REGULATIONS
OF
HIGHFIELD HOUSE CONDOMINIUM

THIS FIRST AMENDMENT TO THE HOUSE RULES AND REGULATIONS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this First Amendment"), made this 11th day of December, 2006, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Rule C of the House Rules and Regulations of Highfield House Condominium, Inc., provides that: The Council of Unit Owners ("Council"), through its Board of Directors, reserves the right to alter, amend, modify, repeal or revoke these Rules at any time by Resolution of the Board of Directors; provided, the Council is notified of such action of the Board in accordance with the By-Laws of the condominium and Applicable Law; and

WHEREAS, the Council's Board of Directors did propose to amend House Rule 17 and House Rule 19 of the House Rules and Regulations; and

WHEREAS, this First Amendment was approved at the annual meeting of the Council held on December 11, 2006 in accordance with Rule C of the House Rules and Regulations.

NOW, THEREFORE, the Council hereby amends the House Rules and Regulations as follows:

House Rule #17 of the House Rules and Regulation is hereby amended to read as follows:

Rule 17: Number of Occupants in Units

Each Condominium unit in the building shall be occupied only by a single family and only for residential purposes. "Family" is defined to mean (a) an individual; (b) two (2) or more persons related by blood, marriage, or adoption living together as a single housekeeping unit in a dwelling unit; or (c) a group of not more than four (4) persons, who need not be related by blood, marriage, or adoption, living together as a single housekeeping unit in a dwelling unit; plus in all cases, usual domestic employees; provided, however, that in no case shall an efficiency or one bedroom unit be occupied by more than two persons; a two bedroom unit occupied by more than four (4) persons, or a three bedroom unit occupied by more than six (6) persons. In the case of subcategory (c) above, the unit owner or the approved tenant of the unit shall provide the Board or its agent the name of each person occupying the unit and the Board may require the submission of such information concerning those occupants as is required to be submitted to it pursuant to Rule No. 18. A person is not considered to be an occupant of a unit if he or she is an invited guest of the families as defined above; and is not physically present in the unit for more than seven nights in any one calendar month.

House Rule #19 of the House Rules and Regulation is hereby amended to read as follows:

HIGHFIELD HOUSE CONDOMINIUM HOUSE RULES & REGULATIONS (January 1, 1999)

Rule 19: Leases of Units: Term and Filing Requirements

Every lease for a Condominium unit shall be in writing for a term of not less than one (1) year and for not less than the whole unit, and shall provide that the tenant under the lease shall be subject to, and comply with, the provisions of the Declaration, By-Laws, and these, and all other rules of the condominium as they may be amended from time to time, and that the failure of the tenant to comply shall be a default under the lease. The lease shall state the premises covered by the lease shall not be sub-leased nor the lease assigned without the written consent of the Board or its agent which consent may be withheld for a non-discriminatory reason, and that no person will be permitted to occupy the premises until the information concerning the persons required under Rule No. 18 above has been submitted to, and the occupant approved by, the Board pursuant to the standards set forth in that Rule No. 18. The lease also shall state that should the tenant under the lease cease to occupy the unit or be absent from the unit for more than 30 consecutive days the owner of the unit shall seek the formal permission of the Board to assign the lease to another person currently occupying the unit after having been approved by the Board. Should the Board deny permission for such an assignment the unit owner will assume direct responsibility for the use and maintenance of the unit and for meeting its financial responsibilities to the condominium. A copy of the signed lease shall be submitted to the Council for its records within ten (10) days after the lease is signed, but before the tenant takes possession of the lease premises.

**SECOND AMENDMENT TO
HOUSE RULES AND REGULATIONS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.**

THIS SECOND AMENDMENT TO THE HOUSE RULES AND REGULATIONS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this Second Amendment"), made this 5th day of August, 2009, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Rule C of the House Rules and Regulations of Highfield House Condominium, Inc., provides that:

The Council of Unit Owners ("Council"), through its Board of Directors, reserves the right to alter, amend, modify, repeal or revoke these Rules at any time by Resolution of the Board of Directors; provided, the Council is notified of such action of the Board in accordance with the By-Laws of the condominium and Applicable Law.

; and

WHEREAS, the Council's Board of Directors did propose to amend House Rule 35 of the House Rules and Regulations; and

WHEREAS, this Second Amendment was approved at the Board of Directors meeting held on August 5, 2009 in accordance with Rule C of the House Rules and Regulations.

NOW, THEREFORE, the Council hereby amends the House Rules and Regulations effective July 14, 2010 as follows:

House Rule #35 of the House Rules and Regulation is hereby amended to read as follows:

Rule 35: Restriction on Smoking in Certain Areas

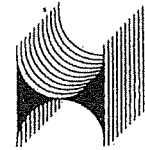
In order to promote the health and comfort of the Residents of the Condominiums, and to prevent damage to Condominium property, there shall be no smoking of cigarettes, cigars, pipes or other like material in the following areas:

- (a) Boiler room
- (b) Trash room
- (c) Mechanic room

- (d) Elevators
- (e) Main lobby
- (f) Common hallways to units
- (g) Laundry room
- (h) Switchboard desk or Storage areas
- (i) Pool Deck

Smoking is not prohibited in any other areas of the Condominium.

**THIRD AMENDMENT TO
HOUSE RULES AND REGULATIONS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.**



THIS THIRD AMENDMENT TO THE HOUSE RULES AND REGULATIONS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this Third Amendment"), made this 27th day of August, 2012, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Rule C of the House Rules and Regulations of Highfield House Condominium, Inc., provides that:

The Council of Unit Owners ("Council"), through its Board of Directors, reserves the right to alter, amend, modify, repeal or revoke these Rules at any time by Resolution of the Board of Directors; provided, the Council is notified of such action of the Board in accordance with the By-Laws of the condominium and Applicable Law.

; and

WHEREAS, the Council's Board of Directors did propose to amend House Rule 13 of the House Rules and Regulations; and

WHEREAS, this Third Amendment was approved at the Board of Directors meeting held on August 27, 2012 in accordance with Rule C of the House Rules and Regulations.

NOW, THEREFORE, the Council hereby amends the House Rules and Regulations effective September 13th as follows:

House Rule #13 of the House Rules and Regulation is hereby amended to read as follows:

Rule 13: Liability of Unit Owners for Damage

Highfield House maintains, along with other common elements of the building, plants, shrubs, trees and lawns that are landscaped to enhance its distinctive aesthetics. These elements were not designed for active recreational use. Residents are required to avoid any use that may risk damage or harm to property or persons and/or be a disturbance to other residents. Unit owners shall be held responsible for any damage caused by them, their family, tenants, agents, visitors, guests, invitees, or licensees to plants, shrubs, trees lawns, or any other common elements of the Condominium.

**FOURTH AMENDMENT TO
HOUSE RULES AND REGULATIONS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.**



THIS FOURTH AMENDMENT TO THE HOUSE RULES AND REGULATIONS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this Fourth Amendment"), made this 24th day of February, 2014, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Rule C of the House Rules and Regulations of Highfield House Condominium, Inc. provides that:

The Council of Unit Owners ("Council"), through its Board of Directors, reserves the right to alter, amend, modify, repeal or revoke these Rules at any time by Resolution of the Board of Directors; provided, the Council is notified of such action of the Board in accordance with the By-Laws of the condominium and Applicable Law.

; and

WHEREAS, the Council's Board of Directors did propose to amend House Rule 4 of the House Rules and Regulations; and

WHEREAS, this Fourth Amendment was approved at the Board of Directors meeting held on February 24, 2014 in accordance with Rule C of the House Rules and Regulations.

NOW, THEREFORE, the Council hereby amends the House Rules and Regulations effective March 17, 2014 as follows:

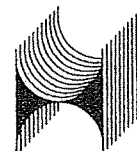
House Rule #4 of the House Rules and Regulation is hereby amended to read as follows:

Rule 4: Public Side of Individual Unit Entryway

- (a) Exterior Entryway to Unit – It is the Council of Unit Owners' intent that the entryway to each of the 165 units in Highfield House retain its historic design which includes either a 1 30" x 93" masonite door in each studio unit, or 2 30" x 93" Masonite doors with satin chrome Schlage door handles, a deadbolt lock, and a satin chrome TRIMCO door knocker with integral peephole. One door must be able to swing on the hinges and 1 handle, lock, knocker and peephole must be fully functional. The raised wood threshold and exterior door frame panel are also part of the entryway. Interior astragals are acceptable. Exterior ones already in place are acceptable, but should be replaced to the interior of the door if there is a change in ownership.
- (b) Maintenance and repair of the entire exterior entryway is the responsibility of the individual unit owner. Upon vacating residence, it is expected that door will be restored to standardized operational design if any alteration has occurred.

- (c) The entryway doors and/or panels will be repaired by infilling any holes, smoothing any scars, and painting using the Highfield House Building Standard black paint. Schlage ['Bell' style] door handles and deadbolt lock and TRIMCO knocker may be purchased from the Highfield House Property Manager. Information about replacement Masonite doors can also be obtained from the Highfield House Property Manager. All repairs must be reviewed and approved by the Highfield House Property Manager and be made by a contractor approved to work in the building.
- (d) Religious symbols such as mezuzahs or crosses are permitted but must be limited in size to not exceed 4" x 1-1/2". If the symbol is removed, the unit owner must repair the door frame panel as noted above.
- (e) No permanent decorative elements are permitted on the doors, door frame panels or hallway spaces (including wreaths, artwork, sculpture, plants, vases, signs/stickers/symbols or doormats).
- (f) No decorative door hardware --knockers, fancy or extra deadbolt locks, doorbells, or name plaques are permitted on the doors or door frames.
- (g) No personal effects such as shoes, coats, strollers, bicycles, etc. may be left outside of the unit in the hallway.
- (h) Installation of cable, telephone or other wiring on the outside of a unit must be approved by the agent of the Board and the work scheduled through the Highfield House Property Manager. The actual installation is to be carried out under the supervision of the Highfield House Property Manager. Repairs to damaged walls or paint must be done by a licensed contractor under the supervision of Highfield House Property Manager and paid for by the resident.
- (i) Temporary decorations on exterior entryway are only permitted during the Winter Holiday season and under the following circumstances:
 - a. Seasonal decorations may be displayed for not more than 1 month prior through 1 week following Christmas or Hanukah or Kwanza only (e.g., 1 month before December 25 to one week following the holiday). No other holiday decorations are permitted to be hung on any entryway.
 - b. No decoration may be permanently affixed to the doorway or any other part of the entryway.
 - c. Removable wreath hangers are required for all hangings.
 - d. Live decorations are not permitted to be hung on the entryway doors or frame panels or be placed on the carpet within or near the entryway in compliance with the Baltimore City Fire Code.

This resolution is adopted and made a part of the minutes of the meeting of the Highfield House Condominium.



**FIFTH AMENDMENT TO
HOUSE RULES AND REGULATIONS
OF
HIGHFIELD HOUSE CONDOMINIUM, INC.**

THIS FIFTH AMENDMENT TO THE HOUSE RULES AND REGULATIONS OF HIGHFIELD HOUSE CONDOMINIUM, INC. (hereinafter referred to as "this Fifth Amendment"), made this 26th day of September, 2016, by Highfield House Condominium, Inc. (hereinafter referred to as "the Council").

WITNESSETH:

WHEREAS, Rule C of the House Rules and Regulations of Highfield House Condominium, Inc., provides that:

The Council of Unit Owners ("Council"), through its Board of Directors, reserves the right to alter, amend, modify, repeal or revoke these Rules at any time by Resolution of the Board of Directors; provided, the Council is notified of such action of the Board in accordance with the By-Laws of the condominium and Applicable Law.

; and

WHEREAS, the Council's Board of Directors did propose to add House Rule 41 of the House Rules and Regulations; and

WHEREAS, this Fifth Amendment was approved at the Board of Directors meeting held on September 26, 2016 in accordance with Rule C of the House Rules and Regulations.

NOW, THEREFORE, the Council hereby amends the House Rules and Regulations effective September 26, 2016 as follows:

House Rule #41 of the House Rules and Regulation is hereby added to read as follows:

Rule 41: Fan Coil Unit Maintenance and Overflow Alarms

Highfield House Condominium requires every fan coil unit within Highfield House to be maintained and equipped with an overflow alarm approved by the Council. Alarms must be maintained by the Resident in good working order after installation and batteries replaced as needed.

- (a) Overflow alarms can be installed inside or outside the fan coil units and will be purchased and installed at the expense of the Council. If replacement is needed due to normal wear and tear, the replacement will be installed at the Council's expense. Residents are responsible for

THE HIGHFIELD HOUSE CONDOMINIUM

Memo to Highfield House Condominium Owners and Residents

From: The Board of Directors

Re: Maryland Condominium Act – Dispute Settlement

The declaration and bylaws of the Highfield House Condominium do not contain a specific process to deal with violations of house rules. Under the change in the Maryland Condominium Act, that was enacted this past year, we must follow a defined process before the Board can impose a fine, suspend voting, or infringe upon the rights of a member or other occupant for the violation of the rules. At this last meeting, the Board passed a resolution recognizing that legislative action, and will use the following prescribed procedure to handle future violations.

I. The council of unit owners or board of directors may not impose a fine, suspend voting, or infringe upon any other rights of a unit owner or other occupant for violations of rules until the following procedure is followed:

1. Written demand to cease and desist from an alleged violation is served upon the alleged violator specifying:
 - a. The alleged violation;
 - b. The action required to abate the violation; and,
 - c. A time period, not less than 10 days, during which the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.
2. Within 12 months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is violated subsequently, the board serves the alleged violator with written notice of a hearing to be held by the board in session. The notice shall contain:
 - a. The nature of the alleged violation;
 - b. The time and place of the hearing, which time may be not less than 10 days from the giving of the notice;
 - c. An invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf; and
 - d. The proposed sanction to be imposed.

A hearing occurs at which the alleged violator has the right to present evidence and present and cross-examine witnesses. The hearing shall the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the 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 a statement of the date and manner of delivery, is entered by the officer or director who delivered the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

A decision pursuant to these procedures shall be appealable to the Courts of Maryland.

II. If any unit owner fails to comply with this title, the declaration, or bylaws, or a decision rendered pursuant to this section, the unit owner may be sued for damages caused by failure or injunctive relief, or both, by the council of "unit owners or by any other unit owner. The prevailing party in any such proceeding is entitled to an award for counsel fees as determined by court.

III. The failure of the council of unit owners to enforce a provision of this title, the declaration, or bylaws on any occasion is not a waiver of the right to enforce the provision on any other occasion.

3/20/86

4000 NORTH CHARLES STREET • BALTIMORE, MARYLAND 21218 • (301) 889-4000

AMENDED MANDATORY LEASE PROVISIONS FOR RENTALS OF UNITS IN
THE HIGHFIELD HOUSE CONDOMINIUM
4000 North Charles Street, Baltimore, Maryland 21218

FOR VALUE RECEIVED, and as a condition for being granted approval by The Highfield House Condominium, Inc. (the "Condominium") of the Lease Agreement (the "Lease") dated the _____ day of _____, 20__ , by and between the undersigned Landlord-Unit Owner (the "Landlord") and Tenant covering Unit Number _____, and for other good and valuable consideration the sufficiency for which are acknowledged by Landlord and Tenant, Landlord and Tenant have agreed to the incorporation by reference into said Lease as an integral part thereof the following Mandatory Lease Provisions.

1. SUBJECT TO GOVERNING DOCUMENTS: Landlord and Tenant expressly understand, covenant and agree that the right of occupancy and use of the premises described in this Lease shall at all times be subject and subordinate to the provisions of the Declaration, By-Laws, and all rules and regulations of the Condominium, and to all amendments of the same that may from time to time be put into effect by the Condominium.
2. DEFAULT OF TENANT: Failure on the part of the Tenant to comply with the provisions of the governing documents of the Condominium referred to in section 1 hereof constitutes a material breach of this Lease and, for the purposes of this Section 2, Landlord and Tenant acknowledge and agree that the Tenant has been provided by Landlord with copies of such governing documents.
3. PETS: Tenant covenants and agrees not to keep pets of any kind on the premises or on the common elements of the Condominium building and grounds.
4. NUMBER OF OCCUPANTS: Landlord and Tenant represent, covenant and agree that no more than _____ persons, including Tenant, will occupy the premises during the term of this Lease, and Tenant shall supply the Landlord and the Condominium with a list of the names of, and other reasonably required information about, the persons who will occupy the premises covered by this Lease.
5. RENEWAL OR AMENDMENT TO LEASE: In the event Landlord and Tenant agree to amend or renew this Lease during or after the initial term thereof, then a true and complete copy of such amendments or renewed lease shall be submitted to the Board of Directors (the "Board") or its nominee (including the managing agent) for its approval in conformity with the applicable Condominium governing documents collection, including a fifteen per cent (15.00%) attorney's fee.
6. SUBLEASING AND ASSIGNMENTS OF LEASE: The premises covered by this Lease shall not be sub-leased nor the Lease assigned without the written consent of the Board or its nominee (including the managing agent).

HIGHFIELD HOUSE CONDOMINIUM MANDATORY LEASE PROVISIONS

7. LANDLORD TO ASSURE TENANT'S COMPLIANCE: Landlord shall take, all reasonable steps to assure that Tenant complies with the governing documents of the Condominium during the term of this Lease and any renewals thereof.
8. RESPONSIBILITY FOR FEES AND EXPENSES: In the event Tenant violates any of the provisions of the Declaration, By-Laws, House Rules and Regulations, or other rules and regulations (all as from time to time amended) of the Condominium, and enforcement action is taken by the Condominium to correct such violation through the use of an attorney of the Condominium's choice, Tenant and Landlord agree to be liable jointly and severally for reasonable attorney fees, expenses, and court costs incurred by the Condominium in litigation which leads to the holding that there was such a violation by Tenant; provided, Landlord and Tenant are notified in writing by the Board or its nominee (including the managing agent) of the violation and of the intent of the Condominium to retain counsel for the purpose of pursuing remedial court action in connection therewith, not less than ten (10) days before such counsel is retained by the Condominium for such purpose.
9. COLLECTION OF FEES AND EXPENSES FROM LANDLORD: The attorney fees, court costs, and expenses to which the Condominium is entitled from Landlord pursuant to section 8 hereof may be collected by the Condominium in accordance with the same procedures for obtaining liens against the Landlord and the premises for the collection of regular and special assessments as are provided for by the laws of Maryland and in the Declaration, By-Laws, and rules and regulations of the Condominium.
10. COLLECTION OF FEES AND EXPENSES FROM TENANT: To secure the payment by Tenant to the Condominium of such fees, court costs and expenses pursuant to section 8 above, Tenant expressly and irrevocably authorizes any attorney of any court of record to appear for Tenant in term, time, or vacation, at any time and from time to time, after demand for payment of such attorney fees, court costs and expenses, and to confess a judgment, without process, in favor of the Condominium, its successors and assigns against the Tenant for such amount thereof as may be unpaid by Tenant, together with the costs of such proceedings, and the Tenant hereby waives and releases all arrears which may intervene in any such proceedings, and consents to immediate execution upon such proceedings, hereby ratifying and confirming all that said attorney may do by virtue thereof. In the event of default in payment of the aforementioned fees, expenses and costs, and if the same are collected by an attorney at law, Tenant agrees to pay all costs of collection, including a fifteen per cent (15.00%) attorney's fee.
11. CONDITIONS FOR TENANT'S OCCUPANCY: Landlord and Tenant covenant and agree that Tenant will not occupy the premises covered by this Lease or move into the premises any furniture or other personal property of whatever kind prior to the approval of the Lease by the Board and before all other requirements of the House Rules and Regulations of the Condominium have been met.
12. RIGHT OF ENTRY: Tenant and Landlord do hereby grant a right of entry to the Condominium or its nominee (including the managing agent) or to any other person authorized

HIGHFIELD HOUSE CONDOMINIUM MANDATORY LEASE PROVISIONS

by the Board in the event of either an actual or apparent emergency originating in or threatening the premises covered by this Lease or the common elements of the building of the Condominium, whether Tenant is present at the time or not, and at other times not involving an actual or apparent emergency, upon reasonable notice of a request for entry into the premises for the purpose of making structural or other repairs as the Condominium may reasonably deem necessary for the safety, convenience, and benefit of the residents of the Condominium.

13. FINES AND PENALTIES: The Board may impose a fine, suspend voting rights, or suspend or limit the right of use of the general common elements as permitted by the laws of Maryland and by the Declaration, the By-Laws, and the House Rules and Regulations of the Condominium against Landlord or Tenant for a violation thereof by Landlord or Tenant. A violation of the governing documents of the Condominium by Landlord or by Tenant shall be deemed a violation of the Lease and shall constitute authorization to the condominium, acting by and through its Board or the Board's nominee (including the managing agent) to enforce the eviction of the Tenant as provided by the terms of the governing documents of the Condominium, including applicable provisions of its rules and regulations.

14. DEFAULT BY LANDLORD: Landlord and Tenant agree that (a) in the event Landlord defaults in the payment of any regular or special assessments, fees, fines and other expenses due and payable to the Condominium by Landlord, the Condominium, through its Board of Directors or managing agent, is hereby authorized to collect directly from Tenant all rental payments and other monies payable to Landlord by Tenant, until such time as the Condominium is paid all accrued and unpaid regular and special assessments, fees, fines, and other expenses that are due it from Landlord; and (b) Landlord, upon such default *herein* referred to, does hereby sell, assign, and transfer to the condominium all of the rents and other monies now due or that subsequently may arise, issue, or become due from Tenant, until such time as the Condominium is fully paid for all sums due it from Landlord; and (c) Landlord and Tenant do hereby consent to the execution and delivery of the assignment made herein and do hereby appoint and recognize the Condominium as the true and lawful attorney-in-fact for Landlord, with full powers of substitution, to collect and receive from Tenant such sums as are due the Condominium from Landlord; and (d) Tenant, upon notice from the Condominium of such default on the part of Landlord, will promptly pay the Condominium all sums otherwise due, or that become due, to Landlord under this Lease, in conformity with this Section 14.

15. BINDING ON SUCCESSORS AND ASSIGNS: The Mandatory Lease Provisions set forth herein shall be binding upon the heirs, personal representatives, and successors and assigns, as the case may be, of Landlord and Tenant.

16. CONFLICT OF PROVISIONS: In the event of a conflict between sections of the Mandatory Lease Provisions and those of the Lease, the sections of the Mandatory Lease Provisions shall be controlling, and the provisions of both shall, where permissible by their terms, be interpreted so as to promote the safety, welfare, and convenience of the residents of the Condominium.

IN WITNESS WHEREOF, the undersigned parties, intending to be bound hereby, have executed these Mandatory Lease Provisions under seal as of this day of _____, 20 ____

HIGHFIELD HOUSE CONDOMINIUM MANDATORY LEASE PROVISIONS

ATTEST

Landlord

Landlord

Tenant

Tenant

04/97
4 pages
Effective 5/1/97

HIGHFIELD HOUSE CONDOMINIUM, INC.

STORAGE LOCKER RULES AND REGULATIONS

Effective November 1, 1992

1. AUTHORITY:

Storage lockers are a part of the general common elements of Highfield House Condominium (hereinafter known as the "Condominium"). The Council, acting through its Board of Directors pursuant to Article XVII of the Condominium By Laws, may adopt such rules and regulations for the use of storage lockers as it deems appropriate.

2. WHO MAY USE STORAGE LOCKERS:

Only the unit owner, or any resident member of the unit owner's family may use a storage locker under these Rules and Regulations; except that a unit owner may allow a tenant, or any resident member of the tenant's family who occupies the unit owner's Condominium unit to use a storage locker.

A unit owner or tenant may use no more than one storage locker for each unit owned.

3. MISCELLANEOUS PROVISIONS:

The Storage Locker Rules and Regulations shall be applicable to all unit owners, their families, and tenants.

Use of the storage lockers is limited to the unit owners and residents of the Condominium. Loss of or damage to property left in the storage lockers shall be the responsibility of the user and not the responsibility of the Council.

The aisles in the storage locker area will be kept unobstructed at all times.

No hazardous or flammable materials may be stored in the storage lockers.

No food or other perishable items may be stored in the storage lockers.

Unit owners or their tenants are responsible for providing a lock for their storage locker.

4. EFFECTIVE DATE: These Rules and Regulations shall take effect on November 1, 1992, and shall on that date supersede all prior storage locker rules and regulations that were in effect prior to that date and all amendments thereto that were in effect prior to November 1, 1992.

These Rules and Regulations were adopted under Section 11-111 of the Maryland Condominium Act.

PARKING GARAGE

HIGHFIELD HOUSE CONDOMINIUM, INC.

PARKING GARAGE RULES AND REGULATIONS

Effective November 1, 1992

1. AUTHORITY:

The parking garage is a part of the general common elements of Highfield House Condominium (hereinafter known as the "Condominium"). The Council, acting through its Board of Directors pursuant to Article XV of the Condominium By Laws, may adopt such rules and regulations for the use of the parking garage as it deems appropriate and assess such charges as it deems appropriate for its use to offset the operating expenses of the parking garage.

3. WAITING LIST OF OWNERS REQUESTING A PARKING SPACE IN THE GARAGE:

The Council shall maintain a waiting list containing a list of the names and unit numbers of all unit owners who do not have, but who wish to obtain, the use of a space.

Any unit owner who wishes to be placed on this waiting list shall make a written request containing the date the request is made and the name and unit number of the person or entity making the request.

The request for a place on this list shall be submitted to the Building Manager of the Condominium who will countersign it and enter the date and the time it was received. The original of the request shall be kept on file in the office of the Building Manager at 4000 N. Charles Street, Baltimore, Maryland 21218, or at such other place as the Board of Directors shall from time to time direct. The unit owner, at the time the request is made, shall be given a true copy of the countersigned request as a receipt. No space shall be leased to any unit owner unless a written request has first been filed by the unit owner. A *pro forma* request is attached to these Rules and Regulations and is by reference incorporated herein.

A unit owner who, at the time of filing a request for a place on this list, owes the Council for unpaid assessments or other charges of whatever kind shall be ineligible for placement on such list.

The order of priority for the leasing of parking garage spaces as they become available shall be determined solely on the basis of the chronological order of requests filed for parking spaces. A unit owner must respond to the offer of a space within fourteen calendar days of the date the offer is made by way of First Class Mail using a Certificate of Mailing. If there is no response, the space will be offered to the next person on the waiting list. If a unit owner rejects the offered space, the next person on the list will be offered the space.

PARKING GARAGE

Upon request, this list shall be made available by the Building Manager at the Building Manager's office to any unit owner for his or her examination during regular business hours, and shall from time to time be posted on the bulletin board as directed by the Board of Directors.

A unit owner's name shall be removed from this list upon the occurrence of anyone or more of the following conditions:

1. The unit owner obtains the use of a parking space.
2. The unit owner requests in writing that his or her name be removed from the list.
3. Title to the owner's unit is transferred or conveyed to a third party, by whatever means.
4. The unit owners becomes more than 30 days delinquent in the payment of any periodic installment of annual or special Condominium assessments (including parking garage assessments) or other charges of whatever kind.

A unit owner who is removed from this list under Section 3.g.ii. may request at any time thereafter that his or her name be again placed on the waiting list in the manner provided in Section 3.b., except that the order of priority for that unit owner to obtain a parking space shall be as of the date of such unit owner's reapplication and not as of any earlier date that the name of the unit owner was placed on the waiting list. A unit owner who is removed from the waiting list under Section 3.g.iv. shall be eligible for reinstatement on the waiting list in the manner provided in Section 3.b. when the delinquency causing such removal therefrom has been completely cured, except that the order of priority for that unit owner to obtain a parking space shall be as of the date of such unit owner's reapplication and not as of any earlier date that the name of the unit owner was placed on the waiting list.

4. LEASES:

The use by any unit owner of any parking garage space shall be subject to these Parking Garage Rules and Regulations and to the terms and conditions of the Lease Agreement, a *pro forma* copy of which is attached to these Rules and Regulations and is by reference incorporated herein. Unit owners shall sign a separate Lease Agreement for each such space leased to such unit owner.

No parking garage space shall be made available to any unit owner until a Lease Agreement has been entered into by the unit owner with the Council with a conformed copy of such Lease Agreement being filed with the Council.

All Lease Agreements for parking garage spaces shall be only by and between the owners of condominium units and the Council, and shall be signed by each person or on behalf of any entity whose name appears as a unit owner on the deed of record to such condominium unit. Grounds for the termination of any Lease Agreement between a unit owner and the Council shall be anyone or more of the following:

1. Failure to pay an installment of any Condominium assessment, whether annual or special, within the grace period established by the Council for such assessment to be paid.

PARKING GARAGE

2. Violation of these Parking Garage Rule and Regulations, the terms of the parking Lease Agreement, or of the Condominium Declaration, By Laws or other rules and regulations of the Condominium.

In addition to other remedies for the collection of delinquent parking space rentals, such rental payments shall be deemed collectible by the Council through the same lien procedures of Maryland law and in the Condominium Declaration and By Laws that are applicable to annual or special assessments levied by the Council against condominium units. Such remedies shall be cumulative and not mutually exclusive in their exercise by the Council.

Unit owners who are currently using a garage parking space, and who are at the beginning of the option period referred to in this paragraph f, paid current on all assessments or other charges of whatever kind due the Council, shall have the option to enter into a Lease Agreement with the Council for the parking space they are currently using at the then prevailing monthly rent. Such option to lease shall be effective for the period beginning on the date these Rules and Regulations are approved and ending 30 days after the effective date thereof. If a unit owner does not, within the stated option period, enter into a Lease Agreement with the Council for the parking garage space he or she is currently using, such unit owner shall vacate the space no later than the last day of said option period, and the space shall be offered to another unit owner. The Council, in its administration of the parking garage area, may from time to time substitute other parking spaces for those that were first assigned to unit owners when Lease Agreements were entered into by the Council pursuant to these Rules and Regulations.

A unit owner may terminate any Lease Agreement upon mailing to the Council written notice of his or her intention to do so by certified mail, return receipt requested. Such notice shall be effective on the last day of the next calendar month after being received by the Council. Any such notice to terminate the Lease Agreement shall not cancel, modify or otherwise effect the obligations and responsibilities of such unit owner under the Condominium Declaration, By Laws and Rules and Regulations (including these Parking Garage Rules and Regulations).

5. SPACES PER UNIT:

No unit owner shall have the use under a Parking Lease Agreement of more than one parking garage space for each unit owned, until all unit owners on the Council's waiting list have had the option to lease a parking space. When there are unit owners leasing more than one space for each unit owned and a unit owner with no parking space requests a space, the unit owner who began to lease a second space most recently will relinquish the second space. If it is not possible to determine the dates that unit owners leasing more than one space per unit began to lease their second space, the requirement to relinquish will be determined by lottery.

6. WHO MAY USE PARKING SPACES:

Only the unit owner (or any resident member of the unit owner's family, or a visiting guest of the unit owner) may use the garage parking space that is leased to the unit owner under these Rules and Regulations; except that a unit owner may allow his tenant (or any resident member of the

PARKING GARAGE

tenant's family, or a visiting guest of the tenant) who occupies the unit owner's Condominium unit under a lease that has been filed with the Council to use such parking space.

A unit owner who permits his or her tenant to use the unit owner's parking space shall remain liable to the Council for the payment of all rentals due under the Lease Agreement between such unit owner and the Council.

When a unit owner or his or her tenant terminates the use by the tenant of a parking space under a Lease Agreement with the unit owner, the rights and obligations of the tenant shall revert to the unit owner.

7. MISCELLANEOUS PROVISIONS:

No repair of vehicles, except emergency repairs, shall be made at any time in the parking garage area.

Excessive discharges of oil and grease shall be promptly corrected after notification has been mailed in writing to the unit owner leasing the space.

No vehicles shall be parked in the garage area, if such vehicles interfere with the operation of the garage or with any other person's use of a parking space. Non-functioning or improperly licensed vehicles, vehicles that are not registered with the Council, and boats and other property of whatever kind (except authorized vehicles) shall not be permitted in the parking garage area. Safe speed limits, not exceeding five miles per hour, shall be maintained while drivers are entering or leaving the parking garage area.

Every unit owner shall provide in writing such information as may reasonably be requested by the Board of Directors in connection with any vehicle that is parked in the parking garage area under a Parking Lease Agreement. The information to be provided hereunder shall be accurate and shall be kept current by the unit owner, and the submission of same shall be a precondition to the initial and continuing effectiveness of any Parking Lease Agreement of a parking garage space.

The use of the parking garage area by any unit owner, a unit owner's family, visitors, tenants, agents or employees shall be at the user's sole risk. Unit owners shall give the Building Manager or, in the Building Manager's absence, the garage attendant, advance notice of the use of parking spaces of unit owners by their visiting guests.

Loss of, or damage to, property left in any vehicle parked in the parking garage area shall be the responsibility of the user and shall not be that of the Condominium.

Keys to the door and ignition of any vehicle parked in the garage area shall be made available to the Council at all times. No Parking Lease Agreement shall be deemed to have taken effect until the keys to the vehicle have been provided by the unit owner entering into a Lease Agreement with the Condominium.

PARKING GARAGE

The ramp approaches to the garage area will be kept unobstructed at all times.

Tow away signs shall be posted by the Council and shall be strictly enforced. Any violation of these Parking Garage Rules and Regulations or a Parking Lease Agreement shall be cause for having the vehicle towed from the garage parking area to an outside garage (the name, telephone number and location of which shall be posted in the garage). Written notice, in the absence of an emergency or immediate danger, shall be mailed to the unit owner when such removal of his or her vehicle is pending; otherwise, the Council may contact the unit owner by telephone or any other reasonable means to advise him or her of the pending removal of the vehicle.

The Parking Garage Rules and Regulations shall be applicable to all unit owners, their families, tenants, visitors, agents and employees during their use of the garage parking area.

If any provision of these Rules and Regulations, or any application thereof to any person or circumstance, is held invalid, that invalidity shall not affect other provisions or applications of these Rules and Regulations which can be given effect without the invalid provision or application; to this end, the provisions of these Rules and Regulations are declared to be severable.

8. EFFECTIVE DATE:

These Rules and Regulations shall take effect on November 1, 1992. and shall supersede all prior parking rules and regulations and all amendments thereto that were in effect prior to November 1, 1992.

PARKING GARAGE

HIGHFIELD HOUSE CONDOMINIUM

PARKING LEASE AGREEMENT

THIS PARKING LEASE AGREEMENT (hereinafter referred to as "Lease Agreement") is made this ____ day of, 20____, by and between HIGHFIELD HOUSE CONDOMINIUM, INC" a Maryland Corporation (hereinafter referred to as "Lessor"), and , unit owner _____ (hereinafter known as "Tenant").

WHEREAS, the Lessor has the duty and authority to maintain the common elements, including the parking garage, of the Highfield House Condominium (hereinafter referred to as "Condominium"), located in the City of Baltimore, State of Maryland; and

WHEREAS, Tenant is the owner of unit number _____ within the Condominium (hereinafter referred to as the "unit"); and

WHEREAS, pursuant to Article XV of the By-Laws of Lessor, Lessor is authorized to grant leases to unit owners for parking spaces within the Condominium's parking garage; and

WHEREAS, the parties desire to enter into this Lease Agreement so as to allow Tenant to use a parking space, said space being located within the Condominium's parking garage, subject to the terms and conditions contained in this Lease Agreement.

WITNESSETH: That in consideration of the rents and of the covenants herein contained, an in further consideration of Tenant's covenant to comply with the Lessor's Parking Garage Rules and Regulations, Lessor hereby leases to Tenant and Tenant rents from Lessor, one parking space in the Condominium parking garage subject to the following:

The term of this Lease Agreement shall be one (1) month, which term shall automatically renew month to month during the time the Tenant remains the owner of the unit, provided Tenant remains in compliance with all of the terms and conditions of this Lease Agreement, and with all terms of the Condominium's Declaration, Bylaws and Rules and Regulations, including the Lessor's Parking Garage Rules and Regulations (hereinafter referred to in the collective as the "Governing Documents"), as from time to time amended. During the term of this Lease Agreement, Lessor shall permit Tenant to use parking space number _____ in the parking garage located at 4000 North Charles Street, Baltimore City, Maryland (hereinafter referred to as "Parking Garage"); provided, that Lessor, in the administration of the Parking Garage, may from time to time substitute another parking space for the space herein designated.

If Tenant, at any time, should not be in compliance with this Lease Agreement or with the Governing Documents, Lessor may terminate this Lease Agreement upon mailing to Tenant not less than thirty days prior written notice of Lessor's intention to do so, such notice to be sent by certified mail, return receipt requested.

PARKING GARAGE

The use by Tenant of the Parking Garage shall be in common with the use by other Unit Owners and occupants of the Condominium, and such other persons, if any, as may be authorized by Lessor to use the Parking Garage.

The use by Tenant of the Parking Garage shall be subject to and in conformance with all parking, speed and general use regulations approved from time to time by the Lessor's Board of Directors for the operation of the Parking Garage which have been posted or otherwise provided to Tenant. The use by Tenant of the Parking Garage shall be subject to the direction of Lessor's authorized personnel who are responsible for its day-to-day supervision.

Tenant acknowledges having received a copy of the Governing Documents and that the Tenant has read, understands and agrees to be bound by, each of the same.

Tenant agrees to pay a garage rental fee (hereinafter sometimes referred to interchangeably as "rental" or "rental fee") of \$ _____ per month for the use of the parking space designated in this Lease Agreement. The rental shall be payable in advance on the first day of each month, without notice for the payment thereof, and without any set-off, deduction or demand being made by Lessor for the same.

The garage rental fee may from time to time be modified by Lessor upon mailing a notice to the Tenant 60 days in advance by First Class Mail using a Certificate of Mailing.

Tenant's failure to pay any periodic installment of any garage rental fee or of any other charge or assessment, whether annual or special, assessed against Tenant's Unit by the Condominium within the grace period established by the Condominium for the payment of same, shall be deemed a default under this Lease Agreement, so as to permit Lessor to terminate this Lease Agreement. No termination of this Lease Agreement shall cancel, modify or otherwise affect the obligations and responsibilities of Tenant that have accrued under any of the terms and conditions of the Governing Documents.

Lessor shall not be obligated to accept any payment of garage rental fees under this Lease Agreement for any month in which an installment payment for a Condominium assessment on Tenant's unit, or any other charge owed by the Tenant to the Lessor, has not been paid. Rental fees paid pursuant to this Lease Agreement shall be deemed assessments and shall be collectible by the Condominium through the same lien procedures of Maryland law and in the Governing Documents that are applicable to annual or special assessments levied by the Condominium against Condominium Units.

Tenant may terminate this Lease Agreement upon mailing the Condominium written notice of Tenant's intention to do so by certified mail, return receipt requested. Such notice shall take effect at the end of the calendar month immediately following the date Tenant mails such notice. Such notice shall not cancel, modify or otherwise affect the obligations or the responsibilities of Tenant under the Governing Documents.

The use of the parking garage by Tenant, Tenant's family, tenant, visitors, agents or employees shall be at the user's sole risk.

PARKING GARAGE

In Tenant's use of the Parking Garage Tenant agrees:

1. Not to make any repairs on Tenant's vehicle, other than emergency repairs, at any time.
2. To correct promptly excessive discharges of oil and grease from Tenant's vehicle, after being mailed a notice of same.
3. Not to park any non-functioning or improperly licensed vehicle or any vehicle not properly registered with the Condominium, or any boat or other property (except Tenant's authorized vehicle) of whatever kind.
4. Not to park any vehicle in the parking garage if doing so interferes with the operations of the garage or with the use of another Tenant's space.
5. To enter and leave the garage at all times at a speed not exceeding five miles per hour.
6. To provide Lessor in writing with such information as may reasonably be requested by Lessor's Board of Directors in connection with Tenant's parked vehicle, in order that Lessor may have accurate and current data needed to administer the parking garage in an orderly manner.
7. To be solely responsible for loss or damage to property left by Tenant in Tenant's vehicle.
8. To provide Lessor with a key to the door and ignition of Tenant's vehicle.
9. To keep the ramp approaches to the garage unobstructed at all times.
10. To abide by all other existing and future parking rules and regulations as implemented by Lessor.

Tenant does hereby grant to Lessor a lien on Tenant's vehicle or other property for the payment of any rental fee, and said lien may be enforced by Lessor in the same manner as such liens may be enforced by garage keepers under applicable laws of the City of Baltimore and State of Maryland. Tenant does hereby irrevocably constitute and appoint Lessor as Tenant's attorney-in-fact to remove any vehicle or other property parked or stored in violation of this Lease Agreement, and to store the same at the expense of Tenant in such place or places as Lessor, in its sole discretion, shall deem proper.

This Lease Agreement permits Tenant to park either of the following vehicles in the designated parking space:

Vehicle Titled to:

License Plate No.: _____ Model and Color: _____

Vehicle I.D. No.: _____ Permit No.: _____

OR

Vehicle Titled to:

PARKING GARAGE

License Plate No.: _____ Model and Color: _____

Vehicle I.D. No.: _____ Permit No.: _____

During the term of this Lease Agreement, Tenant agrees to display in the vehicles authorized to park in the Parking Garage such valid parking permit as the Lessor shall from time to time issue to Tenant.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

WITNESS/ATTEST HIGHFIELD HOUSE CONDOMINIUM, INC.

By: _____ (SEAL)

Authorized Agent, Lessor

(SEAL)

Tenant

(SEAL)

Tenant

PARKING GARAGE

HIGHFIELD HOUSE CONDOMINIUM

REQUEST AND RECEIPT FOR A SPACE IN THE PARKING GARAGE

This will acknowledge that subject to the Parking Garage Rules and Regulations of Highfield House Condominium, the undersigned owner(s) of Condominium unit number _____, request the listing of their names on the garage parking waiting list for the Parking Garage located at 4000 North Charles Street, Baltimore City, Maryland, on the date and time noted below, and that the name(s) of said Owner(s) has/have been listed on such waiting list as of such date and time.

Unit Owner _____

Unit Owner _____

Date Received: _____

Time Received: _____

HIGHFIELD HOUSE CONDOMINIUM

By: _____
Building Manager

PARKING GARAGE

HIGHFIELD HOUSE CONDOMINIUM

REQUEST AND RECEIPT FOR A DIFFERENT SPACE IN THE PARKING GARAGE

This will acknowledge that subject to the Parking Garage Rules and Regulations of Highfield House Condominium, the undersigned owner(s) of Condominium unit number _____, request the listing of their names on the different space waiting list for the Parking Garage located at 4000 North Charles Street, Baltimore City, Maryland, on the date and time noted below, and that the name(s) of said Owner(s) has/have been listed on such waiting list as of such date and time.

Unit Owner

Unit Owner

Date Received: _____ Time Received: _____

HIGHFIELD HOUSE CONDOMINIUM

By: _____
Building Manager

Highfield House Condominium

Temporary Coupon





Highfield House Condominium, Inc.

Temporary Coupon
Please refer to the resale disclosure certificate for monthly assessment amount

PAYMENT IS DUE – First day of each month

THE MAILING ADDRESS FOR THIS PAYMENT IS AS FOLLOWS:

Highfield House Condominium, Inc.
c/o WPM Real Estate Management
11433 Cronridge Drive
Owings Mills, MD 21117



PLEASE TEAR-OFF AND RETURN WITH PAYMENT

COUPON

AMOUNT ENCLOSED: _____

NAME: _____

UNIT ADDRESS: _____

HOME PHONE: _____

WORK PHONE: _____

CELL PHONE: _____

EMAIL: _____

