

DC CONDOMINIUM CERTIFICATE OF RESALE

2325 42nd Street N.W. Condominium

Current Owner: Nicole Hughes

Property Address: 2325 42nd St NW Unit: 219

Washington, DC 20007

Buyer: Casey Aboulafia

Buyer Address: tbd

tbd DC, 20007

Requestor Name: Nicole Hughes

Requestor Phone: 202-652-0831

Date Prepared: 03-25-2015

The following information is furnished pursuant to Section 42-1904.11 of the District of Columbia Code by the Association and is true and correct in accordance with the Association's best knowledge and information.

#	Question	Response
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1. ASSOCIATION FEES

The current monthly operating assessment for this unit is:

\$491.00 Unit Assessment

\$55.00 Parking Assessment

The current special assessment for this unit is:

None

The amount of any unpaid fees and/or assessments currently due and unpaid from the current owner is:

\$0 - all current

This balance is current as of the date of this certificate of resale. All assessments outstanding at time of settlement are specific to the unit being conveyed. If the association has an outstanding balance for the unit being conveyed and the seller does not bring the account current, the purchaser may be liable to the association for any outstanding assessment.

2. RIGHT OF FIRST REFUSAL

The condominium instruments contain no provision stipulating that the Unit Owners Association or Board of Directors has a right of first refusal or other restraints on the free alienability of this Unit.

3. CAPITAL IMPROVEMENTS

The Associations Board of Directors has approved the following capital expenditures which are not reflected in the current operating budget:

DC CONDOMINIUM CERTIFICATE OF RESALE

2325 42nd Street N.W. Condominium

#	Question	Response
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Year	Projects	Estimated Expense
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2015	Lobby Renovation	Cost Unknown at this time
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***Please note that the Association's Board of Directors current plan for managing capital improvements and/or replacements is subject to adjustment as circumstances dictate, and all amounts are merely estimates.**

4. CAPITAL RESERVES

The amount of the annual contribution to the Association's reserves, which has been approved by the Association's Board of Director and planned for the current fiscal year, is reflected in the operating budget, which is contained in the Resale Disclosure Documents. The balance the Association had in reserves at the end of the previous fiscal year is reflected in the financial statements included in the Resale Disclosure Documents.

5. SUITS OR JUDGMENTS

There are no existing or pending suits or judgments to which the Association is a party other than the possibility of existing or pending suits against unit owners who are delinquent in their assessments which have been turned over to Associations counsel for collection which may include lien filing, foreclosure or suit action.

6. INSURANCE

DC CONDOMINIUM CERTIFICATE OF RESALE

2325 42nd Street N.W. Condominium

#	Question	Response
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The Unit Owner's Association holds insurance policies as required by the By-Laws. All policies are in good standing. A copy of the Certificate of Insurance is contained in this Resale Disclosure Package. Said policies insure the common elements and, unless otherwise noted, coverage is limited to replacement or repair of the units as they were delivered to the original purchaser.

The Association's insurance does not provide coverage for any personal possessions or other contents with respect to the unit, nor provide for living expenses if you are displaced from your unit in the event of a loss; nor does it provide coverage for any assessments levied against you for any part of the reconstruction in the event of a loss. This coverage may be available separately from your insurance agent.

In order for each individual Unit Owner to be adequately protected from loss, he or she must carefully and separately insure his or her unit, contents and personal property and provide for sufficient personal liability coverage. Purchasers are urged to contract their own insurance agents to obtain coverage effective as of the date of settlement. Owners who lease their unit require a different form of coverage than owner-occupants and you must be specific on your request for coverage from your insurance agent.

The master insurance policy is provided through the insurance agent listed on Certificate of Insurance.

7. ALTERATIONS

The Association has no knowledge that any alteration or improvement to the Unit or to the limited common elements assigned to the Unit which violates any provision of the Governing Documents as of today's date. Furthermore, the Association has no knowledge of any violations of the health or building codes with respect to the Unit or the limited common elements assigned thereto. This statement expresses the opinion of the undersigned and is based on his or her knowledge of the Unit not upon a physical inspection of the Unit.

8. LEASEHOLD ESTATE

There is no leasehold estate affecting the Association.

The above is true and accurate to the best of the Association's belief and knowledge.

The above information above was obtained by the following representative of the project's Homeowners Association

Name: Peter Greeves

Phone: 202-537-1801

Title: President, EJV

Date: 03-25-2015



Signature

DC CONDOMINIUM CERTIFICATE OF RESALE

2325 42nd Street N.W. Condominium

Comments

Additional Information
2325 42nd Street N.W. Condominium

Condominiums List

 **Message: CONDOMINIUMS SUCCESSFULLY COMPLETED**

Condominiums (HRAP/DELRAP Approval Method) as of 08/29/2012

1 record was selected, 1 record is displayed (page 1 of 1)

Condo Name	Condo ID / Submission	Address	Approval Method	Composition of Project	Comments	Document Status	Manufactured Housing	FHA Concentration	Status	Status Date	Expiration Date
2325 42ND STREET NW CONDO	P015496 001	2325 42ND ST NW WASHINGTON, DC 20007	DELRAP	73 UNITS, GARDEN STYLE, BUILT 1984	None	Recorded/Uploaded	No	1.36%	Approved	02/23/2012	02/23/2014

Search criteria:

Approval Method: HRAP/DELRAP

Sorted by: Condo Name

State: DC

Condo ID:

Condo Name: 2325 42nd Street

City:

Zip Code: 20007

Status: All Statuses

Search Type: Project

Begin Date:

End Date:



[Previous]

Annual Audited Financials
2325 42nd Street N.W. Condominium



Principals

Howard A. Goldklang, CPA, MBA
Donald E. Harris, CPA
Anne M. Sheehan, CPA
S. Gail Moore, CPA

1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Associate Principals

Jeremy W. Powell, CPA
Renee L. Watson, CPA

Managers

Allison A. Day, CPA
Matthew T. Stiefvater, CPA
Sheila M. Lewis, CPA

Independent Auditor's Report

To the Board of Directors of
2325 42nd Street, N.W. Condominium

Report on the Financial Statements

We have audited the accompanying financial statements of 2325 42nd Street, N.W. Condominium, which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 2325 42nd Street, N.W. Condominium as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Assessments Receivable

2325 42nd Street, N.W. Condominium raises funds for its operations and major repairs and replacements through assessment of its members. As explained in Note 6, as of June 30, 2014, the Association had an assessments receivable balance of \$58,245 (before deducting the allowance for doubtful assessments of \$58,157). It is uncertain whether the receivables are actually collectible. The inability to collect owner assessments impacts adversely on the Association's viability. In order for the Association to maintain financial stability and to operate effectively, it must raise and be able to collect sufficient funds from its members to meet its operational and replacement reserve needs.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Goldklang Group CPAs, P.C.

Reston, Virginia
January 23, 2015

2325 42ND STREET, N.W. CONDOMINIUM
BALANCE SHEETS
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 125,852	\$ 113,671
Interest-Bearing Deposits	300,000	275,000
Assessments Receivable - Net	88	350
Accrued Interest	369	574
Accounts Receivable - Other	-	581
Prepaid Expenses	<u>5,104</u>	<u>11,729</u>
Total Assets	<u>\$ 431,413</u>	<u>\$ 401,905</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable	\$ 11,995	\$ 11,891
Prepaid Assessments	<u>2,697</u>	<u>2,245</u>
Total Liabilities	<u>\$ 14,692</u>	<u>\$ 14,136</u>
Replacement Reserves	\$ 315,006	\$ 291,421
Unappropriated Members' Equity	<u>101,715</u>	<u>96,348</u>
Total Members' Equity	<u>\$ 416,721</u>	<u>\$ 387,769</u>
Total Liabilities and Members' Equity	<u>\$ 431,413</u>	<u>\$ 401,905</u>

See Accompanying Notes to Financial Statements

2325 42ND STREET, N.W. CONDOMINIUM
STATEMENTS OF INCOME
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>INCOME:</u>		
Condominium Fees	\$ 323,016	\$ 323,016
Parking	17,820	18,480
Interest	1,833	905
Laundry	8,221	6,567
Other	<u>7,820</u>	<u>5,257</u>
Total Income	<u>\$ 358,710</u>	<u>\$ 354,225</u>
<u>EXPENSES:</u>		
Management	\$ 31,860	\$ 31,650
Legal, Audit and Tax Preparation	8,940	9,467
Insurance	23,998	22,362
Administrative	4,380	3,072
Electricity	8,238	9,102
Gas	50,724	36,269
Water and Sewer	25,686	24,978
Trash Removal	7,312	8,613
Janitorial Service	19,737	18,918
Contracted Services	31,140	25,472
Repairs and Maintenance	49,430	44,849
Maintenance Supplies	1,622	725
Bad Debt	15,193	16,416
Income Taxes	<u>250</u>	<u>250</u>
Total Expenses	<u>\$ 278,510</u>	<u>\$ 252,143</u>
Net Income before Contribution to Reserves	\$ 80,200	\$ 102,082
Contribution to Reserves	<u>(74,833)</u>	<u>(88,905)</u>
Net Income	<u>\$ 5,367</u>	<u>\$ 13,177</u>

See Accompanying Notes to Financial Statements

2325 42ND STREET, N.W. CONDOMINIUM
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>Replacement Reserves</u>	<u>Unappropriated Members' Equity</u>	<u>Total Members' Equity</u>
Balance as of June 30, 2012	\$ 226,076	\$ 83,171	\$ 309,247
Additions:			
Contribution to Reserves	88,905		88,905
Net Income		13,177	13,177
Deductions:			
Electrical	(2,000)		(2,000)
Elevator	(13,263)		(13,263)
General Building Maintenance	(6,188)		(6,188)
Plumbing	(2,109)		(2,109)
Balance as of June 30, 2013	\$ 291,421	\$ 96,348	\$ 387,769
Additions:			
Contribution to Reserves	74,833		74,833
Net Income		5,367	5,367
Deductions:			
Boiler	(12,836)		(12,836)
Electrical	(28,750)		(28,750)
Elevator	(1,049)		(1,049)
Concrete	(5,192)		(5,192)
Plumbing	(3,421)		(3,421)
Balance as of June 30, 2014	<u>\$ 315,006</u>	<u>\$ 101,715</u>	<u>\$ 416,721</u>

See Accompanying Notes to Financial Statements

2325 42ND STREET, N.W. CONDOMINIUM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income	\$ 5,367	\$ 13,177
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Bad Debt Expense	15,193	16,416
Decrease (Increase) in:		
Assessments Receivable	(14,931)	(16,706)
Accrued Interest	205	(405)
Accounts Receivable - Other	581	(581)
Prepaid Expenses	6,625	4,904
Increase (Decrease) in:		
Accounts Payable	104	8,680
Prepaid Assessments	452	(150)
Net Cash Flows from Operating Activities	<u>\$ 13,596</u>	<u>\$ 25,335</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 73,000	\$ 88,000
Received from Interest (Reserves)	1,833	905
Disbursed for Reserve Expenditures	(51,248)	(23,560)
Disbursed for Interest-Bearing Deposits	(25,000)	(225,000)
Net Cash Flows from Investing Activities	<u>\$ (1,415)</u>	<u>\$ (159,655)</u>
Net Change in Cash and Cash Equivalents	\$ 12,181	\$ (134,320)
Cash and Cash Equivalents at Beginning of Year	<u>113,671</u>	<u>247,991</u>
Cash and Cash Equivalents at End of Year	<u>\$ 125,852</u>	<u>\$ 113,671</u>
 <u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash Paid for Income Taxes	<u>\$ 250</u>	<u>\$ 250</u>

See Accompanying Notes to Financial Statements

2325 42ND STREET, N.W. CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - NATURE OF OPERATIONS:

The Condominium is an association organized under the laws of the District of Columbia for the purposes of preserving and maintaining the common property of the condominium. The Association is located at 2325 42nd Street, N.W., Washington, D.C. and consists of 73 units. The Association's Board of Directors administers the operations of the Condominium.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting, in which revenues are recognized when earned and expenses when incurred, not necessarily when received or paid.

B) Member Assessments - Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in future years. The Association utilizes the allowance method of accounting for bad debt.

C) Common Property - Real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common, and not by the Association. Common property includes, but is not limited to, the exterior structures, mechanical equipment and recreational facilities.

D) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities. They also affect the disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E) Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid investments and interest-bearing deposits with an original maturity date of three months or less to be cash equivalents.

NOTE 3 - REPLACEMENT RESERVES:

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are generally not available for expenditures for normal operations.

2325 42ND STREET, N.W. CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES: (CONTINUED)

The Association had a replacement reserve study conducted by Miller Dodson Associates, Inc., in 2013. The table included in the Supplementary Information of Future Major Repairs and Replacements is based on this study.

The study recommends a contribution to reserves of \$61,278 annually. For fiscal year 2014, the Association budgeted to contribute \$73,000 and contributed interest income of \$1,833 to reserves.

Funds are being accumulated in replacement reserves based on estimated of future needs for replacement of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material; therefore, amounts accumulated in the replacement reserves may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board of Directors, on behalf of the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of June 30, 2014 and 2013, the Association had designated \$315,006 and \$291,421, respectively, for replacement reserves. These designated reserves were funded by cash and interest-bearing deposits.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt condominium or as an association taxable as a corporation. As an exempt condominium, the Association's net assessment income is exempt from income tax, but its interest income is taxed. Electing to file as a corporation, the Association would be taxed on its net income from all sources (to the extent not capitalized or deferred) at normal corporate rates after corporate exemption, subject to the limitation that operating expenses are deductible only to the extent of income from members. For fiscal years 2014 and 2013, the Association's income taxes were calculated using the exempt method.

The Association's policy is to recognize any tax penalties and interest as an expense when incurred. For the years ended June 30, 2014 and 2013, the Association did not incur any amounts in penalties and interest related to income taxes. The Association's federal and state tax returns for the past three years remain subject to examination by the Internal Revenue Service and the District of Columbia.

2325 42ND STREET, N.W. CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(CONTINUED)

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of June 30, 2014, the Association maintained its funds in the following manner:

<u>Institution</u>	<u>Type Account</u>	<u>Cash and Cash Equivalents</u>	<u>Interest- Bearing Deposits</u>	<u>Total</u>
City First Bank of DC	Checking	\$ 39,130	\$ -	\$ 39,130
Morgan Stanley	Cash	6,320		6,320
Morgan Stanley	Money Market	80,402		80,402
Morgan Stanley	(Various Institutions) Certificates of Deposit (6)		300,000	300,000
	Totals	<u>\$ 125,852</u>	<u>\$ 300,000</u>	<u>\$ 425,852</u>

NOTE 6 - ASSESSMENTS RECEIVABLE - NET:

The Association utilizes the allowance method of accounting for bad debt. Individual receivables are written off as a loss when a determination is made that they are non-collectible. Under the allowance method, collection efforts may continue and recoveries of amounts previously written off are recognized as income in the year of collection.

	<u>2014</u>	<u>2013</u>
Assessments Receivable	\$ 58,245	\$ 43,315
Less: Allowance for Doubtful Assessments	<u>(58,157)</u>	<u>(42,965)</u>
Assessments Receivable - Net	<u>\$ 88</u>	<u>\$ 350</u>

NOTE 7 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 23, 2015, the date the financial statements were available to be issued.

Subsequent to year end, the Association expended \$16,781 for asphalt overlay. This project was funded by replacement reserves.

2325 42ND STREET, N.W. CONDOMINIUM
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
JUNE 30, 2014
(UNAUDITED)

The Association had a replacement reserve study conducted by Miller Dodson Associates, Inc. during 2013 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The estimated replacement costs presented below do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement.

The following has been extracted from the Association's replacement reserve study, and presents significant information about the components of common property.

<u>Component</u>	<u>2013 Estimated Remaining Useful Life (Years)</u>	<u>2013 Estimated Replacement Cost</u>
Brick Point-Up	2-56	\$ 62,500
Domestic Water Piping	4-63	132,000
Sanitary Drain Piping	3-57	126,500
Natural Gas Piping	6-60	36,800
Hydronic System Piping	8-62	161,000
General Site Improvements	0-50	170,145
Exterior	1-35	636,028
Interior Finishes	1-20	122,117
Mechanical/HVAC/Plumbing	2-60	250,690

Articles of Incorporation
2325 42nd Street N.W. Condominium

DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS

CORPORATION DIVISION

WASHINGTON



This is to certify that the pages attached hereto constitute a full, true,
and complete copy of *CERTIFICATE AND ARTICLES OF INCORPORATION OF 2525 42nd*
STREET, N.W., CONDOMINIUM ASSOCIATION, INC., AS RECEIVED AND FILED MAY 22, 1980

as the same appears of record in this office.

In Testimony Whereof,

*I have hereunto set my hand and caused
the seal of this office to be affixed, this*

the 20th day of

MAY A. D. 1980

Carol B. Thompson

802200

OFFICE OF RECORDER OF DEEDS, D. C.

Corporation Division
Sixth and D Streets, N. W.
Washington, D. C. 20001

CERTIFICATE

THIS IS TO CERTIFY that all provisions of the District of Columbia
Non-profit Corporation Act have been complied with and ACCORD-
INGLY this Certificate of _____ Incorporation

is hereby issued to the _____ 2325 42ND STREET, N.W.
_____ CONDOMINIUM ASSOCIATION, INC. _____

as of the date hereinafter mentioned.

Date May 22, 1980



Recorder of Deeds
MARGURITE C. STOKES
Acting Recorder of Deeds, D.C.
David H. Cole
David H. Cole
Superintendent of Corporations

FIL G FEE
INDEXING FEE

10.00
2.00
12.00

ARTICLES OF INCORPORATION
OF
2325 42ND STREET, N.W.
CONDOMINIUM ASSOCIATION, INC.

We, the undersigned, natural persons of the age of twenty-one (21) years or more, acting as incorporators of a non-profit corporation under Title 29, Chapter 10 of the Code of Laws of the District of Columbia, adopt the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation (which is hereinafter referred to as the "Corporation") is:

2325 42ND STREET, N.W.
CONDOMINIUM ASSOCIATION, INC.

SECOND: The period of duration of the Corporation shall be perpetual.

THIRD: The purposes for which the Corporation is organized are as follows:

(a) To govern and manage all matters relating to the 2325 42nd Street, N.W. Condominium (hereinafter referred to as the "Condominium"), to operate, administer and maintain the Condominium, and to regulate the affairs of the Condominium and of all Unit Owners in the Condominium;

(b) To do any act or thing and exercise any power suitable, convenient or proper for the accomplishment of any of the purposes set forth herein or incidental to such purposes, or which at any time may appear conducive to or expedient for the accomplishment of any of such purposes; and

(c) To have and exercise any and all powers and privileges now or hereafter conferred upon non-profit corporations by the general laws of the District of Columbia or upon condominium unit owners' associations under the Condominium Act of 1976, D.C. Law 1-89 (hereinafter referred to as the "Act").

The foregoing enumeration of the purposes of the Corporation is made in furtherance and not in limitation of the powers conferred upon the Corporation by law. The Corporation shall have, enjoy and exercise all of the powers and rights now or hereafter conferred by the laws of the District of Columbia upon non-profit corporations and condominium unit owners' associations; provided, however, that nothing herein contained

FILED

MAY 22 1980

BY: [Signature]

shall be deemed to authorize or permit the Corporation to carry on any business or exercise any power, or do any act which a non-profit corporation formed under the general laws of the District of Columbia may not at the time lawfully carry on or do.

FOURTH: The Corporation shall have members, such membership to be comprised of all Unit Owners in the Condominium, acting as a group in accordance with the Act and the Condominium Documents. Any Unit Owner, upon acquiring title to his Unit, shall automatically become a member of the Corporation and shall remain a member thereof until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Corporation shall automatically cease. Each Unit Owner shall be entitled to the number of votes equal to the percentage interest allocated to his Unit by the Condominium Declaration. If a Unit is owned by more than one person, said persons shall be entitled to vote as provided in the Bylaws, but in no event may said persons vote in the aggregate more than the number of votes allocated to their Unit. A person who holds any interest in a Unit solely as security for the performance of an obligation shall not be a member of the Corporation.

FIFTH: The Corporation shall have only one class of members.

SIXTH: The manner of election of the Board of Directors of the Corporation shall be provided in the Bylaws of the Corporation.

SEVENTH: All of the business and affairs of the Corporation shall be managed by the Board of Directors except as otherwise limited by the Act or the Condominium Documents. The Board of Directors shall have all of the powers and responsibilities assigned by the Act to a condominium unit owners' association. The assets of the Corporation on dissolution or final liquidation shall be distributed under and pursuant to the Bylaws or the pertinent sections of the Act and of Title 29, Chapter 10 of the Code of Laws of the District of Columbia.

EIGHTH: The address, including street and number, of the initial registered office of the Corporation is 918 16th Street, N.W., Washington, D.C. 20006, and the name of the initial registered agent of the Corporation at such address is C.T. Corporation. The address, including street and number, where the Corporation conducts its principal business is 2325 42nd Street, N.W., Washington, D.C. 20007.

NINTH: The number of directors constituting the initial Board of Directors of the Corporation is five (5), and the names and addresses, including street and number, of the persons who are to serve as the initial directors until the first annual meeting or until their successors are duly elected and shall qualify are:

<u>Name</u>	<u>Address</u>
Richard P. Harland	2325 42nd Street, N.W. Washington, D.C. 20007
William Griffith	2325 42nd Street, N.W. Washington, D.C. 20007
Sharon Washburn	2325 42nd Street, N.W. Washington, D.C. 20007
Estelle Mallinoff	2325 42nd Street, N.W. Washington, D.C. 20007
Jeffrey Berger	2325 42nd Street, N.W. Washington, D.C. 20007

TENTH: The name and address, including street and number, of each incorporator is:

<u>Name</u>	<u>Address</u>
Gregory B. Hauptman	1730 Massachusetts Avenue, N.W. Washington, D.C. 20036
Joan G. Kaufman	1730 Massachusetts Avenue, N.W. Washington, D.C. 20036
Jeffrey R. Reider	1730 Massachusetts Avenue, N.W. Washington, D.C. 20036

IN WITNESS WHEREOF, we have signed these Articles of Incorporation on the 22nd day of May, 1980.

INCORPORATORS:


Gregory B. Hauptman

[Signatures Continued On Following Page]

Budget

2325 42nd Street N.W. Condominium

The 2325 42nd Street Condominium- APPROVED BUDGET

	2013-2014	2014-2015	Comments
	Budget	Budget	
	Approved	Approved	effective July 1, 2014
INCOME			
Assessments	\$323,020	\$329,493	2% increase for FY ending 6/30/15
Parking	\$18,480	\$18,480	28 spaces at \$55/month.
Laundry Income	\$6,000	\$7,000	
Bike Storage Fees	\$1,100	\$1,100	22 bikes at \$50/year. Variance is timing difference
Interest from Reserves	\$750	\$750	
Moving Fees	\$1,500	\$1,500	Move in fee is \$150.00 and move out fee is \$150.00
Late Fees	\$750	\$750	A late fee of \$50 is assessed after the 15th
Insurance Claims Received	\$-	\$-	
Resident Responsible Charges	\$-	\$-	
Miscellaneous Income	\$-	\$-	
TOTAL INCOME	\$351,600	\$359,073	
EXPENSE			
Administrative			
Bank Service Charges	\$250	\$300	
License/Dues & Subscriptions	\$250	\$250	Had to renew elevator certificate and CoC
Bonus	\$600	\$600	
Postage & Copies	\$1,000	\$1,000	Reimbursed to EJF at actual costs
Accounting Fees	\$4,800	\$4,800	Goldklang Cavanaugh: preparing the tax returns and annual audit, \$4200 audit, \$500 taxes, \$100 admin fee
Off-Site File Storage	\$150	\$150	
Legal	\$5,000	\$15,000	Kaplan & Kaplan. Retainer is \$4000/yr
Management Fees	\$31,860	\$32,497	
Engineering Reserve Study	\$-	\$-	Reserve study completed in prior FY
Total Administrative	\$43,910	\$54,597	
Utilities			
Electricity	\$12,000	\$12,000	Electric costs are 1k or less a month
Water & Sewer	\$25,200	\$26,400	using 2200 pr month
Gas	\$46,000	\$50,000	Last winter was colder than previous two years
Telephone	\$1,400	\$2,000	3 lines. HVAC-2/965-5070; Entry-2/965-1840; Elevator-2/337-4294, added services to entry line
Total Utilities	\$84,600	\$90,400	
Maintenance & Repairs			
General Building Maintenance	\$7,000	\$7,000	General building repairs, not included in other M/R accounts
Painting & Plastering	\$7,500	\$7,500	Will be performing some touch up this year.
Supplies	\$1,000	\$1,000	
Electrical	\$2,000	\$2,000	Common area electrical maintenance and repairs
Plumbing	\$16,000	\$16,000	Common area plumbing maintenance/repairs + additional for possible building snaking
Locks, Keys & Doors	\$1,000	\$1,000	Common area lock repairs
Roof Maintenance	\$3,800	\$3,900	Tremco annual maintenance (includes Gutter cleaning), added 2%
Hvac M & R	\$1,900	\$4,000	Includes all repairs not covered by the service contract
Elevator M & R	\$1,500	\$1,500	Includes all repairs not covered by the service contract

The 2325 42nd Street Condominium- APPROVED BUDGET

	2013-2014	2014-2015	Comments
	Budget	Budget	
	Approved	Approved	effective July 1, 2014
Landscape-Other	\$15,000	\$3,500	Additional upgrades not in service contract
Total Maintenance & Repairs	\$56,700	\$47,400	
Service Contracts			
Trash Removal	\$8,700	\$8,700	Around 600 per month, plus some extra
Bulk Trash Pick Ups	\$500	\$500	Junk in the trunk. On as needed basis
Fire Systems Inspection	\$1,800	\$1,800	Ace Fire -Fire alarm inspection: \$925/annual + service to extinguishers is \$11/extinguisher
HVAC Service	\$2,000	\$2,000	HVAC Concepts -\$160/month (boiler monitoring)
Boiler Service	\$4,200	\$4,200	Capitol Boiler - \$350 per month
Elevator Service	\$4,000	\$5,000	ThyssenKrupp -\$909/quarter. Monthly inspection
Landscape Service	\$15,000	\$15,000	Grounds Mgmt -\$1,111.67/month
Janitorial	\$19,500	\$21,000	Clean Advantage-
Pest Control	\$10,844	\$7,100	Western Pest -\$175. per mth. plus 5k for additional rodent control
Snow Removal	\$2,000	\$3,000	Carroccio -Snowy winter ths year
Carpet Cleaning	\$600	\$1,200	Clean Advantage -\$555/occurrence, 2 per year
Monitoring Contracts		\$-	
Total Service Contracts	\$69,144	\$69,500	
Insurance & Taxes			
Income Taxes	\$2,500	\$2,500	
Other Fees/Taxes			
Insurance Package	\$21,000	\$21,000	Wells Fargo Insurance Package
Insurance Deductible	\$-	\$-	
Total Ins. & Taxes	\$23,500	\$23,500	
TOTAL OPERATING EXPENSES	\$277,854	\$285,397	
Reserve Activity			
Transfer to Reserves-Regular	\$73,000	\$73,000	
Interest from Reserves	\$750	\$750	
Total Reserve Activity	\$73,750	\$73,750	
TOTAL EXPENSES	\$351,604	\$359,147	
NET SURPLUS/(DEFICIT)	\$(4)	\$(74)	

The 2325 42nd Street Condominium

EFFECTIVE July 1, 2014 to June 30, 2015

Unit #	Ownership %	Current Condo Fee	New Condo Fee	2% increase Increased amount
Studio A	1.20%	\$323	\$329	\$6
101	0.85%	\$229	\$233	\$5
102	1.01%	\$272	\$277	\$5
103	1.22%	\$328	\$335	\$7
104	1.22%	\$328	\$335	\$7
105	1.21%	\$326	\$332	\$7
106	1.25%	\$336	\$343	\$7
107	0.86%	\$231	\$236	\$5
108	1.25%	\$336	\$343	\$7
109	1.35%	\$363	\$371	\$7
201	1.29%	\$347	\$354	\$7
202	1.43%	\$385	\$393	\$8
203	1.28%	\$345	\$351	\$7
204	1.28%	\$345	\$351	\$7
205	1.29%	\$347	\$354	\$7
206	1.28%	\$345	\$351	\$7
207	1.14%	\$307	\$313	\$6
208	1.28%	\$345	\$351	\$7
209	1.77%	\$476	\$486	\$10
210	1.37%	\$369	\$376	\$7
211	1.77%	\$476	\$486	\$10
212	1.82%	\$490	\$500	\$10
213	1.32%	\$355	\$362	\$7
214	1.79%	\$482	\$491	\$10
215	1.24%	\$334	\$340	\$7
216	0.98%	\$264	\$269	\$5
217	1.22%	\$328	\$335	\$7
218	1.25%	\$336	\$343	\$7
219	1.79%	\$482	\$491	\$10
220	1.11%	\$299	\$305	\$6

221	1.83%	\$493	\$502	\$10
301	1.29%	\$347	\$354	\$7
302	1.43%	\$385	\$393	\$8
303	1.28%	\$345	\$351	\$7
304	1.28%	\$345	\$351	\$7
305	1.29%	\$347	\$354	\$7
306	1.28%	\$345	\$351	\$7
307	1.14%	\$307	\$313	\$6
308	1.28%	\$345	\$351	\$7
309	1.77%	\$476	\$486	\$10
310	1.37%	\$369	\$376	\$7
311	1.77%	\$476	\$486	\$10
312	1.82%	\$490	\$500	\$10
313	1.32%	\$355	\$362	\$7
314	1.79%	\$482	\$491	\$10
315	1.24%	\$334	\$340	\$7
316	0.98%	\$264	\$269	\$5
317	1.22%	\$328	\$335	\$7
318	1.25%	\$336	\$343	\$7
319	1.79%	\$482	\$491	\$10
320	1.11%	\$299	\$305	\$6
321	1.83%	\$493	\$502	\$10
401	1.29%	\$347	\$354	\$7
402	1.43%	\$385	\$393	\$8
403	1.28%	\$345	\$351	\$7
404	1.28%	\$345	\$351	\$7
405	1.29%	\$347	\$354	\$7
406	1.28%	\$345	\$351	\$7
407	1.14%	\$307	\$313	\$6
408	1.28%	\$345	\$351	\$7
409	1.77%	\$476	\$486	\$10
410	1.37%	\$369	\$376	\$7
411	1.77%	\$476	\$486	\$10
412	1.82%	\$490	\$500	\$10
413	1.32%	\$355	\$362	\$7
414	1.79%	\$482	\$491	\$10

415	1.24%	\$334	\$340	\$7
416	0.98%	\$264	\$269	\$5
417	1.22%	\$328	\$335	\$7
418	1.25%	\$336	\$343	\$7
419	1.79%	\$482	\$491	\$10
420	1.11%	\$299	\$305	\$6
421	1.83%	\$493	\$502	\$10
	100.01%	\$26,918	\$27,457	
		\$323,020	\$329,481	

Bylaws

2325 42nd Street N.W. Condominium

4700000525 AMENDMENT NUMBER I

2325 42ND STREET, N.W. CONDOMINIUM ASSOCIATION, INC.
BY-LAWS

ARTICLE I

IDENTIFICATION OF THE CONDOMINIUM AND DEFINITIONS

1. Identification of the Condominium

The name and address of the Condominium is:

2325 42nd Street, N.W. Condominium (the "Condominium")
2325 42nd Street, N.W.
Washington, D.C. 20007

The Condominium was submitted to the provisions of the Condominium Act of 1976, D.C. Law 1-89 (the "Act") by a Declaration recorded simultaneously herewith.

2. Identification of the Condominium Unit Owners Association

The name of the Unit Owners Association for the Condominium is:

2325 42nd Street, N.W. Condominium Association, Inc.
(the "Association")

The Association is a District of Columbia non-profit corporation created by recording Articles of Incorporation with the District of Columbia Recorder of Deeds. These By-Laws provide for the self-government of the Condominium and the Association.

3. Definitions

A. Each of the following terms, as used in these By-Laws, shall have the same meaning as set forth in Section 102 of the Act and reproduced in Exhibit A hereto: "Common Elements"; "Common Expenses"; "Common Profits"; "Condominium Instruments"; "Identifying Number"; "Limited Common Elements"; "Person"; "Unit"; "Unit Owner".

B. Each of the following terms, as used in these By-Laws, shall have the meaning set forth below:

(i) "Declaration" shall mean the Condominium Declaration creating the Condominium, recorded by Declarant among

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the Land Records of the District of Columbia on June 27, 1980
as Instrument Number 20233

(ii) "Percentage Interest" shall mean that number assigned to each Unit in Exhibit B hereto, which number shall reflect the share of ownership of the Common Elements attributable to each Unit, shall reflect the share of Common Expenses to be borne by each Unit, shall reflect the share of Common Profits attributable to each Unit, and shall be the basis for determining the weight of the vote assigned to each Unit.

(iii) "Rules and Regulations" shall mean those rules and regulations governing the conduct of Unit Owners and their families, invitees, licensees, employees, or agents, adopted pursuant to paragraph VII-8 of these By-Laws.

ARTICLE II

ADMINISTRATION; APPLICABILITY

1. Administration

The administration and management of the Condominium, the Association, and the Association's Board of Directors and officers shall be governed by these By-Laws.

2. Applicability

All present and future Unit Owners, and their tenants, licensees, invitees, servants, agents, employees and any other person or persons who may use the Condominium, shall be subject to these By-Laws, the Condominium Instruments, and the Rules and Regulations of the Association. Acquisition, rental, occupancy or use of a Unit shall constitute the acceptance and ratification of these By-Laws, the Condominium Instruments, and any Rules and Regulations now existent or hereafter adopted, by the Unit Owners and the other users listed above.

ARTICLE III

THE ASSOCIATION

1. Qualification

All Unit Owners in the Condominium, acting as a group in accordance with the Act and the Condominium Instruments, shall constitute the Association. Any Unit Owner, upon acquiring title to his Unit, shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Association shall automatically cease. A person

who holds any interest in a Unit solely as security for the performance of an obligation shall not be a member of the Association.

2. Powers and Responsibilities

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

3. Place of Meetings

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

4. Annual Meeting

An annual meeting of the Association shall be held during the first week in May of each year or in such other week in May as the Board of Directors may designate. The annual meeting of the Association shall be held for the adoption of the Annual Budget and the conduct of such other business as may be properly brought before the meeting.

5. Special Meetings

A. A special meeting shall be held for the election of officers and directors during the month of February of each year on the specific day as the Board of Directors may designate.

B. The President of the Association shall call a special meeting of the Association upon the request of the Board of Directors or upon the written request of Unit Owners representing 25% or more of the Percentage Interests of the Association.

6. Notices

The Secretary of the Association shall send a notice of a meeting of the Association to each Unit Owner at least 21 days in advance of an annual meeting and of a special meeting for the election of officers and directors and at least seven days in advance of any other meeting. The notice shall state the time, place and purpose of the meeting. The notice shall be sent by United States mail to all Unit Owners of record at the address of their respective Units and/or to such other addresses as any of them may have designated to the Secretary of the Association in writing, or shall be hand-delivered by the Secretary to all Unit Owners, provided the Secretary obtains a receipt of acceptance of such notice

from the Unit Owner. The mailing or hand-delivery of a notice of meeting in the manner provided herein shall constitute service of notice.

7. Voting

Each Unit is allocated one vote in the Association, the weight of which shall be determined by the Percentage Interest as set forth in Exhibit B hereto. A Unit Owner is entitled to cast the entire vote allocated to his Unit. More than one Person may constitute the Unit Owner, but if only one of such Persons is present at a meeting of the Association, that Person shall be entitled to cast the entire vote allocated to that Unit. If more than one of such Persons is present, the entire vote allocated to that Unit shall be cast only in accordance with their unanimous agreement, and such agreement shall be conclusively presumed if any one of them purports to cast the entire vote allocated to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Except where a greater number is required by the Act, the Declaration, or these By-Laws, a majority of the Unit Owners present in person or by proxy at the beginning of such meeting is required to adopt decisions at any meeting of the Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit is entitled. However, if the Association owns or holds title to one or more Units, the Association shall not have the right to cast the votes to which such Unit would otherwise be entitled. If 50% or more of the votes in the Association appertain to 25% or less of the Units, then in any case where a majority vote is required by the Act, the Declaration, or these By-Laws, the requirement for such a majority shall be deemed to include, in addition to the specified majority of the votes, assent by the Unit Owners representing a majority of the number of Units in the Condominium.

8. Proxies

The entire vote appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner or, in cases where the Unit Owner is more than one Person, by or on behalf of all such Persons. No such proxy shall be revocable except by actual notice to the officer presiding over the meeting, given by the Unit Owner, or any of such Persons constituting the Unit Owner that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice, or if any of the signatures on the proxy have not been duly acknowledged. The proxy of any Person shall be void if not signed by a Person having authority to execute deeds on behalf of that Person. A proxy shall terminate automatically upon the

adjournment of the first meeting held on or after the date of the proxy. A Unit Owner may appoint any other Unit Owner, a tenant of his Unit, the Declarant, the Association or the management company of the Condominium as his proxy, except that no person other than the Declarant or the Association or the management company shall cast votes as a proxy for more than two Units in addition to his own.

9. Quorum

The presence in person or by proxy of Unit Owners entitled to cast more than 40% of the vote as determined by percentage interest at a meeting of the Association shall constitute a quorum for the conduct of business. A quorum shall be deemed to be present throughout a meeting of the Association until adjournment if persons entitled to cast more than 40% of the vote, as determined by percentage interest, are present in person or by proxy at the beginning of such meeting.

10. Order of Business

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

11. Conduct of Meeting

The President of the Association shall preside at meetings of the Association and the Secretary of the Association shall keep the minutes of meetings. Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Act, the Declaration, or these By-Laws.

ARTICLE IV

BOARD OF DIRECTORS

1. Powers and Duties

The Board of Directors is the executive and administrative entity designated to act for the Association in governing the Condominium, and is the "Executive Organ" of the Condominium within the meaning of Section 102(m) of the Act. Except as otherwise limited by the Act, the Declaration, or these By-Laws, the Board of Directors shall have all of the powers and responsibilities assigned by the Act to a unit owners association. Without limiting the foregoing, all of the affairs and business of the Association shall be managed by the Board of Directors. The Board

ART. IV

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of Directors may delegate to a director, a committee of directors, an officer, or officers, subject to the continuing control of the Board of Directors, the authority to act on behalf of the Board of Directors and the Association with respect to any matters relating to the duties of a Managing Agent. In addition to other powers and duties provided for in the Act, the Declaration, these By-Laws, or by resolution of the Association, the Board of Directors shall have the power and duty to:

- A. Prepare and adopt proposed budgets for the Condominium annually, consistent with Article VII, Section 1B.
- B. Make and collect assessments against the Unit Owners to defray the Common Expenses, establish the methods of collecting such assessments from the Unit Owners, and establish the period to be covered by assessments. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month.
- C. Provide for the operation, care, upkeep, maintenance and surveillance of the Common Elements and for services to the Condominium and the Unit Owners.
- D. Designate, hire and dismiss the personnel necessary for the maintenance, operation, and repair of the Common Elements and Units, and where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be property of the Association.
- E. Make and amend Rules and Regulations respecting the use of the Condominium.
- F. Establish bank accounts for the Association.
- G. Contract for the repair, additions, and improvements to, or alterations of, the Condominium and for the restoration of the Condominium, in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty.
- H. Enforce the provisions of the Declaration, these By-Laws and the Rules and Regulations.
- I. Institute, maintain and defend proceedings and actions brought on behalf of or against the Association.

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J. Maintain insurance required by Article VIII of these By-Laws.

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

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

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

2. Delegation of Duties to Managing Agent

The Board of Directors may employ for the Association a professional Managing Agent, at a compensation fixed by the Board of Directors, to perform such duties as the Board of Directors may authorize, including, but not limited to, the duties listed in subparagraphs A, B, C, D, G, J, K, L, and M of paragraph IV-1. The Board of Directors may delegate to the Managing Agent all of the powers and duties delegated to the Board of Directors by these By-Laws other than the powers and duties set forth in subparagraphs E, F, and I of paragraph IV-1.

3. Number of Directors and Initial Selection of Board

The Board of Directors shall be composed of five directors. The five principal officers of the Association (as defined in paragraph V-1 below) shall constitute the Board of Directors. No person who is not a principal officer shall be a member of the Board of Directors.

4. Election and Term of Office

Except as otherwise provided in paragraphs III-5A and IV-3, the Board of Directors shall be the principal officers of the Association elected at the special meeting of the Association in accordance with paragraph V-2 below. Each director shall serve until the next special meeting of the Association

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for the election of officers and directors is held and the successor to his office has been elected and qualified. All directors must be Unit Owners.

5. Annual Meeting

An annual meeting of the Board of Directors shall be held within 10 days after the special meeting for the election of officers and directors of the Association. Notice by the President at least 72 hours in advance, personally or by mail or telephone or telegraph, shall be necessary to constitute a legal meeting.

6. Regular Meetings

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

7. Special Meetings

Special meetings of the Board of Directors may be called by the President of the Association on 72 hours notice (or less if required by emergency circumstances) to each director. Such notice shall be given personally or by mail or telephone or telegraph, and shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall also be called by the President in like manner and on like notice on the written request of at least two directors.

8. Waiver of Notice; Action by Unanimous Written Consent in Lieu of a Meeting

Notice of a meeting of the Board of Directors may be waived in a writing by a director either before or after the meeting. The Board of Directors may take any action within its powers by unanimous written consent of all members of the Board of Directors, provided that nothing herein shall be construed to excuse the Board of Directors from its obligation to meet in each quarter.

9. Quorum; Decisions of the Board

A majority of the entire Board of Directors shall constitute a quorum for a meeting of the Board of Directors. If less than a quorum is present at a meeting, the majority of those present may adjourn the meeting to a designated time and place.

An adjourned meeting may be held as designated without further notice, and when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called. Decisions of the Board of Directors shall be made by a majority vote of the directors, provided a quorum is present during such vote.

10. Vacancies

A vacancy on the Board of Directors shall occur when a vacancy exists in any of the principal offices of the Association (as defined in paragraph V-1 below). Vacancies on the Board of Directors shall be filled by filling any vacancies in principal offices of the Association, as provided in paragraph V-3 below.

11. Removal of Directors

A director may be removed by removing him as a principal officer as provided in paragraph V-3 below. Any director who ceases to be a principal officer or Unit Owner shall automatically be deemed removed as a director.

12. Compensation

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

13. Conduct of Meeting

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

14. Annual Report of the Board of Directors

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

ARTICLE V

OFFICERS

1. Designation

The "principal officers" or "principal offices" of the Association are a President, a First Vice President, a Second Vice President, a Secretary, and a Treasurer, and shall be elected by the Association as provided in paragraph V-2. The principal

officers shall automatically be members of the Board of Directors. The Board of Directors may appoint Assistant Secretaries and an Assistant Treasurer, but such appointment shall not entitle such assistant officer to serve on the Board of Directors, nor shall such assistant officer be deemed to be a principal officer of the Association. No person may hold more than one office, except that a Vice President may also be an Assistant Secretary or Assistant Treasurer.

2. Election of Officers

The principal officers of the Association shall be elected annually by the members of the Association at its special meeting for that purpose and shall hold office at the pleasure of the Association.

3. Removal of Officers; Vacancies

An officer may be removed by the Association, with or without cause, at an annual meeting or at a special meeting of the Association called for that purpose, upon the affirmative vote for removal of Unit Owners holding more than fifty percent of the Percentage Interests in the Condominium. Any officer shall automatically be deemed to be removed at such time as he ceases to be a Unit Owner. After the first annual meeting of the Association, vacancies in any principal office shall be filled by an election held at a special meeting of the Association.

4. President

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

5. First Vice President

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

6. Second Vice President

The Second Vice President shall perform the duties and exercise the powers of the President in the absence or disability

of the President and shall perform such other duties as the Board of Directors may prescribe. The Second Vice President must be a member of the Board of Directors.

7. Secretary

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

An assistant secretary shall perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe, except that an Assistant Secretary shall not be a member of the Board of Directors (unless also an elected officer).

8. Treasurer

The Treasurer shall have custody of all funds and securities except those funds which may be placed under the control of the Managing Agent, and, with the assistance of the Managing Agent, if any, shall keep full and accurate records of receipts and disbursements and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board of Directors. He shall disburse funds as ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at the regular meetings of the Board of Directors, or whenever they may require, an account of all of his transactions as Treasurer and of the financial condition of the Association. The Treasurer must be a member of the Board of Directors.

The Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer in the absence or disability of the Treasurer and shall perform such other duties as the Board of Directors may prescribe, except that an Assistant Treasurer shall not be a member of the Board of Directors (unless also an elected officer).

9. Agreements, Contracts, Deeds, Checks

All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$100 shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors. All such instruments for expenditures or obligations of \$100 or less may be executed by any one officer of the Association or by such other person as may be designated by the Board of Directors.

ARTICLE VI

INDEMNIFICATION

1. Indemnification of Officers and Directors

The Association shall indemnify any person 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 such person is or was a director, or an officer of the Association, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, if such person had no reasonable cause to believe his or her conduct was unlawful. A final judgment in favor of a director or officer shall be prima facie evidence that such director or officer is entitled to such indemnification. However, 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 or she reasonably believed to be in or not opposed to the best interests of the Association, or with respect to any criminal action or proceeding, that the person did not have reasonable cause to believe that his or her conduct was unlawful. In such event, any indemnification under this Section (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in this section. Such determination shall be made (1) by the Board of Directors 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, and the disinterested directors so direct, by independent legal counsel in a

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written opinion, or (3) by the Unit Owners. The indemnification provided by these By-Laws 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.

2. Insurance and Fidelity Bonds

The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of Section VI-1 above. The premiums on such insurance shall constitute a Common Expense.

ARTICLE VII

OPERATION OF THE CONDOMINIUM

1. Determination of Common Expenses and Assessments Against Units and Unit Owners

A. Fiscal Year. The fiscal year of the Unit Owners' Association shall be the calendar year.

B. Annual Budget. At least fifteen (15) days prior to each annual meeting, the Board of Directors shall adopt a proposed annual budget for the succeeding fiscal year (the "Proposed Budget"). A copy of the Proposed Budget shall be sent to each Unit Owner at least ten (10) days prior to such annual meeting. The Proposed Budget shall contain an estimate of the amount necessary to pay the Common Expenses for the applicable fiscal year in a reasonably itemized form and a statement of the amount of the Common Expenses payable by each Unit Owner. Common Expenses shall include the amounts necessary to create and maintain the reasonable reserves authorized by Paragraph VII-1D. The Proposed Budget shall be submitted to the Association at its annual meeting for approval. The Association shall have the right to amend any and all line items in the Proposed Budget. The Proposed Budget, as modified by the Association at the annual meeting, shall become the "Annual Budget" for the Association.

C. Assessment and Payment of Common Expenses. The total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the Annual Budget adopted by the Board of Directors and approved by the Association for the fiscal year shall be assessed against each Unit in proportion to its respective Percentage Interest, and the full amount thereof shall be a lien against each Unit as of the first day of the

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fiscal year to which such Annual Budget applied. On or before the first day of each fiscal year, and the first day of each of the succeeding 11 months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one-twelfth of the assessment for such fiscal year. If, in the opinion of the Board of Directors, it appears that the expenses incurred in operating and maintaining the Condominium during the course of any fiscal year will exceed the Annual Budget, then the Board of Directors may increase the amount of the annual assessment and the remaining monthly installments of each Unit, in proportion to its respective Percentage Interest. The Board of Directors shall give notice of such increased assessment on each Unit by a statement in writing giving the amount and the reasons therefore, and such additional assessment shall become due and payable, unless otherwise specified in the notice, with the next monthly assessment payment which is due more than 10 days after the delivery or mailing of such notice of additional assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount of such assessments. Within 120 days after the end of each fiscal year, the Board of Directors shall send to each Unit Owner an itemized accounting of the Common Expenses actually incurred and paid for such fiscal year, together with an itemized statement of the amounts collected pursuant to the assessment adopted by the Board of Directors for such fiscal year, the amount of any surplus or deficit, and the amount of the reserves. Common Profits at the end of a fiscal year, in excess of Common Expenses and a reasonable reserve fund, all or in part shall be credited against the assessments due from the Unit Owners under the Annual Budget for the next succeeding fiscal year, as may be determined by the Board of Directors, in proportion to the Percentage Interests of the respective Units.

D. Reserve Fund for Capital Improvements, Repairs and Replacements. The Board of Directors shall establish and maintain a reasonable fund for capital improvements and for maintenance, repairs and replacements, by providing for a reserve fund in the Annual Budget, segregating such reserve fund on the books of the Condominium, and allocating and paying monthly to such reserve fund one-twelfth of the total amount budgeted for such reserve fund for the current fiscal year. The portion of the Unit Owner's assessments paid into such reserve fund shall be conclusively deemed to be contributions to the capital of the Condominium by the Unit Owners. Such reserve fund may be expended for the purposes of making capital improvements at the Condominium or repairing or replacing any portion of the Condominium or Common Elements thereof. If for any reason, including non-payment of any Unit Owner's assessment, such reserve fund is inadequate to defray the cost of any authorized capital improvement, repair, or replacement work at the Condominium, the Board of Directors may at any time levy an additional assessment against each Unit in

proportion to the respective Percentage Interests of the Units payable into such reserve fund in a lump sum or in installments as the Board of Directors may determine. If an assessment is payable in installments, the full amount of such assessment shall be a lien from the time the first assessment thereof becomes due and payable. The Board of Directors shall give notice of any such further assessment on each Unit by a statement in writing giving the amount and reasons therefor, and such additional assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly assessment payment which is due more than 10 days after the delivery or mailing of such notice of additional assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessments.

E. Special Assessments Upon All Units. In addition to the assessments authorized above, the Board of Directors may levy, as a contribution to the capital of the Condominium, a special assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any deficiencies occurring from time to time. The fund resulting from such special assessment shall be segregated on the books of the Condominium and expended solely for the purposes for which it was assessed. Any such special assessments shall be assessed in the manner set forth in paragraph VII-D with respect to additional assessments payable to the reserve fund therein established.

F. Special Assessments Against Particular Units For Damages. To the extent that damage is inflicted on the Common Elements or any Unit for which a Unit Owner is responsible pursuant to XI-1B, the Board of Directors may levy a special assessment against the offending Unit, to defray the cost of such damage incurred by the Association or an innocent Unit Owner. The Board of Directors shall give notice of any such assessment against a Unit by a statement in writing giving the amount and reasons therefor, and such special assessment shall become due and payable, unless otherwise specified in the notice, within thirty days after the delivery or mailing of such notice of special assessment.

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

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I. Accounts. All amounts collected by the Board of Directors with respect to assessments against the Units may be commingled in a single fund, except for the reserve fund and special assessments described in paragraphs VII-D and VII-E above, which shall be placed in a segregated account within a reasonable period of receipt by the Association.

J. Tax Matters. If it is determined by the Board of Directors that an election pursuant to §528 of the Internal Revenue Code of 1954, as amended, shall yield the most beneficial tax treatment for the Association, then the Association shall make the necessary elections to take advantage of said provision, and all assessments levied pursuant to this Article VII shall be deemed to be exempt function income pursuant to said §528.

2. Payment of Assessments

Every Unit Owner shall be personally obligated to pay all assessments against his Unit adopted by the Board of Directors pursuant to Article VII. Where a Unit has more than one Unit Owner, this personal obligation shall be the joint and several obligation of all Unit Owners of such Unit. In addition, all assessments levied against each Unit pursuant to these By-Laws shall be a lien against such Unit, as provided in paragraph XI-2A below. No Unit Owner may exempt himself or his Unit from liability for payment of such assessments by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any assessment against his Unit subsequent to a transfer of his title to such Unit and recordation of such transfer among the Land Records of the District of Columbia. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his share of the assessments up to the time of the transfer of title, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Board of Directors, or the Managing Agent, setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if the beneficiary of a first lien mortgage or deed of trust of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure or a deed (or assignment) in lieu of foreclosure of such first lien mortgage or deed of trust, such purchaser, and its successors and assigns shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment. Such unpaid share of Common Expenses

assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment shall be collectible from all Unit Owners and including the purchaser, in proportion to their respective Percentage Interests. Such payment shall not discharge the Unit Owner prior to the foreclosure, or deed (or assignment) in lieu of foreclosure, from personal liability of any assessment not paid by such Unit Owner.

3. Collection of Assessments; Interest on Overdue Assessments.

The Board of Directors shall take prompt action to collect any assessments due upon any Unit which remain unpaid for more than 30 days after the due date for the payment thereof. Any assessments not paid within 10 working days of the due date shall bear interest at the "prime rate" then in effect at Riggs National Bank, Washington, D.C., or the maximum rate then permitted by any applicable District of Columbia or federal usury laws for residential first lien mortgage (or deed of trust) loans, whichever is lower. Such interest shall be deemed an additional assessment upon the Unit, and the Association shall have a lien upon a Unit for the amount of such unpaid interest.

4. Statement of Unpaid Assessments

A. Upon written request to the Board of Directors by a Unit Owner or purchaser, the Board of Directors, or a duly designated agent or the Managing Agent, shall furnish within five business days or such other time period prescribed by the Act, a recordable statement setting forth the amount of unpaid assessments levied against the Unit for which said information was requested. Failure to timely furnish such statement shall extinguish the lien for such assessment created by the Act. Such statement shall be binding upon the Association, the Board of Directors, and every Unit Owner.

B. The Board of Directors may impose a reasonable fee for each such statement requested and payment thereof shall be a prerequisite to the issuance of a statement.

5. Maintenance and Repair

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

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

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

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

(4) Incidental damage caused to a Unit by the Association's failure to make timely repairs on the common elements.

This paragraph 5A shall not relieve a Unit Owner of liability for damage to the Common Elements caused by the Unit Owner's negligence or intentional torts.

B. By the Unit Owner. Except for the portions of his Unit required to be maintained, repaired and replaced by the Association, each Unit Owner's responsibility shall include but not be limited to the maintenance, repair and replacement, at his own expense of the following: any interior walls; interior surface of ceilings; windows and lighting fixtures; kitchen and bathroom fixtures, appliances, and equipment; and those parts of the heating, air-conditioning and plumbing systems which are wholly contained within his Unit. Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the Unit. In addition, each Unit Owner shall be responsible for all damage to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this paragraph. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors, or the Managing Agent any defects or need for repairs for which the board of Directors is responsible.

C. The Board of Directors shall be permitted to allow employees of the Association to perform maintenance and repairs to Units at the expense of the Unit Owner.

6. Additions, Alterations or Improvements by the Association

Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of \$20,000.00 during any period of twelve consecutive months, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Directors shall proceed with such addi-

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tions, alterations or improvements and the cost thereof shall constitute part of the Common Expenses. Additions, alterations or improvements costing less than \$20,000.00 during any period of twelve consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses. To the extent possible, the Board of Directors shall include any foreseeable additions, alterations, or improvements in the Proposed Budget. Notwithstanding the foregoing, if, in the opinion of not less than 80% of the members of the Board of Directors, any such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit owner(s) shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

7. Additions, Alterations or Improvements by Unit Owners

A Unit Owner may make improvements or alterations within his Unit, provided that no Unit Owner shall make any improvement or alteration that in any way impairs the structural integrity of any structure or otherwise lessens the support of any portion of the building or the Condominium. No Unit Owner shall in any event do anything which would change the exterior appearance of his Unit, including the doors and windows or the exterior of the Unit's entrance doors, or of any other portion of the Condominium, or in any way affect the Common Elements, without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for such approval within thirty (30) days after receipt of such request, and its failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed improvement or alteration. Any application to any governmental authority for a permit to make an improvement or alteration in or to any Unit shall be executed by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors to any contractor, subcontractor or materialmen on account of such improvement or alteration or to any person having any claim for injury to such person or damage to property arising therefrom. The provisions of this paragraph VII-7 shall not apply to a Unit owner's painting, wallpapering, panelling or making other like improvements to the interior of his own Unit which (a) do not effect the structural integrity of the Building and (b) do not require a governmental permit.

8. Restrictions on Use of Units and Condominium

A. Because the authority to adopt rules and regulations to assist the Condominium in providing for congenial

occupancy and the protection of the value of the Units rests in the Board of Directors, it is necessary that the Board of Directors have the right and authority to adopt and enforce Rules and Regulations and to exercise reasonable controls over the use of the Units. The Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations of the Rules and Regulations, all at the expense of the violator, and to levy fines against Unit Owners who continue to violate, or repeatedly violate, the Rules and Regulations. Any such fine not paid within thirty (30) days of written notice to a Unit Owner of the imposition of such fine shall be deemed an assessment against his Unit. Such assessment shall be a lien upon said Unit as provided in paragraph XII-2A, and may be enforced in the manner provided for in Article XII.

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

(1) No Unit Owner or other resident of the Condominium shall post any advertisements or posters of any kind in or on the Condominium except as authorized by the Board of Directors.

(2) All Units shall be used only for private residential purposes, except for such temporary other uses as may be permitted by the Board of Directors from time to time. No activity shall be done or maintained in any Unit or upon any of the Common Elements which will not be in conformity with the zoning regulations of the District of Columbia.

(3) No clothing, laundry, rugs or wash shall be hung from or spread upon or from any window or exterior portion of a Unit or in or upon any Common Element. All refuse and trash shall be deposited in bins designated for such purposes.

(4) Common household pets may be kept or maintained on the Condominium property by persons residing at the Condominium property only in accordance with the Rules and Regulations of the Condominium. No pets shall be kept, bred, or maintained for commercial purposes, however. Any Unit Owner who keeps or maintains any pet in the Condominium shall be responsible and may be assessed by the Board of Directors for any costs incurred by the Condominium in enforcing the Rules and Regulations prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium and for violations of the Rules and Regulations pertaining to the keeping or maintaining pets at the Condominium.

(5) Unit Owners and other residents and guests shall exercise extreme care to avoid excessive or objectionable noise or the use of musical instruments, radios, television and

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amplifiers that may disturb other Unit Owners in accordance with applicable Rules and Regulations of the Condominium.

(6) No nuisances shall be allowed in the Condominium nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium by its residents.

(7) No Unit owner or other resident shall install wiring for electrical or telephone installation, television antennae, or other equipment, which protrudes through the walls or the roof of any Building or is otherwise visible on the exterior of the Building except as presently installed or as authorized by the Board of Directors.

(8) No Unit or Common Elements of the Condominium may be used for any unlawful or improper purpose.

(9) A Unit Owner shall not place or cause to be placed in the public hallways, walkways, alleyways, grounds or other Common Elements any bicycles, furniture, packages or objects of any kind. The public hallways, walkways and alleyways shall be used for no purpose other than for normal transit through them.

(10) Except as authorized by the Board of Directors, no Unit Owner or other resident shall direct or engage any employee of the Condominium on any private business of such Unit Owner, resident or lessee, nor shall he direct, supervise or in any manner attempt to assert control over any such employee.

(11) No activity shall be done or maintained in any Unit or upon any Common Elements which will increase the rate of insurance on any Unit or the Common Elements or result in the cancellation of insurance thereon, unless such activity is first approved in writing by the Board of Directors.

(12) In the use of the Units and the Common Elements of the Condominium, Unit Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable Rules and Regulations adopted by the Board of Directors.

(13) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

(14) A Unit Owner may lease his Unit provided that (i) a fully conformed copy of said lease or renewal thereof shall be delivered to the Board of Directors within ten (10) days

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of execution; (ii) such lease shall be subject to and consistent with the provisions of the Condominium Instruments, as the same may be amended from time to time, and the Rules and Regulations of the Condominium; and (iii) the Board of Directors has the power to terminate such lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder, in the event of a default by the tenant in the performance of such lease, and (iv) if the term of the lease is six (6) months or less, the prior written permission of the Board of Directors is obtained.

(15) All Unit Owners, must cover all heavy traffic paths, and at least eighty percent (80%) of the floor area of each Unit, with rugs or carpeting and adequate padding excluding kitchen, bathroom and closets.

9. Right of Access

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

ARTICLE VIII

INSURANCE, DESTRUCTION, RESTORATION, CONDEMNATION AND DISTRIBUTION

1. Authority

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but in no event less than the amount required by paragraph VIII-2. The insurance premiums purchased by the Board of Directors shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsements to all holders of first lien mortgage or deed or trust notes of the Units, if requested. Such insurance coverage shall be written on the Condominium in the name of the Association and shall provide for the insurance proceeds covering any loss to be payable to the Board of Directors as Insurance

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Trustee for the use and benefit of each Unit Owner and his first lien holder, as its interest may appear, according to his Percentage Interest.

2. Coverage

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

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

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

Such coverage shall insure the Building (including all of the Units and the bathroom, laundry and kitchen equipment, fixtures and cabinets, and electrical fixtures, together with all air-conditioning, heating and other equipment, but not including furniture, furnishings or other personal property supplied or installed by Unit Owners) and other Condominium property including all personal property included in the Common Elements. If there is a steam boiler in operation, the Condominium shall have boiler explosion insurance in the minimum amount of \$50,000 per accident per location.

The Condominium shall be insured against liability for personal injury and property damage under a public liability insurance policy covering all of the Common Elements and common ways in such amount and in such form as shall be required by the Board of Directors but in no event less than \$1,000,000 with respect to any one occurrence. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association as a group, the Board of Directors and each individual Unit Owner.

The Association also shall have fidelity coverage against dishonest acts on the part of directors, managers, trustees,

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employees or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association as a Common Expense. Worker's Compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board of Directors may obtain such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a majority of the Unit Owners.

3. Limitations

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

A. Each policy shall be written with a company or companies which are licensed to do business in the District of Columbia and which falls into a financial category of Class VI or better as designated in Best's Insurance Reports.

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

C. Each policy shall contain a standard mortgagee clause and shall provide that it may not be cancelled or substantially modified or reduced without at least 30 days' prior written notice to all insureds named thereon, including all named first mortgagees or lienholders.

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

E. Each policy shall contain a waiver of subrogation by the insurer as to any and all claims against the Unit

Owners, Association, Board of Directors, the Managing Agent, and their respective agents, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

F. Each policy shall contain (i) a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners, (ii) a provision that its coverage shall not be prejudiced by any act or neglect of any Unit Owners or occupants of the Condominium when such act or neglect is not within the control of the insured, or the Unit Owners collectively, or (iii) a provision that it shall not be prejudiced by failure of the insured, or the Unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the Unit Owners collectively, have no control.

G. No policy is acceptable where: (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against an insured or its lenders; (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent any insured or its lenders from collecting insurance proceeds.

4. Notice of Insurance Coverage

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

5. Individual Policies

Each Unit Owner may be required to obtain at his own expense additional insurance, including a "condominium unit owners' endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Unit Owner. Such insurance should contain the same waiver of subrogation provision as that required by paragraph VIII-3E. Each Unit Owner shall also be required to obtain, in addition, a "Homeowners Policy", or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expense of the Unit Owner. No Unit Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any

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Article VIII, Section 6. Reconstruction

In case of fire and other disaster that causes damage to the Condominium, the determination of whether or not to construct or repair the same shall be made as follows:

A. Where there is partial destruction, which shall mean destruction which renders no more than two-thirds or more of the Units untenable, there shall be compulsory reconstruction or repair.

B. Where there is total destruction, which shall mean destruction, which renders more than two-thirds of the Units untenable, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, all of the Unit Owners unanimously vote in favor of such reconstruction or repair.

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

D. If the fire or other disaster only damages those parts of one Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for construction and repair. However, once the unit owner has exhausted any and all insurance coverage that he/she has for the damaged unit, then and only then shall the Unit Owner be entitled to apply, with the assistance of the Board of Directors, for the applicable insurance proceeds from the Condominium's Master Policy. In all cases, the Unit Owner's insurance policy shall be primary.

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

insurance policy which it may have in force at any particular time. The Board of Directors may require that each Unit Owner shall file with the Board of Directors or Managing Agent a copy of each individual policy of insurance purchased by the Unit Owner within 30 days after its purchase. The Board of Directors may also require that each Unit Owner shall notify the Board of Directors of all improvements made by him to his Unit having a value in excess of \$1,000.

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6. Reconstruction

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

A. Where there is partial destruction, which shall mean destruction which renders no more than two-thirds or more of the Units untenable, there shall be compulsory reconstruction or repair.

B. Where there is total destruction, which shall mean destruction which renders more than two-thirds of the Units untenable, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, all of the Unit Owners unanimously vote in favor of such reconstruction or repair.

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

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

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

7. Condemnation

A taking off, injury to, or destruction of part or all of the property by the exercise of the power of eminent domain shall be considered to be included in the term damage or destruction as provided in Section 6 of this Article VII and the award, settlement or any other compensation arising out of any such taking or condemnation shall be treated in the same manner as insurance proceeds arising from a casualty loss.

8. Assessments if Insurance is Inadequate

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

9. Disbursements

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

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10. Notification

The Board of Directors shall notify: (i) the holder of a first lien mortgage or deed of trust of a Unit whenever damage to the Unit covered by the mortgage or deed of trust exceeds \$1,000.00; and (ii) all holders of first lien mortgages or deeds of trust at the Condominium whenever damage to the Common Elements exceeds \$10,000.

11. Premiums and Deductibles

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

ARTICLE IX

MORTGAGES

1. Notice to Board of Directors

A Unit Owner who mortgages his Unit or conveys his Unit to a trustee under a deed of trust shall notify the Board of Directors of the name and address of his lienholder, and the Board of Directors shall maintain such information in a book entitled "Lienholders of Units".

2. Notice of Unpaid Assessments

The Board of Directors, whenever so requested in writing by a lienholder, shall promptly report any then unpaid assessments due from or any other default by the Owner of the encumbered Unit.

3. Notice of Default

The Board of Directors shall give written notice to a Unit Owner of any default of his obligations under the Act or the Condominium Instruments, and, if such default is not cured within sixty (60) days, shall promptly send a copy of such notice to each lienholder of such Unit whose name and address has theretofore been furnished to the Board of Directors. Failure to provide such notice (to either a Unit Owner or lienholder) shall not be redeemed a waiver of such default or any future defaults.

4. Examination of Books

Each Unit Owner and each first lienholder shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more often than once a month.

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5. Rights of Holders of First Mortgages or Deeds of Trust

Unless at least seventy-five percent (75%) of the holders of first lien mortgages or deeds of trust (based upon one vote for each such lien) have given their prior written approval, the Association shall not:

A. Change any Unit's Percentage Interest in Common Expenses and Common Profits or in the Common Elements;

B. Partition or subdivide any Unit or that Unit's Percentage Interest in Common Expenses and Common Profits or in the Common Elements of the Condominium, nor partition, subdivide, sell or transfer the Common Elements of the Condominium (except for the granting of utility easements or dedications for public purposes);

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

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

E. Use the proceeds of casualty insurance or condemnation awards for any purpose other than restoration except as provided by the Act in case of substantial loss to the Units and Common Elements of the Condominium.

ARTICLE X

NOTICE

1. Manner of Notice

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

2. Waiver of Notice

Whenever any notice is required to be given under the

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

ARTICLE XI

COMPLIANCE AND DEFAULT

1. Relief

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

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

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B. Additional Liability. Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his employees, agents, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation. If any Unit Owner liable hereunder fails to reimburse the Association or any other Unit Owner or other occupant of a Unit the amount due hereunder, the Association shall levy such amount as a special assessment as provided in paragraph VII-1F hereof.

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

RECORDED
7/91

2. Article XI, Section 1 B, of the By-laws is hereby amended in its entirety as follows:

Article XI, Section 1 B. Additional Liability.

Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his employees, agents, invitee or licensees. Such liability shall include any increase in fire and/or casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any

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Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation. If any Unit Owner liable hereunder fails to reimburse the Association or any other Unit Owner or other occupant of a Unit the amount due hereunder, the Association shall levy such amount as a special assessment as provided in paragraph VII-1 F hereof.

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D. No Waiver of Rights. The failure of the Association, the Board of Directors, or Unit Owners to enforce any right, provision, covenant, or condition which may be granted by the Condominium Instruments or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors, or any Unit Owner to enforce any right, provision, covenant or condition of the Condominium Instruments or the Rules and Regulations in the future. All rights, remedies and privileges granted to the Association, Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Condominium Instruments or Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Condominium Instruments or the Rules and Regulations, or at law or in equity.

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

2. Lien for Contributions

A. Assessment is Lien Upon Unit. All assessments levied against each Unit pursuant to these By-Laws are hereby declared to be a lien against such Unit. The total annual contribution levied against each Unit for Common Expenses shall be a lien against such Unit effective as of the first day of each fiscal year of the Condominium. The Board of Directors, or the Manager or Managing Agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the District of Columbia to confirm the establishment of such lien.

B. Acceleration Upon Default. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for ten (10) days after written

notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or Managing Agent.

C. Power of Sale. The lien for assessments against a condominium unit may be enforced against such condominium unit by a power of sale in favor of the Association if assessments are past due. A Unit Owner shall have the right to cure any default in payment of assessments at any time prior to the foreclosure sale by tendering payment in full of past due assessments, plus any late charges and interest due thereon and reasonable attorney's fees and costs incurred in connection with the enforcement of the lien for such assessments. Such power of sale may be exercised by the Board of Directors on behalf of the Association, and the Board of Directors shall have the authority to deed a Unit sold at a foreclosure sale by the Association to the purchaser at such sale. The recitals in such deed shall be prima facie evidence of the truth of the statement made therein and conclusive evidence in favor of bona fide purchasers for value. No foreclosure sale shall be held until thirty days after notice is sent by certified mail to a Unit Owner at the mailing address of the unit and at any other address designated by a Unit Owner to the Board of Directors for purposes of such a notice. The notice shall specify the amount of the assessments past due, together with any accrued interest thereon and late charges, if any, as of the date of the notice and shall further notify the Unit Owner that if such past due assessments and accrued interest and any late charges are not paid within thirty days after the date such notice is mailed, the Board of Directors shall sell the Unit at a public sale at the time and place on a date stated in the notice. Such date of sale shall not be sooner than thirty-one days from the date such notice is mailed. The Board of Directors shall give public notice of the foreclosure sale by advertisement in at least one newspaper of general circulation in the District of Columbia and by such other means it deems necessary and appropriate to give notice of sale, if any. Such newspaper advertisement shall appear on at least three separate days during the fifteen day period prior to the date of the sale. The proceeds of sale shall be applied: (i) to discharge any priority liens identified in paragraph XI-2D below; (ii) to discharge unpaid assessments with interest thereon and late charges, if any; (iii) to discharge the cost of foreclosure including but not limited to, reasonable attorney's fees; (iv) to discharge any junior liens or encumbrances on record, if any; and (v) the balance to the person or persons legally entitled thereto.

D. Priority. The lien for assessment shall be prior to all other liens and encumbrances except: (i) liens and

encumbrances recorded prior to the recordation of the Declaration; (ii) any first lien mortgages or deed of trust on such Unit recorded prior to the due date of such assessment or due date of the first installment payable on such assessment; and (iii) liens for real estate taxes and municipal assessments or charges against the Unit.

3. Information to be Furnished in the Event of Resale by a Unit Owner

A. The Board of Directors or a duly designated agent or the Managing Agent shall upon written request of any Unit Owner or purchaser of a Unit furnish to said Unit Owner or purchaser, within 10 days of receipt of such request or such other time period prescribed by the Act, the following information:

1. Recordable statement setting forth the amount of any unpaid assessments currently levied against that Unit.
2. Statement concerning any rights of first refusal or other restraints on free alienability.
3. Statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.
4. Statement of the status and amount of any reserves for capital expenditures, contingencies, and improvements, and any portion of such reserves earmarked for any specified project by the Board of Directors.
5. A copy of the statement of financial condition of the Association for the then most recent fiscal year for which such statement is available and the current operating budget, if any.
6. Statement of the status of any pending suits or any judgments to which the Association is a party.
7. Statement setting forth what insurance coverage is provided for all Unit Owners by the Association and a statement whether such coverage includes public liability, loss or damage, or fire and extended coverage insurance with respect to the Unit and its contents.
8. Statement that any improvements or alterations made to the Unit or the Limited Common Elements assigned thereto, by the prior Unit Owner are not in violation of the Condominium Instruments.

B. The Board of Directors may impose a reasonable fee to furnish all the information required in accordance with paragraph A hereof, and payment thereof shall be a prerequisite to the issuance of any such statement.

C. If a Unit Owner other than the Declarant seeks to resell a Unit, and fails to request and furnish to his purchaser the information required by paragraph XI-3A prior to the contract date of disposition, such contract shall be enforceable only at the option of the Purchaser.

ARTICLE XII

MISCELLANEOUS

1. Compliance

These By-Laws are set forth in compliance with the requirements of the Act.

2. Conflict

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

3. Severability

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

4. Waiver

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

5. Captions

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

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6. Gender, etc.

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

7. Amendment

These By-Laws may be amended only at a duly called and constituted meeting of the Unit Owners of the Association. A majority vote at any such meeting at which a quorum is present shall be required to effect any such amendment.

In witness whereof, the 2325 42nd Street, N.W. Condominium Association, Inc. has caused these presents to be signed by Mary C. Knipmeyer, its President, attested by Judith M. Hirsch its Secretary, and its corporate seal to be hereto attached, and does hereby appoint Mary C. Knipmeyer its Attorney-in-Fact to acknowledge and deliver these presents as its act and deed this 16th day of July, 1984 for the purposes herein expressed.

Attest:

2325 42nd Street, N.W.
Condominium Association, Inc.

By: Judith M. Hirsch

By: Mary C. Knipmeyer

RECORDED
7/91

3. The following provision is added to the By-laws as a new article.

ARTICLE XIII

In all situations in which a Unit Owner maintains insurance coverage that overlaps with the insurance coverage of the Association, the Unit Owner's insurance coverage shall be primary if the damage sustained was the result of and/or caused by the Unit Owners:

- (1) violation of the Condominium instrument, including the Declaration, By-laws and/or Rules and Regulations of the Condominium; or
- (2) Act, neglect, negligence or carelessness.

For the purpose of this Article, the term Unit Owner shall include the unit owners, members of their family, visitors, invitee, employees, agents or licensees. This section is intended to supersede any other provision of these By-laws that may be in conflict with it. This section is not intended to relieve any Unit Owner from any responsibilities under any other Section of these By-laws, including, but not limited to, a Unit Owner's liability under Article VII, Section 5 B. Maintenance and Repair.

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John Smith

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LAW OFFICES
KAPLAN & KAPLAN, P.A.

SIDNEY KAPLAN
ARTHUR GUY KAPLAN*
KEVIN THORNTON*
BARBARA C. BLAKE

*MD. & D. C. BARS

PENTHOUSE SUITE
THE TOWNE BUILDING
11 S. MT. ROYAL AVENUE
BALTIMORE, MARYLAND 21202

(301) 752-2000
1-800-492-1635
FAX # (301) 783-2723

August 26, 1991

Ms. Shirley Delabarre
2325 42nd Street, N. W. #210
Washington, D. C. 20007

RE: 2325 42nd Street, N. W. Condominium
FO-24-01

Dear Shirley:

Enclosed is the original recorded Second Amendment to the By-laws which the court accepted for recording on July 9, 1991.

A copy has been retained in our files and a copy forwarded to your property manager.

As usual, please feel free to give me a call if you have any questions.

Sincerely,

KAPLAN & KAPLAN, P.A.

Arthur Guy Kaplan

AGK/at

Enclosure

c: Dennis Freeman, c/o Zalco Realty, Inc.

AMENDMENTS

AGK/kn FO-24-01

SECOND AMENDMENT TO THE BY-LAWS

OF

2325 42ND STREET, N.W. CONDOMINIUM ASSOCIATION, INC.

THIS SECOND AMENDMENT TO THE BY-LAWS is made on and entered into this 17 day of June, 1991, by 2325 42ND STREET, N.W. CONDOMINIUM, a/k/a 2325 42ND STREET, N.W. CONDOMINIUM ASSOCIATION, INC.

WHEREAS, on May 23, 1980, the Declarant executed a Declaration (the "Declaration") and By-laws (the "By-laws") providing for (i) the submission of certain land to the Horizontal Property (Condominium) Act of the District of Columbia, and (ii) the establishment of a condominium known as 2325 42nd Street, N.W. Condominium, which Declaration and By-laws were recorded among the Land Records of the District of Columbia, on June 27, 1980, as Instrument No. 20233 and Instrument No. 20234 respectively;

WHEREAS, the Condominium has previously amended the By-laws by the execution of the first amendment to the By-laws of 2325 42nd Street, N.W. Condominium, a/k/a 2325 42nd Street, N.W. Condominium Association, Inc., recorded among the Land Records of the District of Columbia on July 18, 1984, as Instrument No. 25204;

WHEREAS, the Condominium desires to further amend the By-laws redefining reconstruction requirements in case of fire or other disaster and unit owner liability with and without insurance coverage; and

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LAW OFFICES
PLAN & KAFLAN, P.A.
PENTHOUSE SUITE
THE TOWERS BUILDING
11 S. WY. ROYAL AVENUE
ATLANTA, MARYLAND 21008
(301) 733-3000

WHEREAS, Article XII, Section 7, of the By-laws provides that the By-laws may be amended only at a duly called and constituted meeting of the Unit Owners of the Association and that a majority vote at any such meeting at which a quorum is present shall be required to pass any such amendment; and

WHEREAS, Section 45-1838 of the District of Columbia Code requires approval by a minimum of two-thirds (2/3) of the votes in the Unit Owners' Association to approve an amendment to the By-laws;

NOW, THEREFORE, at a duly called meeting of the Unit Owners of the Association, 71.13% percent of the Ownership interest hereby agreed, consented and directed that the By-laws of the Association be amended as follows:

1. Article VIII, Section 6, of the By-laws is hereby amended in its entirety as follows:

Article VIII, Section 6. Reconstruction

In case of fire and other disaster that causes damage to the Condominium, the determination of whether or not to construct or repair the same shall be made as follows:

A. Where there is partial destruction, which shall mean destruction which renders no more than two-thirds or more of the Units untenable, there shall be compulsory reconstruction or repair.

B. Where there is total destruction, which shall mean destruction, which renders more than two-thirds of the Units untenable, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, all of the Unit Owners unanimously vote in favor of such reconstruction or repair.

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

D. If the fire or other disaster only damages those parts of one Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for construction and repair. However, once the unit owner has exhausted any and all insurance coverage that he/she has for the damaged unit, then and only then shall the Unit Owner be entitled to apply, with the assistance of the Board of Directors, for the applicable insurance proceeds from the Condominium's Master Policy. In all cases, the Unit Owner's insurance policy shall be primary.

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

2. Article XI, Section 1 B, of the By-laws is hereby amended in its entirety as follows:

Article XI, Section 1 B. Additional Liability.

Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his employees, agents, invitee or licensees. Such liability shall include any increase in fire and/or casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any

Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation. If any Unit Owner liable hereunder fails to reimburse the Association or any other Unit Owner or other occupant of a Unit the amount due hereunder, the Association shall levy such amount as a special assessment as provided in paragraph VII-1 F hereof.

3. The following provision is added to the By-laws as a new article.

ARTICLE XIII

In all situations in which a Unit Owner maintains insurance coverage that overlaps with the insurance coverage of the Association, the Unit Owner's insurance coverage shall be primary if the damage sustained was the result of and/or caused by the Unit Owners:

(1) violation of the Condominium instrument, including the Declaration, By-laws and/or Rules and Regulations of the Condominium; or

(2) Act, neglect, negligence or carelessness.

For the purpose of this Article, the term Unit Owner shall include the unit owners, members of their family, visitors, invitee, employees, agents or licensees. This section is intended to supersede any other provision of these By-laws that may be in conflict with it. This section is not intended to relieve any Unit Owner from any responsibilities under any other Section of these By-laws, including, but not limited to, a Unit Owner's liability under Article VII, Section 5 B. Maintenance and Repair.

IN WITNESS WHEREOF, the Council of Unit Owners has caused these By-laws to be executed by its President and its seal affixed hereto by its Secretary and has appointed Shirley Delabarre as its attorney-in-fact to acknowledge the same, this 17th day of June, 1991.

ATTEST:

2325 42ND STREET, N.W.
CONDOMINIUM ASSOCIATION, INC.

Mary J. Smith
Secretary

By: Shirley Delabarre
Shirley Delabarre, President

LAW OFFICES
APLAN B. KAPLAN, P.A.
SOUTHVIEW SUITE
THE TOWERS BUILDING
1100 W. BROAD AVENUE
ALTIMORE, MARYLAND 21208
(301) 782-2000

DISTRICT OF COLUMBIA SS:

I, M. ANDREA THIBEAU, a Notary Public in and for the District of Columbia, do hereby certify that Shirley Delabarre, who is named in the foregoing By-law Amendments dated June 17, 1991, as attorney-in-fact for 2325 42nd Street, N.W. Condominium Association, Inc., personally appeared before me in the District of Columbia, and, as attorney-in-fact, acknowledged the foregoing By-law Amendments to be the act and deed of said corporation, and that she delivered the same as such.

WITNESS my hand and official seal this 17th day of JUNE, 1991.

M. Andrea Thibeau (SEAL)
Notary Public

My Commission expires:

May 31, 1996.

AFTER RECORDING RETURN TO:

Kaplan & Kaplan, P.A.
11 E. Mount Royal Avenue
Baltimore, Maryland 21202

LAW OFFICES
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13011 783-9000

AGK\slz FO-24-02

THIRD AMENDMENT TO THE BY-LAWS

OF

2325 42ND STREET, N.W. CONDOMINIUM ASSOCIATION, INC.

THIS SECOND AMENDMENT TO THE BY-LAWS is made on and entered into this 30 day of March, 1998, by 2325 42ND STREET, N.W. CONDOMINIUM, a/k/a 2325 42ND STREET, N.W. CONDOMINIUM ASSOCIATION, INC.

WHEREAS, on May 23, 1980, the Declarant executed a Declaration (the "Declaration") and By-laws (the "By-laws") providing for (i) the submission of certain land to the Horizontal Property (Condominium) Act of the District of Columbia, and (ii) the establishment of a condominium known as 2325 42nd Street, N.W. Condominium, which Declaration and By-laws were recorded among the Land Records of the District of Columbia, on June 27, 1980, as Instrument No. 20233 and Instrument No. 20234 respectively;

WHEREAS, the Condominium has previously amended the By-laws by the execution of the first amendment to the By-laws of 2325 42nd Street, N.W. Condominium, a/k/a 2325 42nd Street, N.W. Condominium Association, Inc., recorded among the Land records of the District of Columbia on July 18, 1984, as Instrument No., 25204;

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WHEREAS, the Condominium has previously amended the By-laws by the execution of the second amendment to the By-laws of 2325 42nd Street, N.W. Condominium, a/k/a 2325 42nd Street, N.W. Condominium Association, Inc., recorded among the Land Records of the District of Columbia on July 9, 1991, as Instrument No. 9100033985;

WHEREAS, the Condominium desires to further amend the By-laws redefining the replacement responsibility of all or majority of the window and French doors located in the boundary walls at the Association; and

WHEREAS, Article XII, Section 7, of the By-laws provides that the By-laws may be amended only at a duly called and constituted meeting of the Unit Owners of the Association; and

NOW, THEREFORE, at a duly called meeting of the Unit Owners of the Association, the required percent of the Ownership interest hereby agreed, consented and directed that the By-laws of the Association be amended as follows:

1. Article VII, Section 5A, of the By-laws is hereby amended in its entirety as follows:

Article VII, Section 5A. Maintenance and Repair

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

- (1) The Common Elements, including the Limited Common Elements, whether located inside or outside of the Units.
- (2) All portions of the Units which contribute to the support of the Building, excluding, however, the surfaces of all walls, floors, and ceiling of a Unit.
- (3) Incidental damage caused to a Unit by such work done by the Association.
- (4) Incidental damage caused to a Unit by the Association's failure to make timely repairs on the common elements.
- (5) The replacement of all or majority of the windows and French doors located in the boundary walls if the Board of Directors determines that such replacement is necessary for the efficient operation of the condominium. This section is not intended to alter, in any way, the repair, replacement, and maintenance obligations of individual unit owners with regard to windows or French doors as set forth in 5B below. This paragraph 5A shall not relieve a Unit Owner of liability for damage to the Common Elements caused by the Unit Owner's negligence or intentional torts.

IN WITNESS WHEREOF, the Council of Unit Owners has caused these By-laws to be executed by its President and its seal affixed hereto by its Secretary and has appointed Shirley Delabarre as its attorney-in-fact to acknowledge the same, this 30th day of March, 1998.

ATTEST:

2325 42ND STREET, N.W.
CONDOMINIUM ASSOCIATION, INC.


Secretary

By: 
Shirley Delabarre, President

DISTRICT OF COLUMBIA

SS:

I, Kathi Tabares, a Notary Public in and for the District of Columbia, do hereby certify that Shirley Delabarre, who is named in the foregoing By-law Amendments dated 3-30-98, 1998, as attorney-in-fact for 2325 42nd Street, N.W. Condominium Association, Inc., personally appeared before me in the District of Columbia, and, as attorney-in-fact, acknowledged the foregoing By-law Amendments to be the act and deed of said corporation, and that she delivered the same as such.

WITNESS my hand and official seal this 30th day of March, 1998.

Kathi Neil Tabares (SEAL)
Notary Public

My Commission expires:
10-31-99

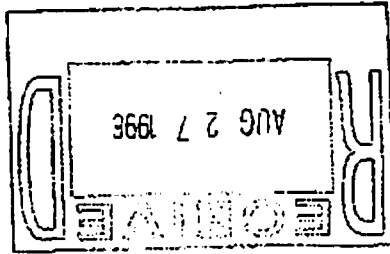
AFTER RECORDING RETURN TO:

Kaplan & Kaplan, P.A.
11 E. Mount Royal Avenue
Baltimore, Maryland 21202

LAW OFFICES
KAPLAN & KAPLAN, P.A.

PENTACON SUITE
THE TOWNS BUILDING
11 E. MT. ROYAL AVE.
BALTIMORE, MD 21202

(410) 771-2000



[Handwritten signature]

RECEIVED BY

APR 01 1998

KAPLAN & KAPLAN, P.A.

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Declaration-CC&Rs
2325 42nd Street N.W. Condominium

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CONDOMINIUM DECLARATION

THIS CONDOMINIUM DECLARATION (this "Declaration") is made pursuant to the Condominium Act of 1976, D.C. Law 1-89, as amended (the "Act"), by 2325 42nd Street, N.W. Tenants Association, Inc. (the "Declarant"):

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1. Submission of Property.

The Declarant hereby submits that real property located in the District of Columbia and more particularly described in Exhibit A hereto, together with the improvements thereon (collectively referred to as the "Property"), all owned by the Declarant in fee simple absolute, to the provisions of the Condominium Act of 1976 (D.C. Law 1-89), in order to create a plan of condominium ownership of the Property. The Property is shown on the the Condominium Plat recorded among the records of the Office of the Surveyor in the District of Columbia in Condominium Book 26 at page 5.

2. Name of Condominium.

The name and address of the Condominium is:

2325 42nd Street, N.W. Condominium
2325 42nd Street, N.W.
Washington, D.C. 20007

3. Definitions.

A. Each of the following terms, as used in this Declaration, shall have the same meaning as set forth in Section 102 of the Act and reproduced in Exhibit B hereto: Common Elements; Common Expenses; Common Profits; Condominium Instruments; Condominium Unit; Identifying Number; Limited Common Elements; Person; Unit; and Unit Owner.

B. Each of the following terms, as used in this Declaration, shall have the meaning set forth below:

(i) Association or Unit Owners' Association.
2325 42nd Street, N.W. Condominium Association, Inc., a District of Columbia non-profit corporation created for purposes of governing the Condominium (as defined below), and composed of all Unit Owners (as defined below).

20233

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(ii) Board of Directors. The executive and administrative entity designated or elected as provided in the By-Laws to act for the Association in governing the Condominium.

(iii) Building. The building designed for residential use shown on the Condominium Plat, and containing all the Units, which comprise the Condominium.

(iv) By-Laws. The set of By-Laws recorded simultaneously with this Declaration, providing for the self-government of the Condominium by the Association in accordance with Section 301 of the Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Act.

(v) Condominium. The Property and any incident thereto or interest therein, which is being submitted to the provisions of the Act by the recording of this Declaration and the other Condominium Instruments, and which is known as the 2325 42nd Street, N.W. Condominium.

(vi) Condominium Plans. The plans of the Building showing each Unit, and any amendments thereof, made and recorded in accordance with Section 214(b) of the Act.

(vii) Condominium Plat. One or more plats of survey showing the Condominium, and any amendments thereof, made and recorded in accordance with Section 214(a) of the Act.

(viii) Declarant. 2325 42nd Street, N.W. Tenants Association, Inc., a District of Columbia non-profit corporation.

(ix) Declaration. This instrument and such amendments thereof as may be recorded from time to time.

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

(xi) Land. The real property described in Exhibit A to this Declaration, exclusive of the Building, and all easements and rights appurtenant thereto.

(xii) Percentage Interest. That number assigned to each Unit in Exhibit C hereto, which number shall reflect the share of ownership of the Common Elements attributable to each Unit, shall reflect the share of Common Expenses to be borne by

each Unit, shall reflect the share of Common Profits attributable to each unit, and shall provide the basis for determining the number of votes assigned to each Unit.

(xiii) Rules and Regulations. The rules and regulations adopted from time to time by the Board of Directors governing the conduct of Unit Owners and their families, invitees, licensees, employees, or agents, adopted pursuant to the By-laws.

4. Building.

The location and dimensions of the Building on the Land are shown on the Condominium Plat. The Building contains four floors plus basement. There are 73 Units in the Condominium; 71 will be sold, and two will be transferred to the Association. One of these two Units will be used as the resident manager's apartment, and the other will be used as an "all-purpose" room for meetings and other functions.

5. Description of Units

The dimensions of the vertical boundaries of each Unit, together with its Identifying Number and relative location, are set forth in the Condominium Plans. The Identifying Number, Par Value, and Percentage Interest of each Unit are set forth in Exhibit C to this Declaration.

6. Dimensions of Units

Each Unit consists of the volumes or cubicles of space which are enclosed by the upper, lower and lateral or perimeter boundaries described as follows:

A. Upper and Lower Boundaries. The lower boundary of a Unit is a horizontal plane, the elevation of which coincides with the unfinished upper surface of the floor separating the next lower story, or the ground and foundation below, as the case may be, from the story on which the particular Unit is located, extended to intersect the lateral or perimeter boundaries thereof; and the upper boundary of a Unit is a horizontal plane, the elevation of which coincides with the lower surface of the unfinished ceiling separating the story on which the particular Unit is located from the next higher story, or the roof, as the case may be, extended to intersect the lateral or perimetrical boundaries thereof.

gardens, interior or exterior lighting devices, and any and all other items or things of common use or necessary to the existence, upkeep, use and safety of the Building and other Condominium property, and (iv) all means of pedestrian and vehicular ingress and egress to and from the Land and Condominium property, including, without limitation, sidewalks, walkways, roadways, vehicle ingress and egress lanes, and the parking lot.

B. Limited Common Elements. The Limited Common Elements are those Common Elements which are set forth in the Condominium Plat and the Condominium Plans as reserved for the exclusive use of specific Units, to the exclusion of all other Units, including any balconies, patios and other apparatus designed to serve a single Unit, though located outside the boundaries of that Unit. The patios adjacent to Units 216 and 217 are Limited Common Elements reserved to those Units, respectively. Each of the balconies adjacent to the following Units are Limited Common Elements reserved to each such Unit: Studio A, 101, 102, 103, 104, 105, 106, 108, 114, 115, 116, 117, 118, 119, 120, 121, 201, 202, 203, 204, 205, 206, 208, 211, 213, 214, 215, 218, 219, 220, 221, 301, 302, 303, 304, 305, 306, 308, 311, 313, 314, 315, 318, 319, 320, 321, 401, 402, 403, 404, 405, 406, 408, 411, 413, 414, 415, 418, 419, 420, and 421.

8. Ownership and Use of the Common Elements.

Each Unit is allocated a Percentage Interest in the Ownership of the Common Elements, as set forth in Section 9 of this Declaration and Exhibit C to this Declaration. The Percentage Interest shall not be separated from the Unit and shall be deemed to be conveyed or encumbered with the Unit even though such Percentage Interest is not expressly mentioned or described in the document of conveyance or encumbrance. The use of the Common Elements shall be limited to the Unit Owners in residence, to their tenants in residence, to their guests, invitees and licensees, and shall be governed by the Condominium Instruments and the Rules and Regulations.

9. Allocation of Percentage Interest to Each Unit.

Each Condominium Unit is identified in Exhibit C to this Declaration by a separate Identifying Number. Each Condominium Unit is allocated the Percentage Interest and Par Value set forth opposite the Identifying Number of that Condominium Unit in Exhibit C. The Percentage Interest and Par Value of each Unit is determined on the basis of the ratio of the number of square feet in each Unit to the number of square feet in all Units. Neither is in any way intended to reflect the relative values of the Units in the Condominium.

10. Easements for Encroachments.

To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Condominium Plat and Condominium Plans in the construction, repair, renovation, restoration or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement for such encroachment shall exist; provided, however, such easement shall not relieve a Unit Owner of liability in cases of willful and intentional misconduct by him or his agents or employees.

11. Easement of Support.

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

12. Easement to Facilitate Sales.

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

13. Common Elements Located Inside of Units.

Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Directors and its designees shall have a right of access to each Unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building. Any damage to a Unit caused by the Association or its designees in the course of effecting such maintenance, repairs, or replacements shall be corrected by the Association or its designees as quickly as practicable.

14. Use of Units and Compliance with Condominium Instruments.

A Unit shall be used only as a private residence and for no other purpose. All present and future Unit Owners, tenants, occupants and users of Units and any person who uses any part of the Condominium in any manner, are subject to, and shall comply

with, the provisions of the Condominium Instruments and the Rules and Regulations. The acquisition, rental, occupancy or use of a Unit or the use of any part of the Condominium by any person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Instruments and the Rules and Regulations, and such provisions shall be deemed to be enforceable equitable servitudes and covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof. Failure to comply with any of such provisions shall be grounds for legal and equitable relief, maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Unit Owner. In any such action at law or in equity which is successfully brought by or on behalf of the Association, the Association shall be entitled to recover all reasonable costs and expenses of any such action including reasonable attorney's fees.

15. Alterations.

A Unit Owner may make improvements or alterations within his Unit, provided that no Unit Owner may make any improvement or alteration that in any way impairs the structural integrity of any structure or otherwise lessens the support of any portion of the Building or the Condominium. No Unit Owner shall in any event do anything which would change the exterior appearance of his Unit or of any other portion of the Condominium, or in any way affect the Common Elements, without the express written consent of the Board of Directors.

16. Amendments.

A. By Declarant. The Declarant reserves the right to amend the Condominium Instruments so long as there is no Unit Owner other than the Declarant.

B. By the Unit Owners. At such time as there is a Unit Owner other than the Declarant, this Declaration may be amended by (i) agreement of Unit Owners of Units to which two thirds of the Percentage Interests in the Association appertain, provided, however, that any such amendment which impairs or affects the rights, priorities, remedies or interests of First Mortgagees shall have been approved in writing by the First Mortgagees holding mortgages encumbering 75% or more of the Units encumbered. No such amendment shall become effective until it is recorded. At such time as there is a Unit Owner other than the Declarant, no amendment to the Condominium Instruments shall change (i) the boundaries of any Unit, (ii) the Percentage Interests, (iii) the liability for Common Expenses or rights to Common Profits appertaining to any Unit, or (iv) the number of votes in the Association appertaining to any Unit, except by unanimous consent of the Unit Owners.

17. No Revocation or Partition. The Common Elements shall remain undivided and no Unit Owner, or any other person shall bring any action for partition or division thereof, nor shall the Common Elements be abandoned by act or omission, unless the condominium regime is terminated by agreement of 80% or more of the Unit Owners and the First Mortgagees holding mortgages encumbering 75% or more of the Condominium Units.

18. Consent of First Mortgagees. Notwithstanding any other provision of this Declaration, the Bylaws or the Rules and Regulations, unless at least 75% of the First Mortgagees (based upon one vote for each mortgage owned) have given their prior written approval, the Unit Owners' Association and Board of Directors 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 Unit for purposes of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or (ii) determining the pro rata share of ownership of each Unit in the Common Elements; (c) partition or subdivide any 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); or (e) use hazard insurance proceeds for losses to the Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such improvements.

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

20. Changes by Declarant. Nothing contained in this Declaration shall be deemed to impose upon the Declarant or its successors or assigns any obligations of any nature to build, construct or provide any additions to the condominium regime hereby created.

21. Liability for Assessments. A Unit Owner shall be personally liable for all lawful assessments, or installments thereof, levied against his Unit which become due while he is

the owner of a Unit; and this liability of the Unit Owner is in addition to the lien for assessment in favor of the Association on the Condominium Unit created by the Act. If a Unit is owned by more than one Unit Owner, they shall be jointly and severally liable for all lawful assessments levied against their Unit.

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

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

24. Exhibits. Exhibits A, B and C attached hereto are an integral part of this Declaration, and the provisions thereof shall be deemed to be a part of this Declaration as if fully set forth herein.

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

The Declarant hereby appoints Richard P. Harland its attorney-in-fact to acknowledge this instrument as the Condominium Declaration of the Declarant. This Condominium Declaration is signed on behalf of the Declarant by its President and its corporate seal is attested by its Secretary this 3rd day of May 1980, pursuant to a resolution adopted by its Board of Directors.

DECLARANT:

2325 42nd Street N.W. Tenants
Association, Inc.

ATTEST:

Sharon F. Washburn
Sharon Washburn,
Secretary

By: *Richard P. Harland*
Richard P. Harland,
President

DISTRICT OF COLUMBIA SS:

I, JAMES H. SLATTERY, a Notary Public in and for the District of Columbia, do hereby certify that Richard P. Harland, who is named in the foregoing Deed, dated May 23, 1980, as attorney-in-fact for 2325 42nd Street, N.W. Tenants Association, Inc., a District of Columbia non-profit corporation, the corporation named in the foregoing Deed as the Declarant, personally appeared before me in the District of Columbia, and, as attorney-in-fact, acknowledged the foregoing Deed to be the act and deed of said corporation, and that he delivered the same as such.

WITNESS my hand and official seal this 23rd day of May, 1980

James M. Slattery (SEAL)
Notary Public, D.C.

My Commission expires:

10/31/83

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EXHIBIT A TO DECLARATION

2325 42nd Street, N.W. Condominium
2325 42nd Street, N.W.
Washington, D.C.

LEGAL DESCRIPTION

The real property denominated by the Office of Surveyor
of the District of Columbia as Lot 18 in Square 1708 in the
District of Columbia, together with all improvements thereon.

EXHIBIT B

Definitions

1. "Common Elements" shall mean all portions of the Condominium other than the Units.
2. "Common Expenses" shall mean all lawful expenditures made or incurred by or on behalf of the Association, together with all lawful assessments for the creation and maintenance of reserves pursuant to the provisions of the Condominium Instruments.
3. "Common Profits" shall mean all income collected or accrued by or on behalf of the Association, other than income derived by assessment pursuant to section 312 of the Act.
4. "Condominium Instruments" shall mean the Declaration, By-Laws, Condominium Plats, and Condominium Plans, recorded pursuant to the provisions of the Act. Any exhibit, schedule, or certification accompanying a Condominium Instrument and recorded simultaneously therewith shall be deemed an integral part of that Condominium Instrument. Any amendment or certification of any Condominium Instrument shall, from the time of the recordation of such amendment or certification, be deemed an integral part of the affected Condominium Instrument, so long as such amendment or certification was made in accordance with the provisions of the Act.
5. "Condominium Unit" shall mean a Unit together with the undivided interest in the Common Elements appertaining to that Unit.
6. "Identifying Number" shall mean one or more letters or numbers, or both, that identify only one Unit in the Condominium.
7. "Limited Common Element" shall mean a portion of the Common Elements reserved for the exclusive use of those entitled to the use of one or more, but less than all, of the Units.
8. "Person" shall mean a natural person, corporation, partnership, association, trust, or other entity capable of holding title to real property, or any combination of any of the foregoing.

9. "Unit" shall mean a portion of the Condominium designed and intended for individual ownership.

10. "Unit Owner" shall mean one or more Persons who own a Condominium Unit.

EXHIBIT C TO DECLARATION

2325 42nd Street, N.W. Condominium
2325 42nd Street, N.W.
Washington, D.C.

<u>Identifying Number</u> <u>(Unit Number)</u>	<u>Percentage Interest</u>	<u>Par Value</u>
Studio A	.0120	.0120
101	.0085	.0085
102	.0101	.0101
103	.0122	.0122
104	.0122	.0122
105	.0121	.0121
106	.0125	.0125
107	.0086	.0086
108	.0125	.0125
109	.0135	.0135
201	.0129	.0129
202	.0143	.0143
203	.0128	.0128
204	.0128	.0128
205	.0129	.0129
206	.0128	.0128
207	.0114	.0114
208	.0128	.0128
209	.0177	.0177
210	.0137	.0137
211	.0177	.0177
212	.0182	.0182
213	.0132	.0132
214	.0179	.0179
215	.0124	.0124
216	.0098	.0098
217	.0122	.0122
218	.0125	.0125
219	.0179	.0179
220	.0111	.0111
221	.0183	.0183
301	.0129	.0129
302	.0143	.0143
303	.0128	.0128
304	.0128	.0128
305	.0129	.0129
306	.0128	.0128

[Exhibit C continued on following page]

EXHIBIT C TO DECLARATION (continued)

2325 42nd Street, N.W. Tenants Association, Inc.
 (a Condominium)
 2325 42nd Street, N.W.
 Washington, D.C.

<u>Identifying Number (Unit Number)</u>	<u>Percentage Interest</u>	<u>Par Value</u>
307	.0114	.0114
308	.0128	.0128
309	.0177	.0177
310	.0137	.0137
311	.0177	.0177
312	.0182	.0182
313	.0132	.0132
314	.0179	.0179
315	.0124	.0124
316	.0098	.0098
317	.0122	.0122
318	.0125	.0125
319	.0179	.0179
320	.0111	.0111
321	.0183	.0183
401	.0129	.0129
402	.0143	.0143
403	.0128	.0128
404	.0128	.0128
405	.0129	.0129
406	.0128	.0128
407	.0114	.0114
408	.0128	.0128
409	.0177	.0177
410	.0137	.0137
411	.0177	.0177
412	.0182	.0182
413	.0132	.0132
414	.0179	.0179
415	.0124	.0124
416	.0098	.0098
417	.0122	.0122
418	.0125	.0125
419	.0179	.0179
420	.0111	.0111
421	.0183	.0183

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[Exhibit C continued from previous page]

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004 5075	14.00	DISCKTD

NBD

BA

Insurance Dec Page
2325 42nd Street N.W. Condominium



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/30/2014

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 Associated Insurance Management, Inc. 3140 West Ward Rd Suite 105 Dunkirk, MD 20754	CONTACT NAME: condocerts@aimcommercial.com
	PHONE (A/C, No, Ext): (301) 812-1200
	FAX (A/C, No): (877) 733-1203
	E-MAIL ADDRESS:
	INSURER(S) AFFORDING COVERAGE
	INSURER A: Harford Mutual Insurance Co.
	INSURER B: Great American Insurance Co.
	INSURER C: Continental Casualty
	INSURER D:
	INSURER E:
	INSURER F:

INSURED 2325 42nd Street Condominium C/o EJF Real Estate Services, Inc. 1428 U Street NW 2nd Floor Washington, DC 20009	NAIC # 14141
	16691
	20443

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<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:			9137051	09/25/2014	09/25/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			9137051	09/25/2014	09/25/2015	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 <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			UM3305282	09/25/2014	09/25/2015	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N/A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
C	Fidelity			0598974069	09/25/2014	09/25/2015	Deductible: \$10,000 1,000,000
A	Building			9137051	09/25/2014	09/25/2015	Deductible: \$2,500 13,117,523

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

2325 42nd Street, NW, Washington, DC 20008
Building Replacement Cost, Special Causes of Loss.

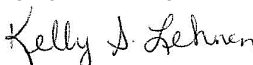
Number of units in association: 73

The fidelity coverage includes the property management company, EJF Real Estate Services, Inc.

SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

CANCELLATION

For Information Purposes Please forward request to: Fax: 877-733-1203 Email: condocerts@aimcommercial.com	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 
--	---



ADDITIONAL REMARKS SCHEDULE

AGENCY Associated Insurance Management, Inc.		NAMED INSURED 2325 42nd Street Condominium C/o EJF Real Estate Services, Inc. 1428 U Street NW 2nd Floor Washington, DC 20009	
POLICY NUMBER SEE PAGE 1			
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1	

ADDITIONAL REMARKS

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

Description of Operations/Locations/Vehicles:

Additional Property Coverages:

Company: Harford Mutual Insurance Companies

Policy Number: 9137051

Effective: 9/25/2014 to 9/25/2015

Boiler and Machinery Coverage:

Limit: Included in Building Limit

Deductible: \$2,500

Building Ordinance or Law Coverage:

Undamaged Portion of Building Limit: Included in Building Limit

Demolition Limit: \$773,287

Increased Cost of Construction Limit: \$1,546,574

Directors & Officers Liability:

Company: Continental Casualty

Policy Number: 0598974041

Effective: 9/25/2014 to 9/25/2015

\$1,000,000 Limit, \$1,000 Deductible

The Directors & Officers coverage includes the property management company, EJF Real Estate Services, Inc.

Excess Liability Policy:

Carrier: Ironshore Indemnity, Inc.

Policy Period: 9/25/2014 to 9/25/2015

Aggregate Limit: \$5,000,000

Occurrence Limit: \$5,000,000

Retention: \$0

The master policy provides coverage for improvements within the units as originally conveyed by the developer (original specifications). Improvements subsequently installed by unit owners at their own expense are not covered. Guaranteed replacement cost subject to the scheduled limit. Subject to terms and conditions of the policy. Severability of interest applies.

Plats & Plans
2325 42nd Street N.W. Condominium

PLAT OF CONDOMINIUM SUBDIVISION

2325 42ND STREET, N.W.
WASHINGTON D.C.

LOT 18 SQUARE 1708

In accordance with the Condominium Act of 1970, D.C. Law 1-89, the undersigned, owner of Lot 18, Square 1708, recorded in Book 136, Page 148, in the Office of the Surveyor of the District of Columbia, hereby subdivides the building shown hereon into condominium units with certain general and limited common elements as more fully set forth in the Declaration and By-laws of the project recorded in the Office of the Recorder of Deeds of the District of Columbia as Instrument Number _____ on _____

The undersigned owner further requests that the condominium project as shown on the attached plats consisting of six (6) sheets be accepted for recordation in the Office of the Surveyor of the District of Columbia.

The undersigned owner, being first duly sworn, certifies, deposes, and says that The 2325 42nd Street, N.W. Tenants Association is the owner in fee simple of the above mentioned property including improvements; that no person or persons other than the undersigned have any interest or claim therein except for the existing trusts noted below; that the undersigned is in peaceful occupation thereof; that there are no suits or actions pending affecting the title to said property including the improvements; and that there trust (s) on said property; that the use of the individual units conform to the applicable laws and regulations of the District of Columbia.

Witness our hands and seals this _____ day of _____

WITNESSES

OWNER

TRUSTEES

2325 42nd Street, N.W. Tenants Association

He Assent:

By _____
Richard Herlan, President

Subscribed and sworn to before me this _____ day of _____, 19_____.

Notary Public My Commission Expires _____, 19_____

LAND SURVEYOR'S & ARCHITECT'S CERTIFICATE

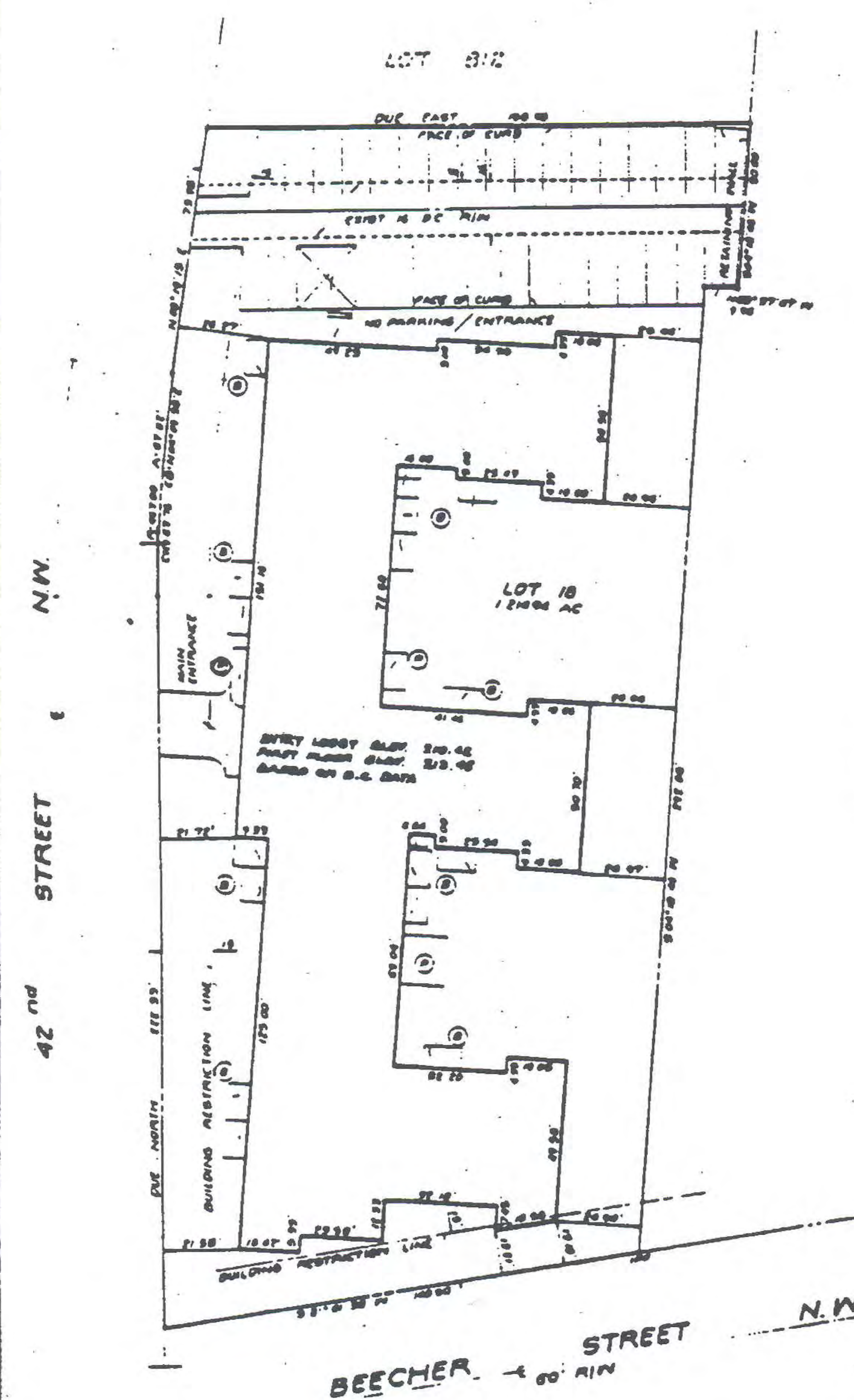
We hereby certify that this plat, consisting of six (6) sheets, represents a field survey made under our direction, and that the information shown hereon is in conformance with the records of the Office of the Surveyor of the District of Columbia and complies with the requirements of D.C. Law 1-89. We further certify that all units and limited common elements assigned thereto have been substantially completed.

As to sheets 1, 2, and all vertical boundaries
DEWBERRY, NEALON, and DAVIS; engineers, planners, surveyors

As to Sheets 3 to 6.
JOSEPH E. WYUK, A.I.A., ARCHITECT

Joseph E. Wyuk, D.C. Reg. No. A-2379

<p>DEPARTMENT OF FINANCE AND REVENUE</p> <p>_____, 19_____ Ownership correct according to records of this office</p> <p>General taxes paid to: _____ No unpaid arrears: _____ No unpaid special assessment: _____</p> <p>_____ Associate Director, Assessment Administration</p>	<p>DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT</p> <p>_____, 19_____ I certify that this subdivision complies with the Zoning Regulations of the District of Columbia</p> <p>Zoning: _____</p> <p>_____ Chief, Zoning Regulations Division</p>	<p>OFFICE OF THE SURVEYOR, D.C.</p> <p>_____, 19_____ These plats are accepted for recordation in accordance with the Condominium Act of 1970, D.C. Law 1-89, effective March 29, 1979.</p> <p>Recorded, Condominium Book _____ Date _____</p> <p>Surveyor, D.C. _____ Page _____ Time _____</p>
--	--	--



- LEGEND**
- ⊙ DELETED BALCONY
 - ⊙ DELETED PATIO
 - ⊙ DELETED PLANTER



NOTES: NO TITLE REPORT RETURNED
 & I.P.P. HIGH FIVE FOUND

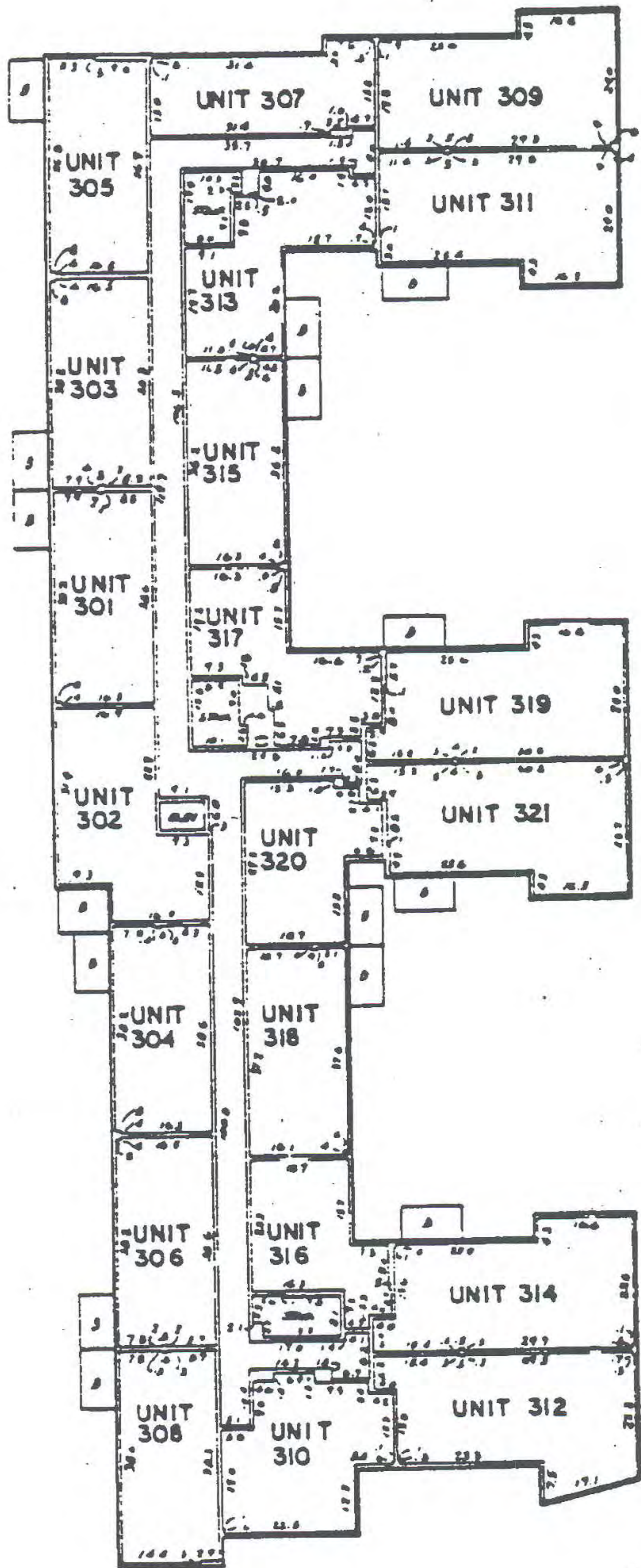
CERTIFIED CORRECT

[Handwritten Signature]

PLAT SHOWING
 BUILDING LOCATION ON
LOT 18 SQUARE 1708
 LIBER 134 FOLIO 145
 WASHINGTON, D.C.

SCALE 1" = 10' MARCH, 1988

DENDERRY, NEALON, AND DAVIS
 ENGINEERS PLANNERS SURVEYORS
 2011 ARLINGTON BOULEVARD, FAIRFAX, VIRGINIA

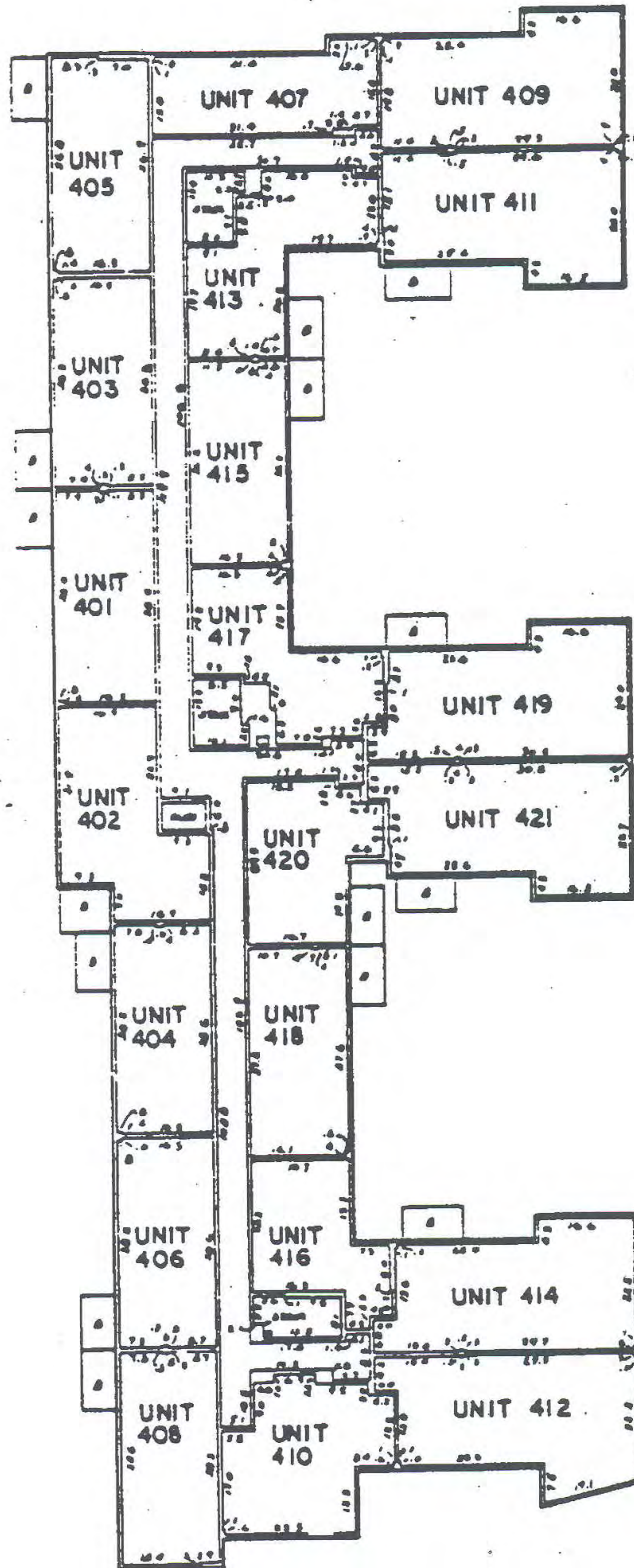


THIRD FLOOR
FLOOR ELEV. 232.54 CEILING ELEV. 240.00

PLAT OF CONDOMINIUM SUBDIVISION
LOT 18 SQUARE 1708

SCALE 1"=20'

MAY 1980



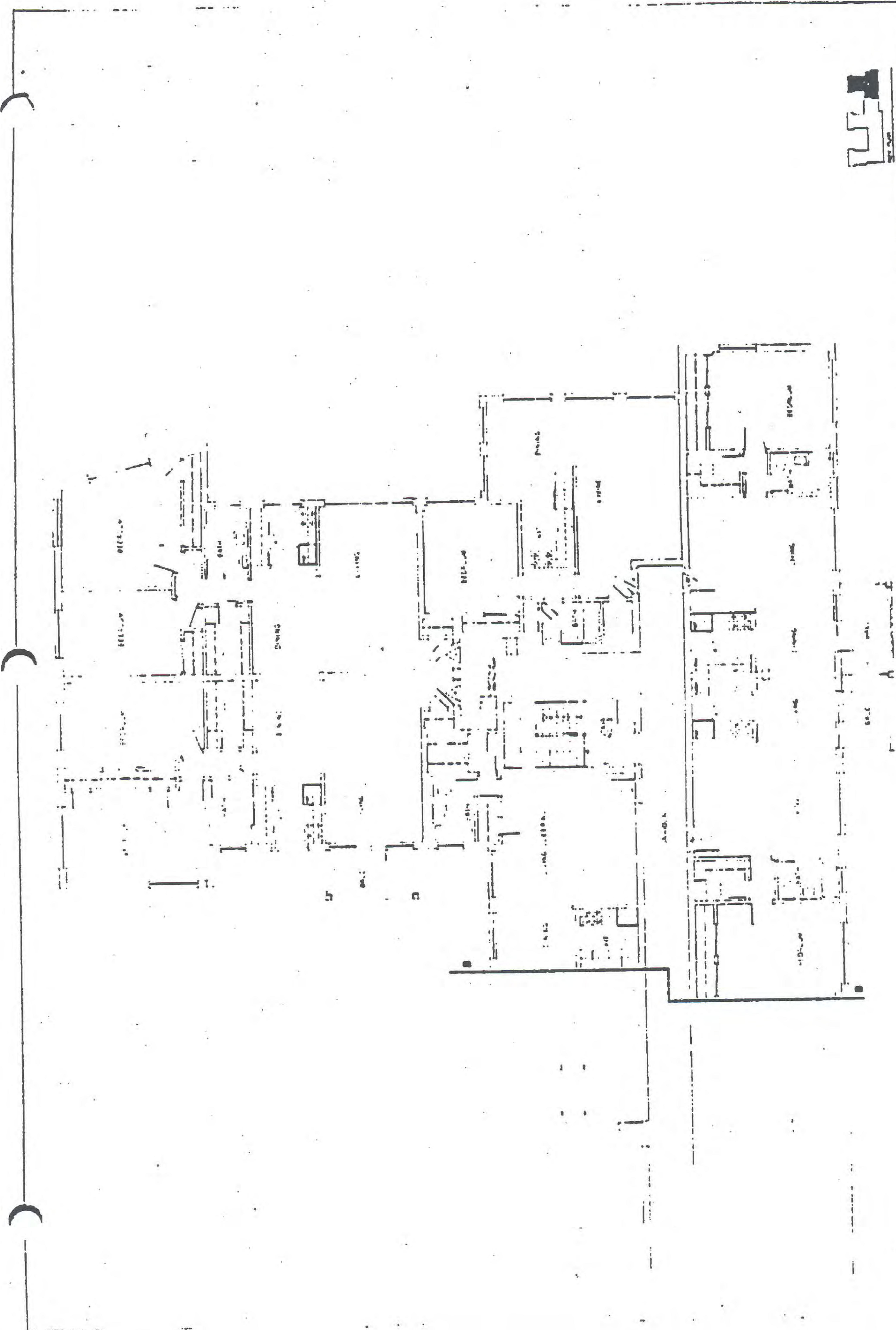
FOURTH FLOOR

FLOOR ELEV 241.20 CEILING ELEV 249.71

PLAT OF CONDOMINIUM SUBDIVISION
LOT 18 SQUARE 1708

SCALE 1"=20'

MAY 1980



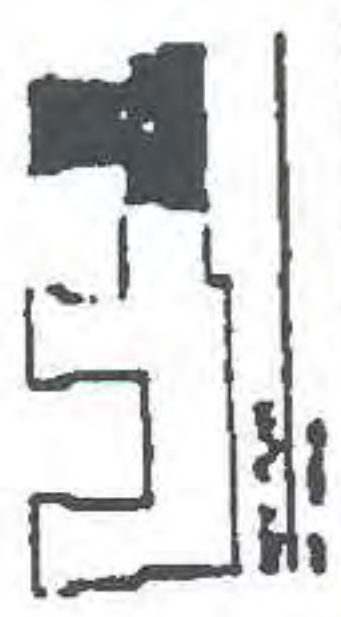
TYPICAL FLOOR PLAN-BUILDING SECTION C'

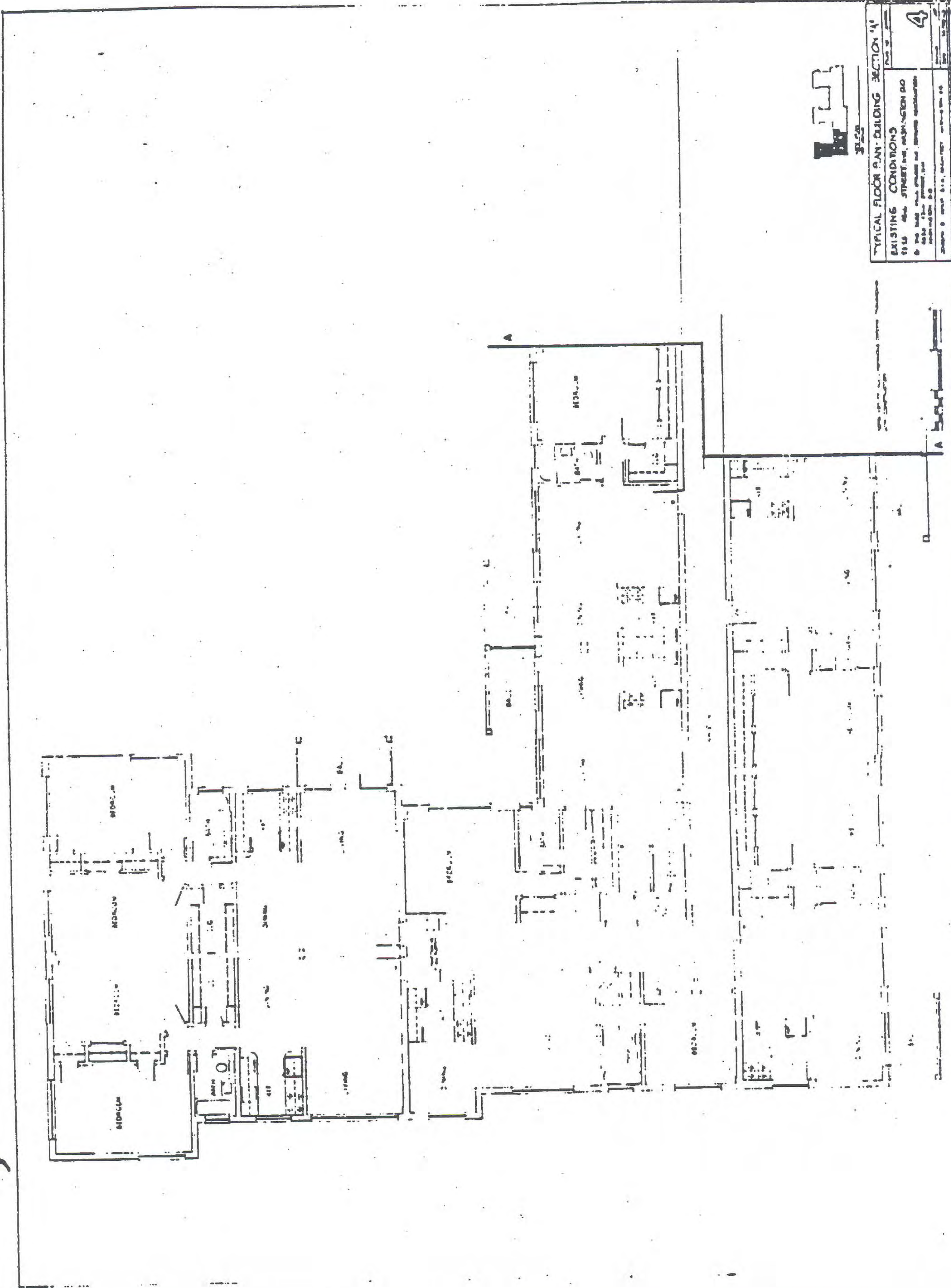
EXISTING CONDITIONS
 1313 13th STREET NW WASHINGTON DC

DATE: 10/1/54
 DRAWN BY: [Name]
 CHECKED BY: [Name]

SCALE: 1/8" = 1'-0"

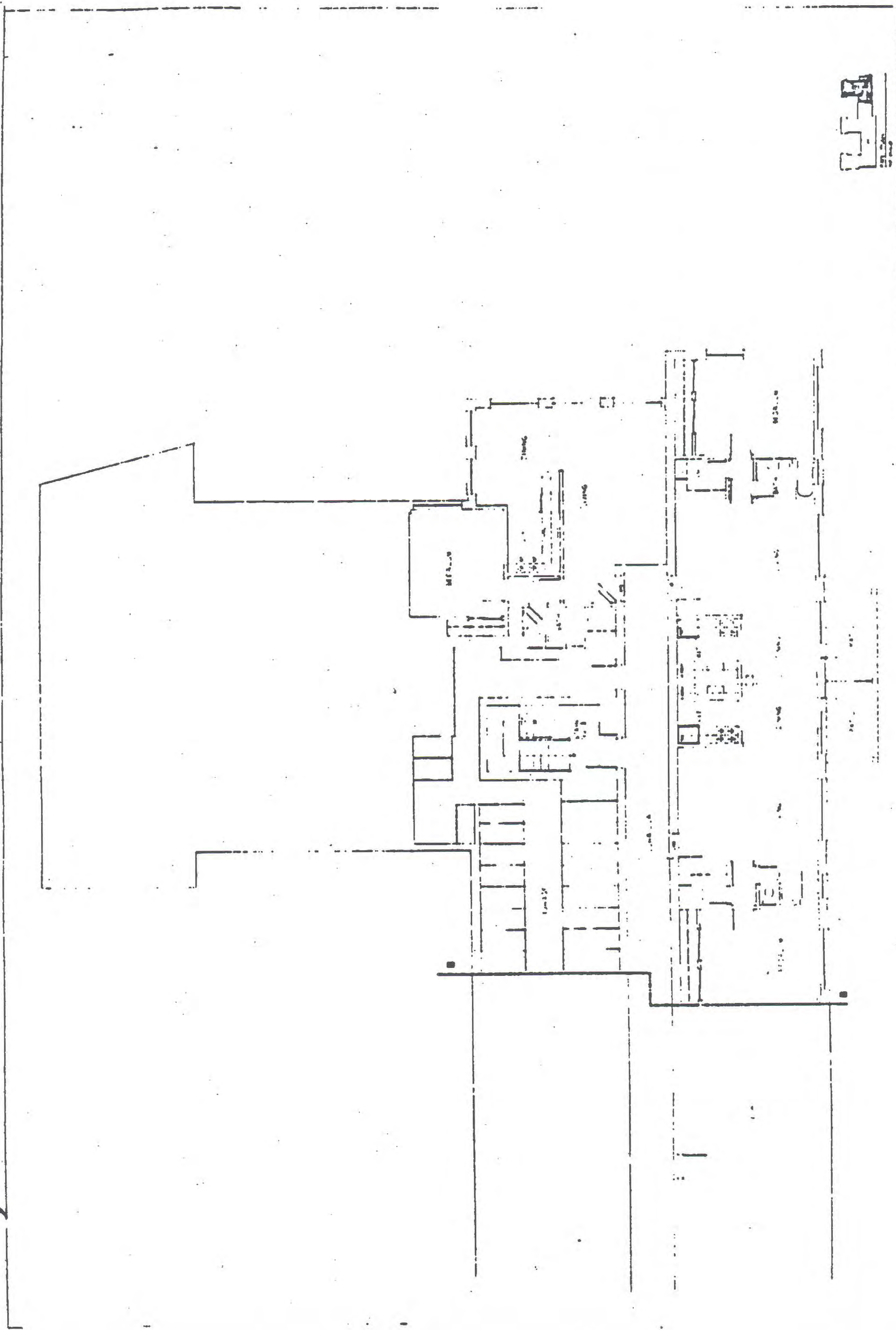
10



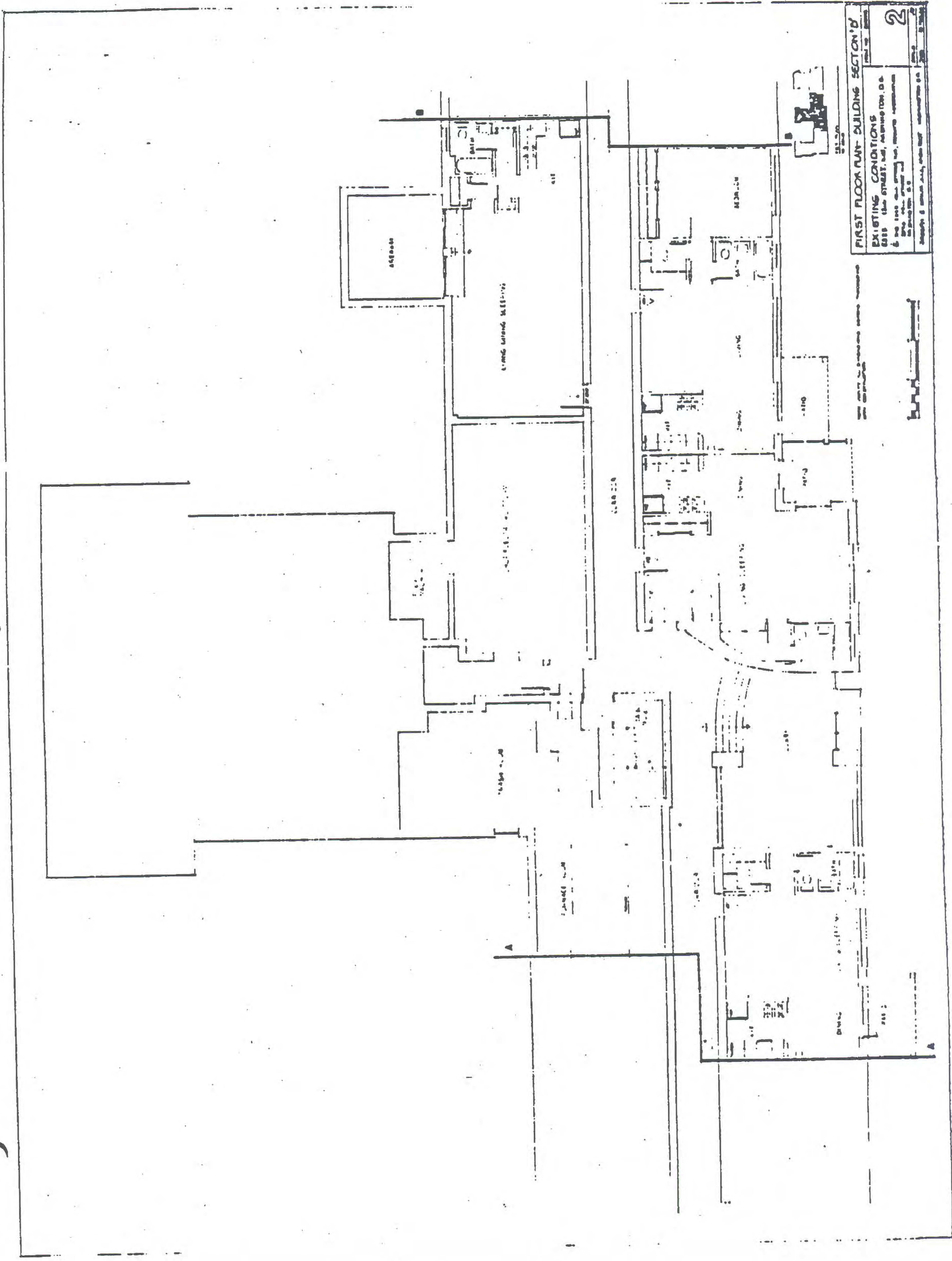


TYPICAL FLOOR PLAN BUILDING SECTION 'A'
 EXISTING CONDITIONS
 1115 4th ST. S.W., ALBUQUERQUE, N.M.
 1950
 1115 4th ST. S.W., ALBUQUERQUE, N.M.
 1950
 1115 4th ST. S.W., ALBUQUERQUE, N.M.
 1950

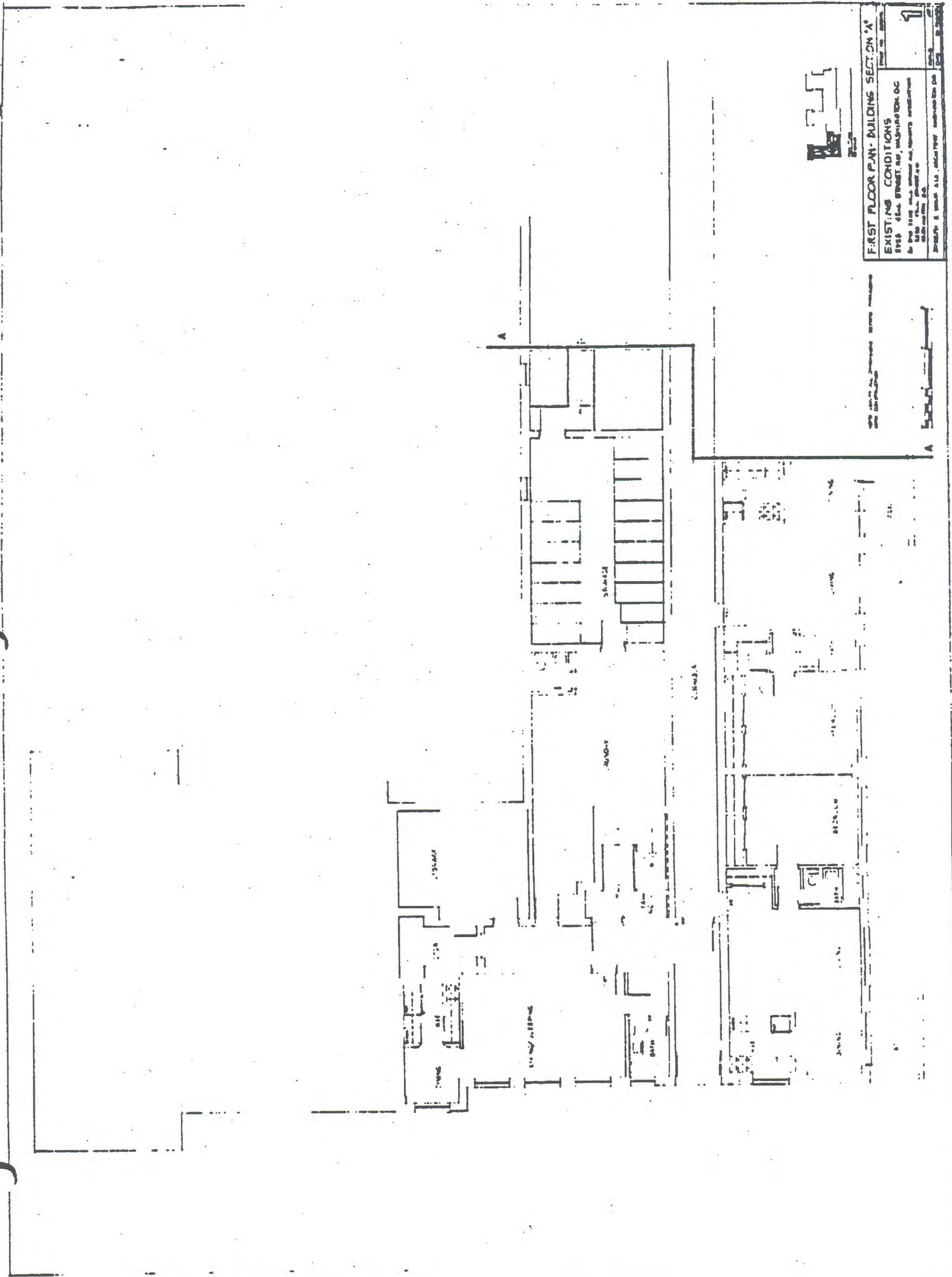
4



FIRST FLOOR PLAN - BUILDING SECTION 10
EXISTING CONDITIONS
 1000 4th STREET NW, WASHINGTON DC
 1000 4th Street NW
 1000 4th Street NW
 1000 4th Street NW
 1000 4th Street NW



FIRST FLOOR PLAN BUILDING SECTION D
 EXISTING CONDITIONS
 JAMES H. HARRIS, ARCHT. INC., WASHINGTON, D.C.
 2



FIRST FLOOR PLAN - BUILDING SECTION 'A'

EXISTING CONDITIONS
 1515 42nd STREET, NW, WASHINGTON, DC

DATE: 10/10/00
 DRAWN BY: [Name]
 CHECKED BY: [Name]

SCALE: 1/8" = 1'-0"



1

PLAT OF CONDOMINIUM SUBDIVISION

2325 42ND STREET, NW.
WASHINGTON DC.

LOT 18 SQUARE 1708

In accordance with the Condominium Act of 1970, D.C. Law 1-89, the undersigned, owner of Lot 18, Square 1708, recorded in Book 136, Page 145, in the Office of the Surveyor of the District of Columbia, hereby subdivides the building shown hereon into condominium units with certain general and limited common elements as more fully set forth in the Declaration and By-laws of the project recorded in the Office of the Recorder of Deeds of the District of Columbia as Instrument Number _____ on _____

The undersigned owner further requests that the condominium project as shown on the attached plats consisting of six (6) sheets be accepted for recordation in the Office of the Surveyor of the District of Columbia.

The undersigned owner, being first duly sworn, certifies, deposes, and says that the 2325 42nd Street, N.W. Tenants Association is the owner in fee simple of the above mentioned property including improvements; that no person or persons other than the undersigned have any interest or claim therein except for the existing trusts noted below; that the undersigned is in peaceful occupation thereof; that there are no suits or actions pending affecting the title to said property including the improvements; and that there is no trust (s) in said property; that the use of the individual units conform to the applicable laws and regulations of the District of Columbia.

Witness our hands and seals this _____ day of _____, 19____.

WITNESSES

OWNER

TRUSTEES

2325 42nd Street, N.W. Tenants Association

Its Assent:

By _____
Richard Harlan, President

Subscribed and sworn to before me this _____ day of _____, 19____.

Notary Public My Commission Expires _____, 19____.

LAND SURVEYOR'S & ARCHITECTS CERTIFICATE

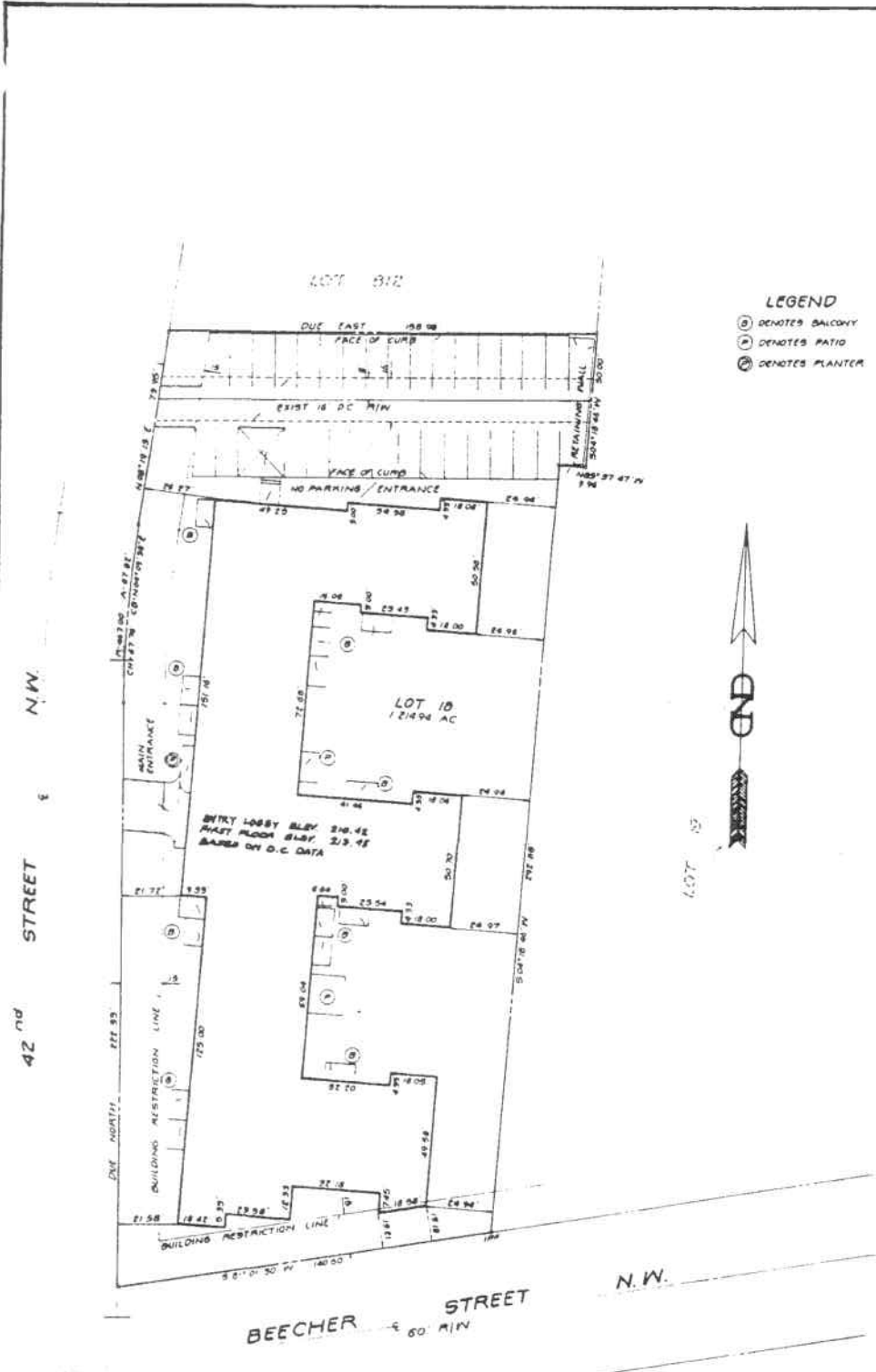
We hereby certify that this plat, consisting of six (6) sheets, represents a field survey made under our direction, and that the information shown hereon is in conformance with the records of the Office of the Surveyor of the District of Columbia and complies with the requirements of D.C. Law 1-89. We further certify that all units and limited common elements assigned thereto have been substantially completed.

As to sheets 1, and all vertical boundaries:
DEWBERRY, NEALON, and DAVIS; ENGINEERS, PLANNERS, SURVEYORS

As to Sheets 3 to 6.
JOSEPH E. WNUK, A.I.A., ARCHITECT

Joseph E. Wnuik, D.C. Reg. No. A-2379

<p>DEPARTMENT OF FINANCE AND REVENUE</p> <p>_____, 19____</p> <p>Ownership correct according to records of this office</p> <p>General taxes paid to: _____</p> <p>No unpaid arrears: _____</p> <p>No unpaid special assessment: _____</p> <p>_____ Associate Director, Assessment Administration</p>	<p>DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT</p> <p>_____, 19____</p> <p>I certify that this subdivision complies with the Zoning Regulations of the District of Columbia</p> <p>Zoning _____</p> <p>_____ Chief, Zoning Regulations Division</p>	<p>OFFICE OF THE SURVEYOR, D.C.</p> <p>_____, 19____</p> <p>These plats are accepted for recordation in accordance with the Condominium Act of 1970, D.C. Law 1-89, effective March 29, 1979.</p> <p>Recorded, Condominium Book _____</p> <p>Surveyor, D.C. _____</p> <p>Pages _____</p> <p>Date _____ Time _____</p>
--	---	---



- LEGEND**
- ⊙ DENOTES BALCONY
 - ⊙ DENOTES PATIO
 - ⊙ DENOTES PLANTER



NOTES
 1. NO TITLE REPORT FURNISHED
 2. 1/2" IRON PIPE FOUND

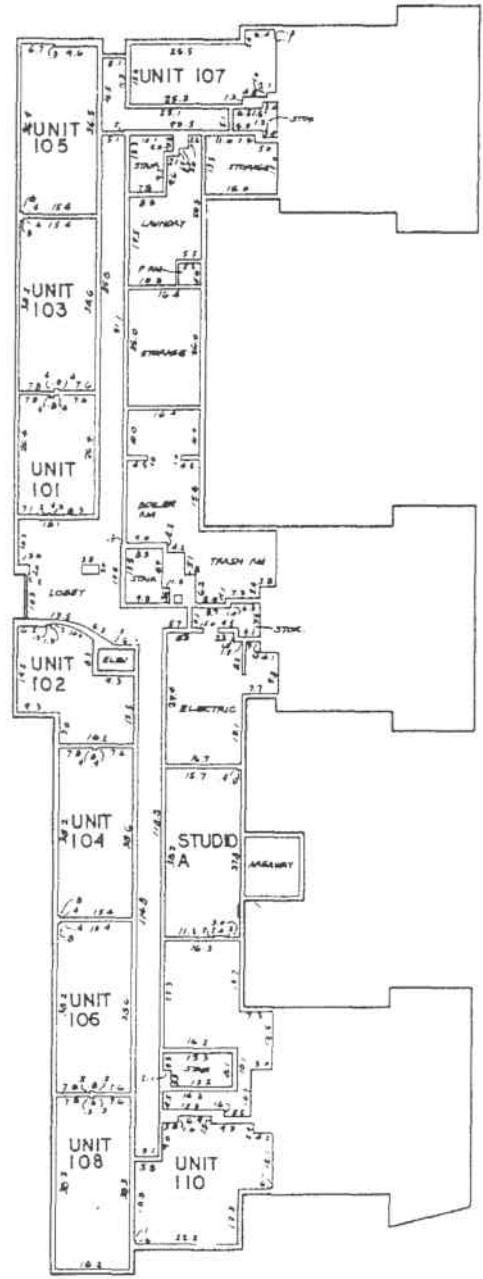
CERTIFIED CORRECT

[Handwritten Signature]

PLAT SHOWING
 BUILDING LOCATION ON
LOT 18 SQUARE 1708
 LIBER 136 FOLIO 143
 WASHINGTON, D.C.

SCALE 1" = 25' MARCH, 1980

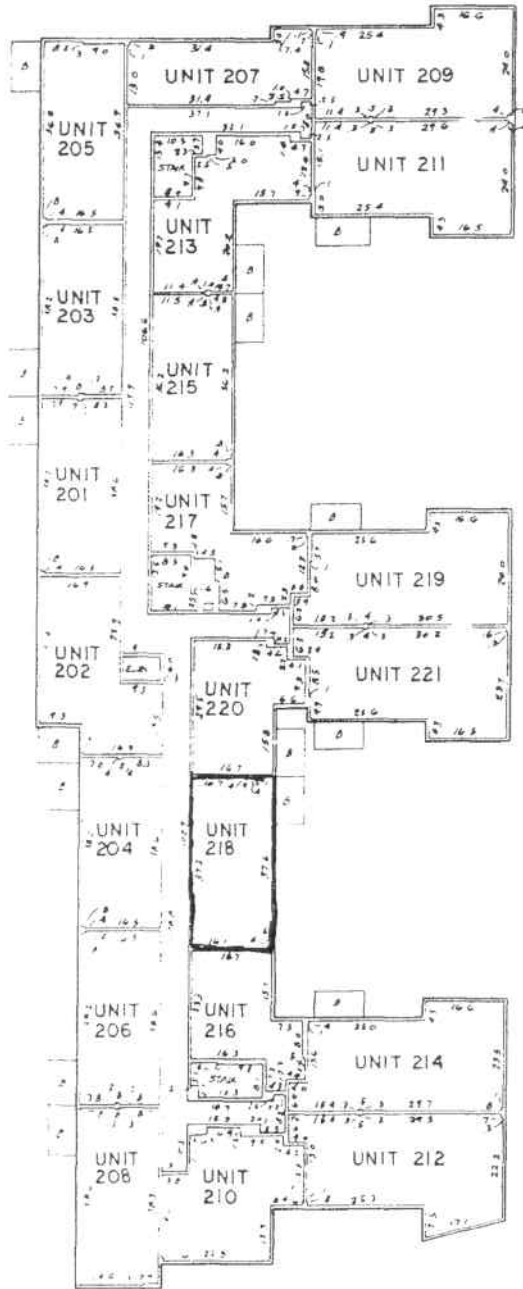
DENBERRY, NEALON, AND DAVIS
 ENGINEERS PLANNERS SURVEYORS
 8411 ARLINGTON BOULEVARD, FAIRFAX, VIRGINIA



FIRST FLOOR
FLOOR ELEV. 213.45 CEILING ELEV. 222.37
NOTE LOBBY ENTRANCE ELEV. 210.42

PLAT OF CONDOMINIUM SUBDIVISION
LOT 18 SQUARE 1708

SCALE 1/4" = 20' MAY 1980



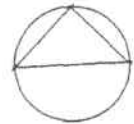
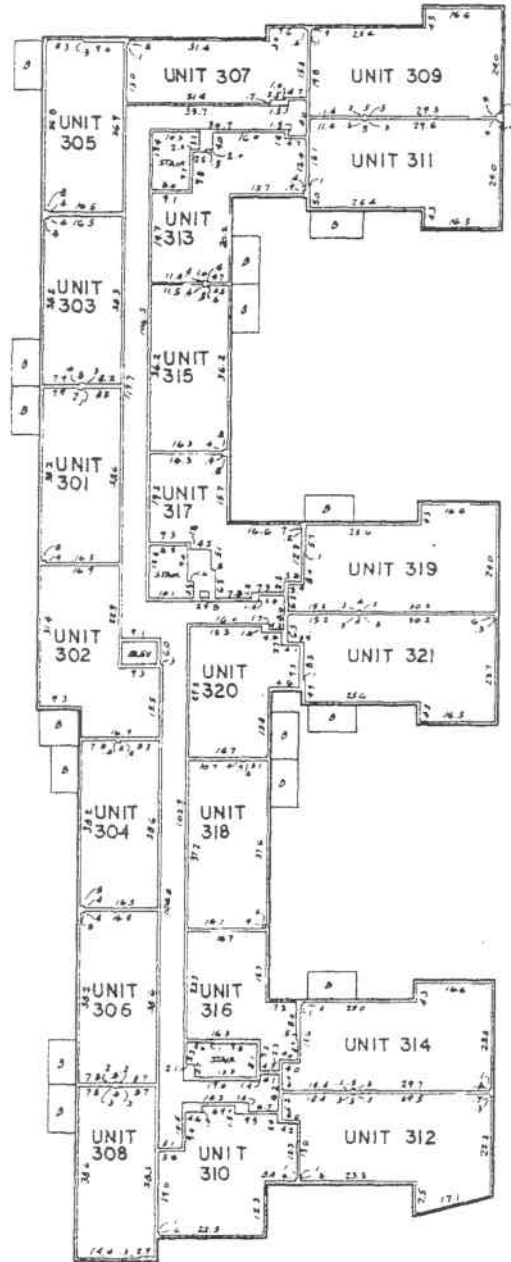
SECOND FLOOR

FLOOR ELEV 22.55 CEILING ELEV 23.57

PLAT OF CONDOMINIUM SUBDIVISION
LOT 18 SQUARE 1708

SCALE 1" = 20'

MAY 1980



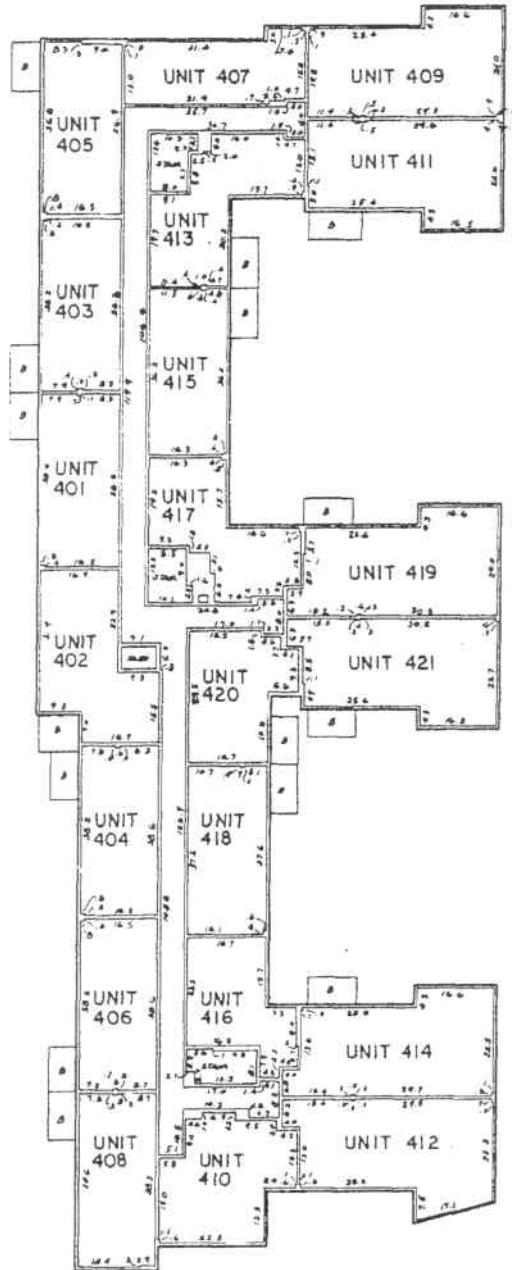
THIRD FLOOR

FLOOR ELEV. 232.50 CEILING ELEV. 240.00

PLAT OF CONDOMINIUM SUBDIVISION
LOT 18 SQUARE 1708

SCALE 1"=20'

MAY 1980



FOURTH FLOOR

FLOOR ELEV. 241.50 CEILING ELEV. 249.71

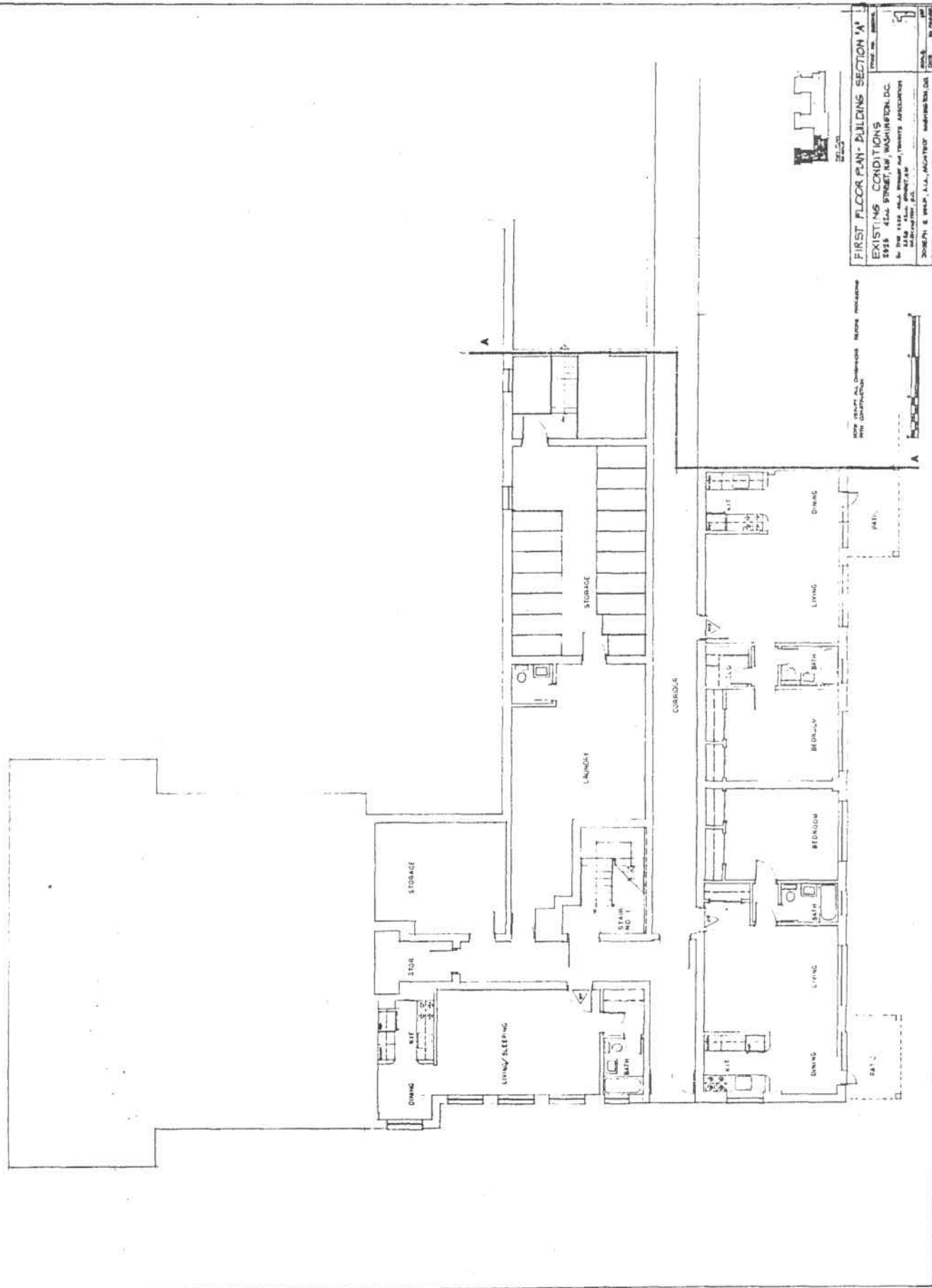
PLAT OF CONDOMINIUM SUBDIVISION
LOT 18 SQUARE 1708

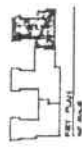
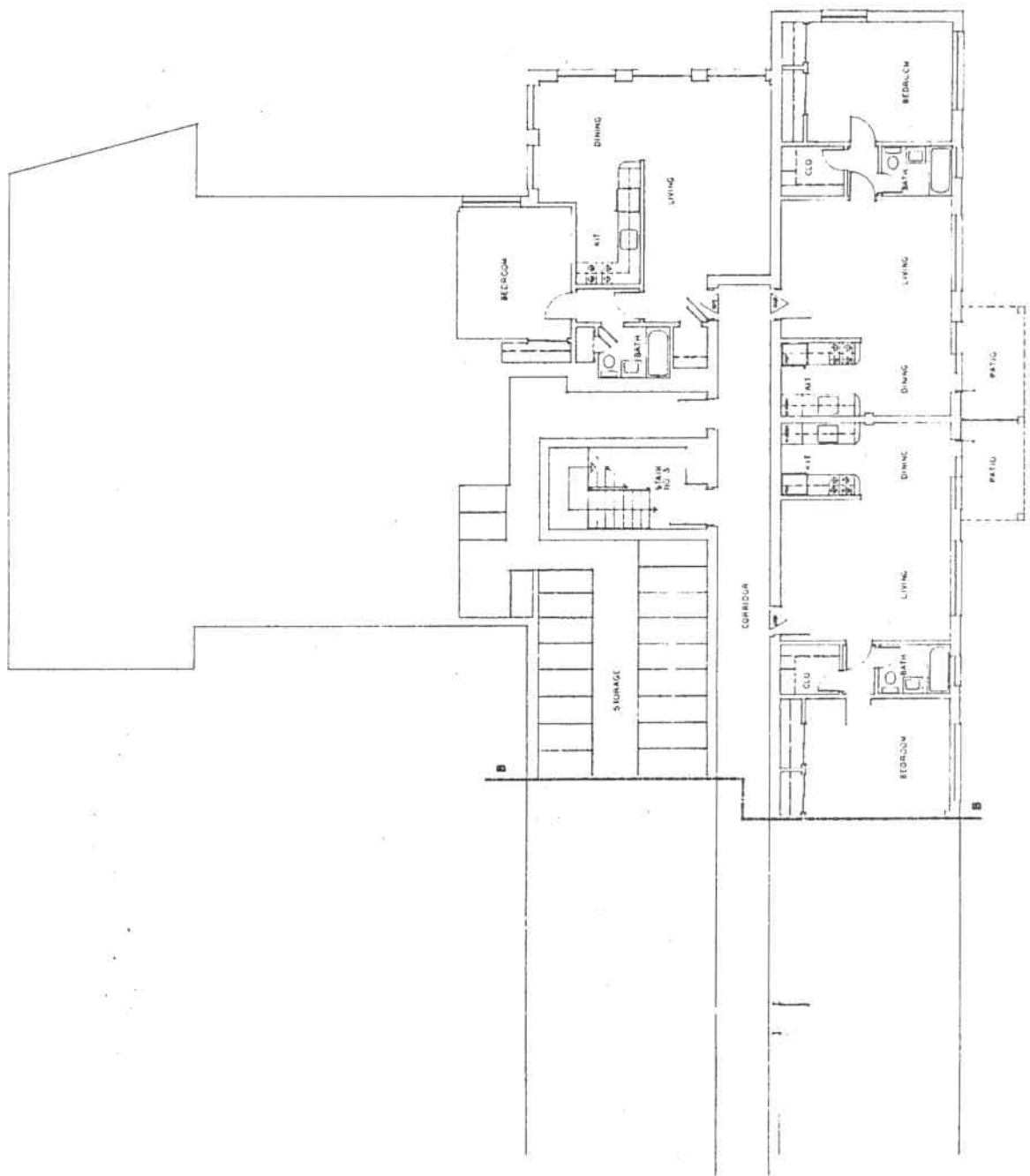
SCALE 1"=20'

MAY 1980

FIRST FLOOR PLAN - BUILDING SECTION M*
EXISTING - CONDITIONS
 4525 45th STREET, NW, WASHINGTON, DC
 JOSEPH E. WELSH, AIA, ARCHITECT
 WASHINGTON, DC

NOT TO SCALE
 ALL DIMENSIONS IN FEET AND INCHES
 UNLESS OTHERWISE NOTED



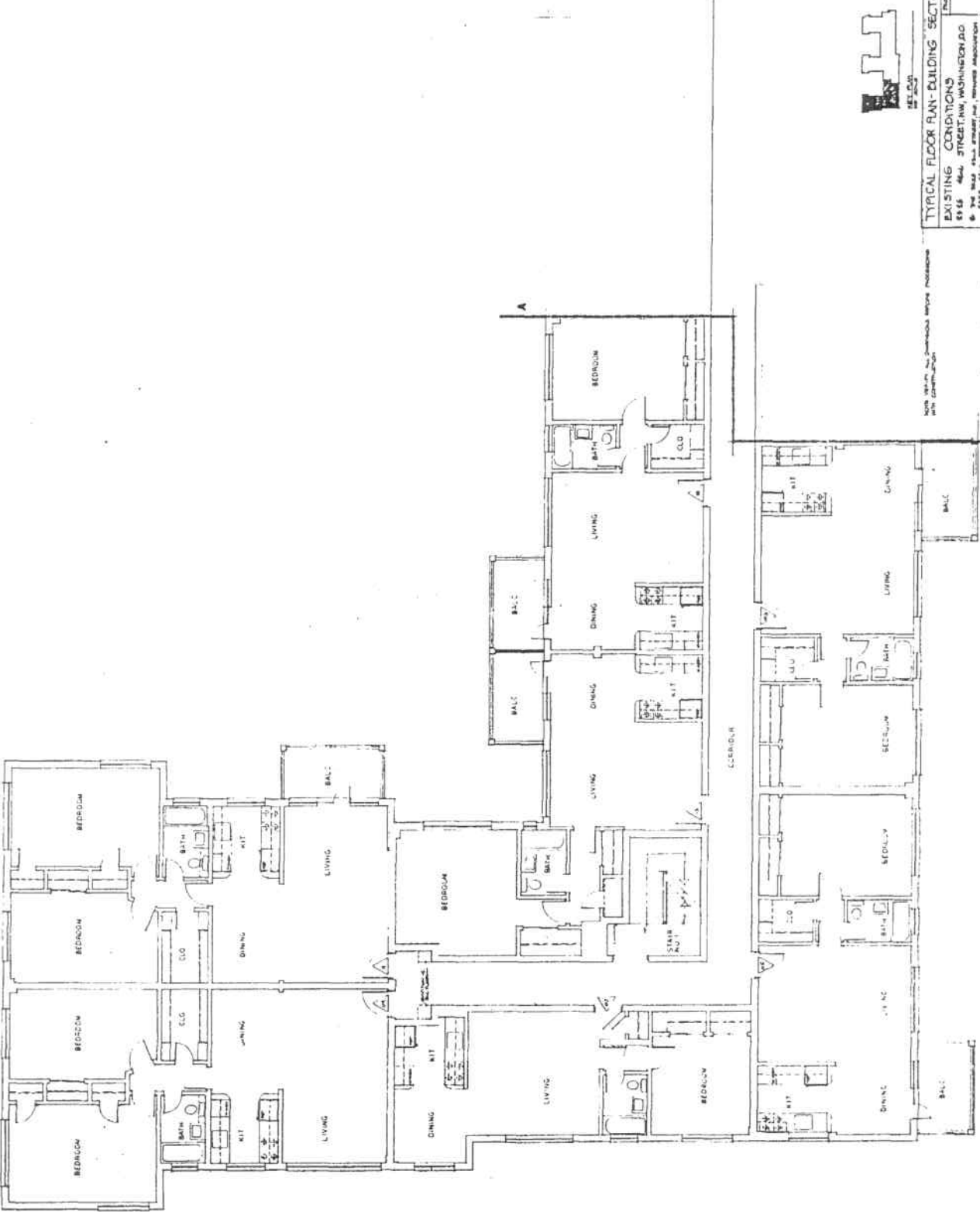


FIRST FLOOR PLAN - BUILDING SECTION 'C'
 EXISTING CONDITIONS
 2218 14th STREET, N.W., WASHINGTON, D.C.
 ARCHITECT: JAMES H. HARRIS ASSOCIATES
 1340 14th Street, N.W.
 Washington, D.C.
 JOSHUA S. YOUNG, AIA, ARCHITECT
 14th Street, N.W.
 WASHINGTON, D.C.

DATE: 10/15/2010
 SCALE: 1/8" = 1'-0"

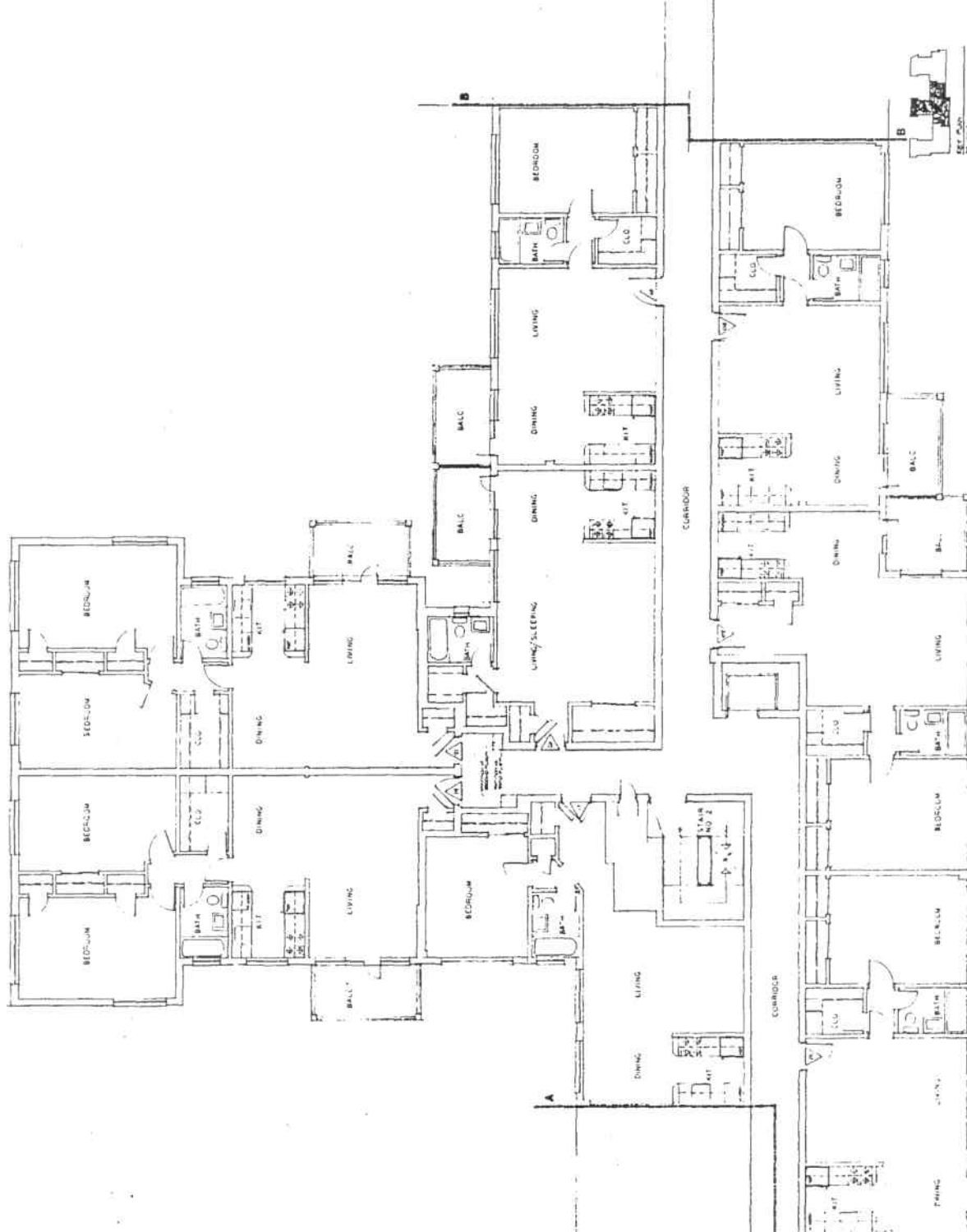


3



TYPICAL FLOOR PLAN - BUILDING SECTION #4
 EXISTING CONDITIONS
 6155 4th STREET NW, WASHINGTON DC
 6155 4th STREET NW, STRONG ASSOCIATION
 WASHINGTON, D.C.
 DRAWN BY: J. L. H. / M. G. / 10/17/07
 DATE: 10/17/07

NOTE: SEE ALL DIMENSIONS BEFORE PROCEEDING
 AND CORRECT AS SHOWN



TYPICAL FLOOR PLAN-BUILDING SECTION 'D'

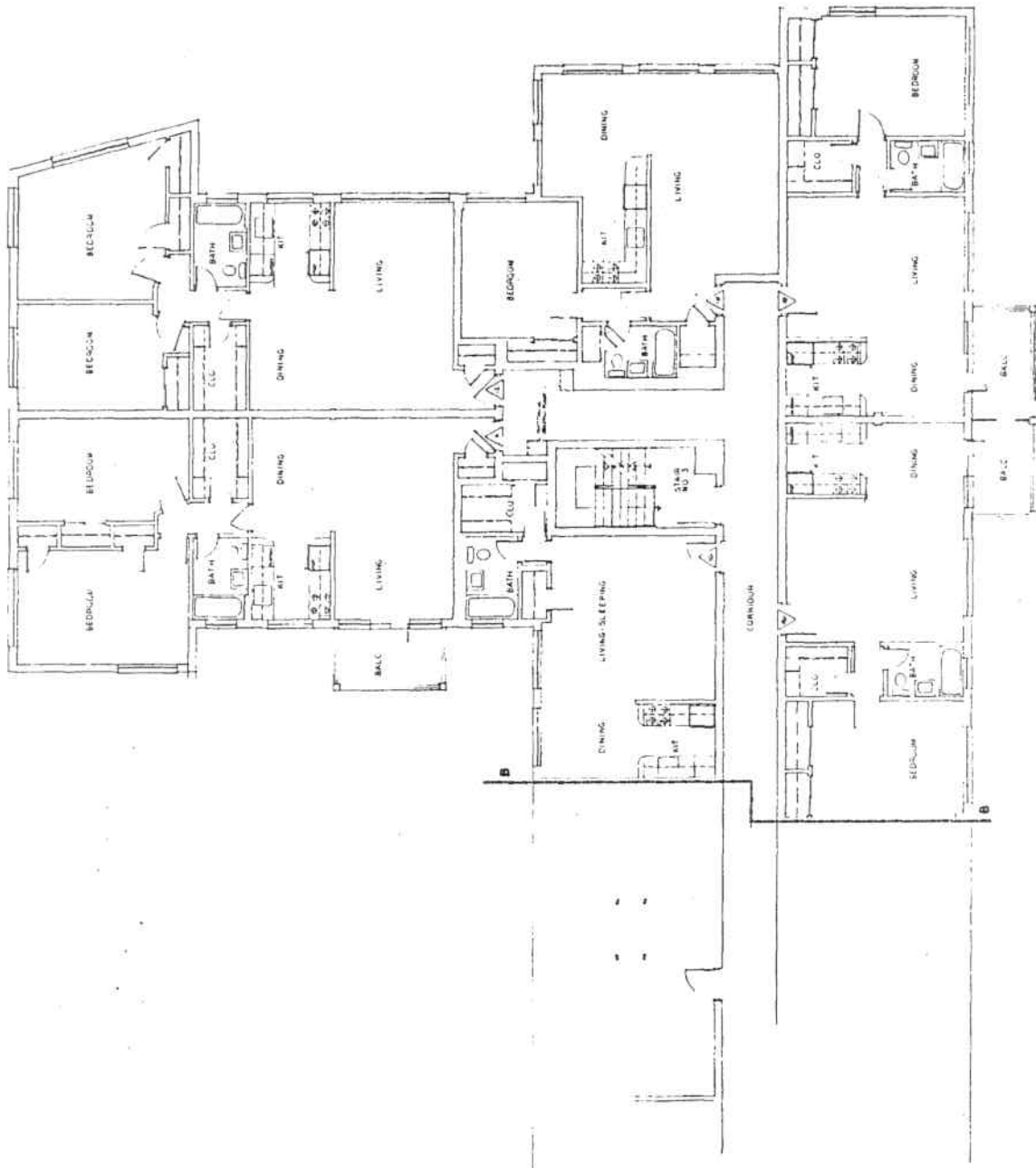
EXISTING CONDITIONS
 1315 43rd STREET, WASHINGTON, D.C.
 ARCHITECT: THOMAS H. HARRIS ARCHITECTS
 WASHINGTON, D.C.
 JOB NO. 5749 A.L.A. NORTH WASHINGTON DC

DATE: 10/1/57

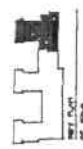
5

NOT BEHIND AN EXISTING WALL OR COLUMN
 SEE CONSTRUCTION





SEE SHEETS FOR EXISTING AND PROPOSED WORK



TYPICAL FLOOR PLAN-BUILDING SECTION C'

EXISTING CONDITIONS
 8125 14th STREET, N.W., WASHINGTON, D.C.
 ARCHITECT: JAMES H. HARRIS & ASSOCIATES
 WASHINGTON, D.C.

DATE: 10/15/68
 SHEET NO. 6

Reserve Report
2325 42nd Street N.W. Condominium

REPLACEMENT RESERVE REPORT FY 2014

2325 42ND STREET CONDOMINIUM



REPLACEMENT RESERVE REPORT FY 2014
2325 42ND STREET CONDOMINIUM

Community Management by:

EJF REAL ESTATE SERVICES

Rebecca Clark

1428 U Street NW
Second Floor
Washington DC 20009
202.756.4011

Consultant:



929 West Street, Suite 310
Annapolis, MD 21401
Tel: 410.268.0479
Fax: 410.268.8483
www.mdareserves.com



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REPLACEMENT RESERVE REPORT

2325 42ND STREET CONDOMINIUM

Washington, DC



Scope. 2325 42nd Street Condominium is a four-story, mid-rise apartment style condominium building with a total of 73 units located in Washington, DC. The building was constructed in 1956 and converted to condominiums in 1984. The survey examined the common elements of the property, including:

- Asphalt drive and parking, concrete flatwork and curb and gutter.
- Retaining walls, trash corral, fencing, and railings.
- Building exterior, windows, entrance doors, roof, and balconies.
- Common interior corridors, stairways, laundry, and storage rooms
- Building HVAC, domestic hot water, elevator, and fire alarm system.
- Electrical service equipment and plumbing piping.

Level of Service. This study has been performed as a Level II Update, With Site Visit/On-Site Review as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. As such, the component inventory is based on the study that was performed by Miller - Dodson Associates dated April 11, 2008. This information was adjusted to reflect changes to the inventory that were provided by the community manager, and the quantities were adjusted accordingly from field measurement and/or quantity takeoffs from to-scale drawings. The condition of all commonly-owned components was ascertained from a site visit and the visual inspection of each component by the Analyst. The life expectancy and the value of components are provided based in part on these observations. The fund status and funding plan have been derived from analysis of this data.

Section A

Replacement Reserve Analysis

Executive Summary
Reserve Status & Funding Plan - A1
General Information - A2
Cash Flow Method - A4
Cash Flow Inflation Funding - A6
Current Association Funding - A8
Current Funding and Reserve Analysis
Comments - A10

Section B

Replacement Reserve Inventory

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

Section C

Projected Annual Replacements

Projected Annual Replacements
General Information - C1
Reserve Analysis and Inventory Policies,
Procedures, and Administration - C2
Calendar of
Projected Annual Replacements - C2

Section D

Condition Assessment

Section E

Attachments

Accounting Summary
Appendix
Video Answers to Frequently Asked
Questions

Purpose. The purpose of this Replacement Reserve Study is to provide 2325 42nd Street Condominium (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

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

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

- The Request for Proposal submitted and executed by the Association.
- Our visual evaluation and measurements on March 19, 2013. Miller - Dodson Associates has visually inspected the common elements of the property in order to ascertain the remaining useful life and the replacement costs of these components.

Current Funding. This reserve study has been prepared for Fiscal Year 2014 covering the period from July 1, 2013 to June 30, 2014. The Replacement Reserves on deposit as of February 28, 2013 are reported to be \$274,582.03. The planned contribution for the fiscal year is \$87,996.00. This results in a Reserve Fund balance at the start of the fiscal year as follows:

2/28/2013 balance	\$274,582.03
4 months contribution	29,332.00
Planned expenditures	-0-
FY 2014 opening balance	\$303,914.03

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

Engineering Drawings. No architectural drawings or engineering site plans were available for review in connection with this study. We recommend the Association assemble a library of site and building plans of the entire community. Reproducible drawings should be stored and kept in a secure fireproof location. The Association will find these drawings to be a valuable resource in planning and executing future projects.

Acknowledgement. Miller - Dodson Associates would like to acknowledge the assistance and input of Ms Rebecca Clark of EJV Real Estate who provided very helpful insight into the current operations at the property.

Analyst's Credentials. This study has been performed by Mr. Harvey Mosier. Mr. Mosier has a degree in Business Administration and over 40 years experience in project design, contract administration, and inspection of public and private facilities. As a consultant, Mr. Mosier has completed multiple facilities studies, life cycle cost studies, and analyses for repair versus replacement of facilities and systems. He is currently a Reserve Analyst for Miller - Dodson Associates, Inc.

Respectfully submitted,
MILLER - DODSON ASSOCIATES, INC.

Harvey Mosier
Reserve Analyst

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EXECUTIVE SUMMARY

The 2325 42nd Street Condominium Replacement Reserve Inventory identifies 112 Projected Replacements for funding from Replacement Reserves, with an estimated one-time replacement cost of \$2,058,227.

The Replacement Reserve Analysis calculates recommended funding of Replacement Reserves by the two generally accepted methods, the Cash Flow Method and the Component Method. The Analysis also evaluates current funding of Replacement Reserves, as reported by the Association. The calculations and evaluation are summarized below:

\$61,278 CASH FLOW METHOD MINIMUM ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.

\$69.95 Per unit (average), minimum monthly funding of Replacement Reserves

The Cash Flow Method (CFM) calculates Minimum Annual Funding of Replacement Reserves that will fund Projected Replacements identified in the Replacement Reserve Inventory from a common pool of Replacement Reserves and prevent Replacement Reserves from dropping below a Minimum Recommended Balance.

CFM - Minimum Annual Funding remains the same between peaks in cumulative expenditures called Peak Years.

The first Peak Year occurs in 2042 and the CFM - Minimum Annual Funding of Replacement Reserves in 2043 declines to \$36,389 (\$41.54 per unit, per month), after the completion of \$1,978,052 of replacements in 2014 to 2042.

After 2042 the CFM - Minimum Annual Funding remains constant for the remainder of the Study Period.

\$128,716 COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.

\$146.94 Per unit (average), recommended monthly funding of Replacement Reserves

The Component Method is a very conservative funding model developed by HUD in the early 1980's.

The Component Method treats each projected replacement in the Replacement Reserve Inventory as a separate account. Deposits are made to each individual account, where funds are held for exclusive use by that item.

Based on this funding model, the Association has a Current Funding Objective of \$766,715.

The Association reports having \$303,914 on deposit, which is 39.6% funded.

\$87,996 CURRENT ANNUAL FUNDING OF REPLACEMENT RESERVES (as reported by the Association).

\$100.45 Per unit (average), reported current monthly funding of Replacement Reserves

The evaluation of Current Funding, as reported by the Association, has calculated that if the Association continues to fund Replacement Reserves at the current level, there will be adequate funds for Projected Replacements throughout the entire 30-year Study Period.

Pages A2 and A3 explain the Study Year, Study Period, Adjustments (interest & inflation), Beginning Balance, and Projected Replacements. Pages A4 to A9 explain in more detail the calculations associated with the Cash Flow Method, Component Method, and Current Funding.

REPLACEMENT RESERVE STATUS AND FUNDING PLAN

Current funding of Replacement Reserves is adequate to fund Projected Replacements.

We recommend the Association adopt a Replacement Reserve Funding Plan based on the Cash Flow Method or the Component Method, to ensure that adequate funding is available throughout the 30-Year Study Period for the \$1,989,902 of Projected Replacements listed in the 2325 42nd Street Condominium Replacement Reserve Inventory.

The Funding Plan should be professionally updated every three to five years or after completion of each major replacement project. The Board of Directors has a fiduciary responsibility to review the Funding Plan annually and should consider annual increases in Replacement Reserve funding at least equal to the Producer Price Index.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The 2325 42nd Street Condominium Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method and the Component Method, and the evaluation of the Current Funding, are based upon the same General Information; including the Study Year, Study Period, Beginning Balance, and Projected Replacements.

STUDY YEAR

The Association reports that their accounting year begins on July 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on July 1, 2013.

STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 30-year Study Period that begins on July 1, 2013.

BEGINNING BALANCE

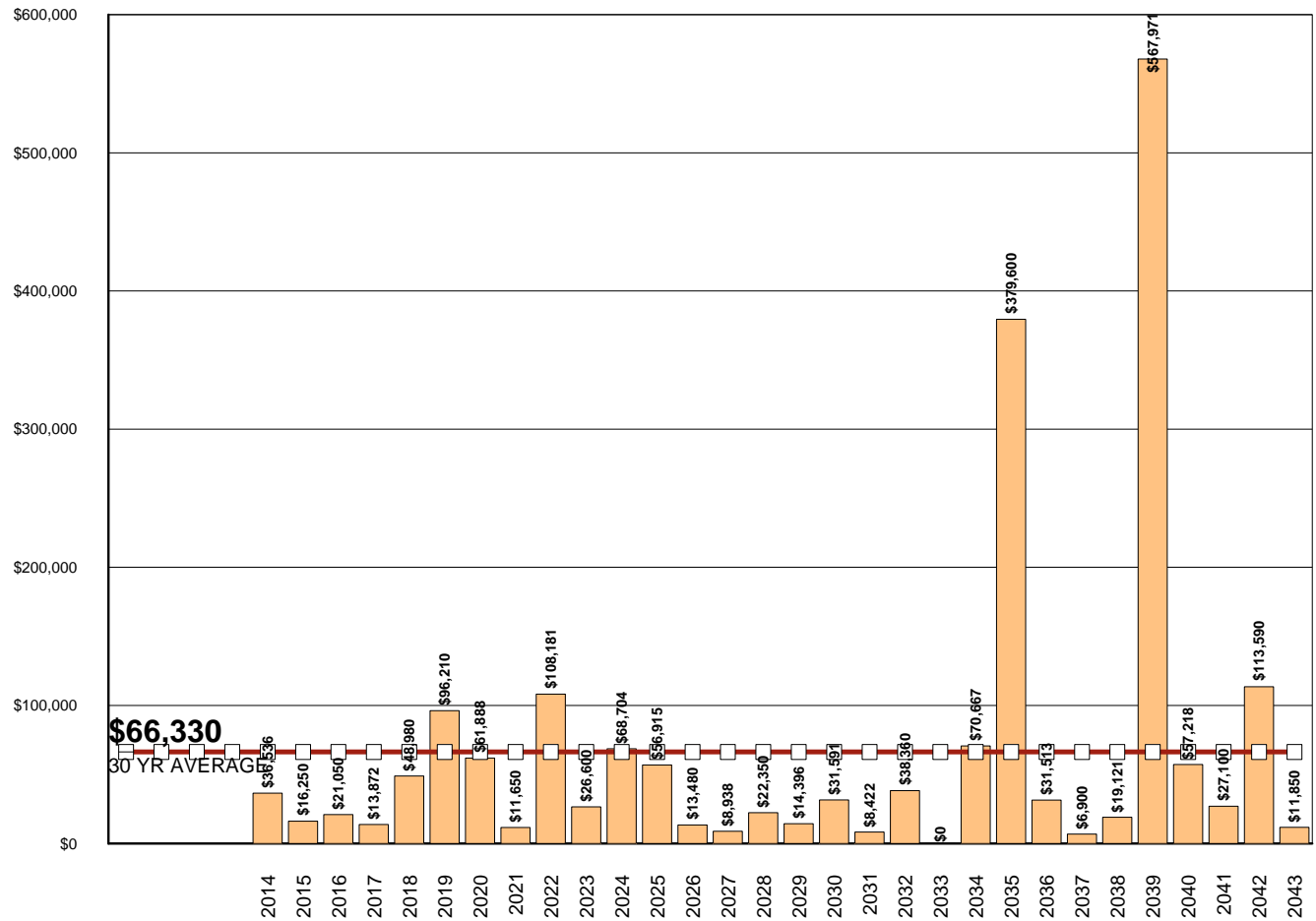
The Association reports Replacement Reserves on Deposit totaling \$303,914 at the start of the Study Year.

ADJUSTMENTS AND INFLATION

The short term consequences of 4.50% inflation and no constant annual increase in Reserve funding on the Cash Flow Method, as calculated by a proprietary model developed by Miller + Dodson Associates, are shown on Pages A6 and A7. Other calculations in this Analysis do not account for inflation or a constant annual increase. The calculations in this Analysis do not account for interest earned on Replacement Reserves.

Graph #1. Annual Expenditures for Projected Replacements

This bar graph summarizes annual expenditures for the \$1,989,902 of Projected Replacements identified in the Replacement Reserve Inventory over the 30-year Study Period. The red line shows the average annual expenditure of \$66,330.



PROJECTED REPLACEMENTS

The 2325 42nd Street Condominium Replacement Reserve Inventory (Section B) identifies 112 Projected Replacements with a one-time Replacement Cost of \$2,058,227 and replacements totaling \$1,989,902 in the 30-year Study Period. Projected Replacements are the replacement of commonly-owned items that:

- require periodic replacement and
- whose replacement is to be funded from Replacement Reserves.

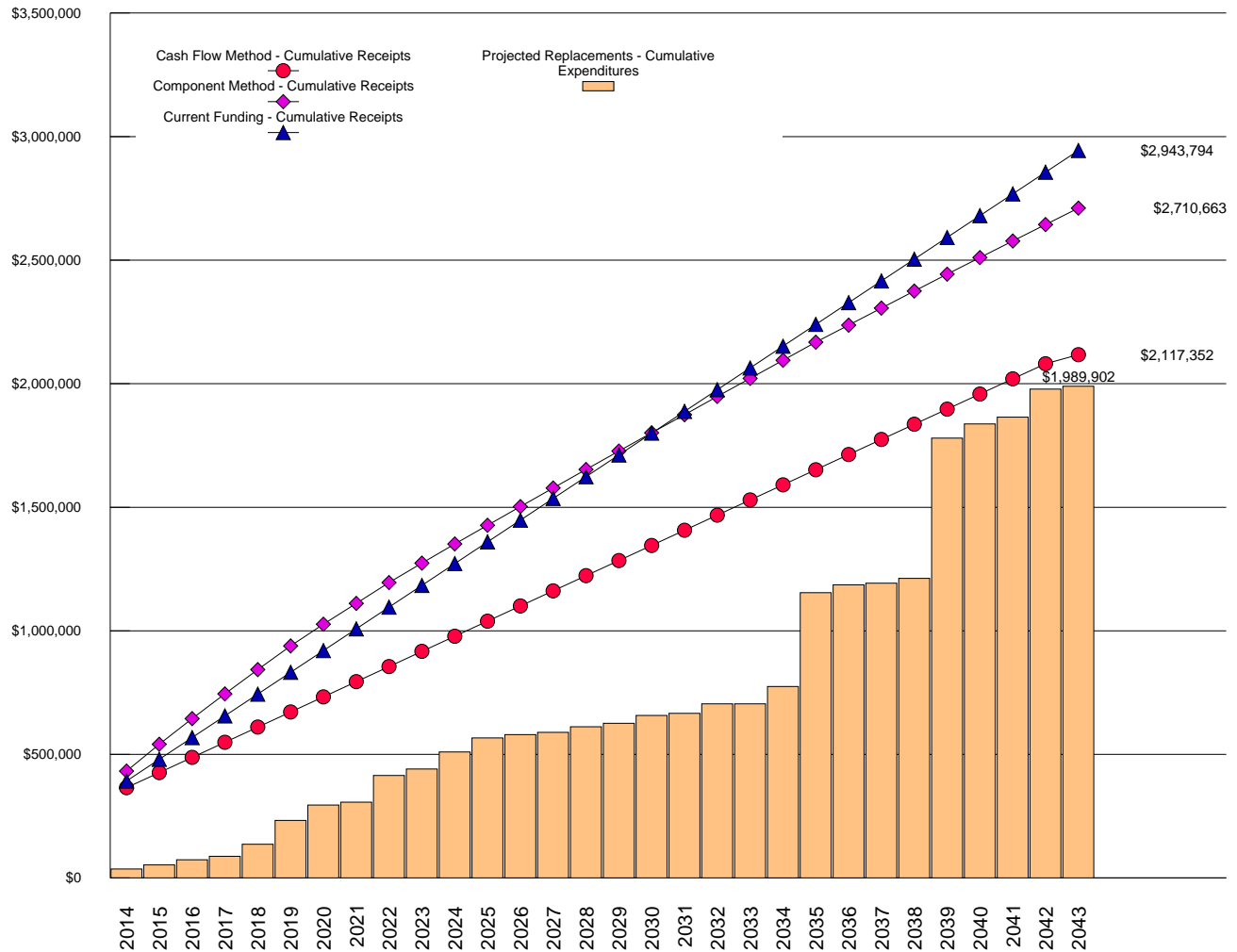
The accuracy of the 2325 42nd Street Condominium Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 112 Projected Replacements specifically listed in the Replacement Reserve Inventory.

To further assist in the identification of items not appropriately funded from Replacement Reserves, the Replacement Reserve Inventory identifies 41 Excluded Items. The rationale behind the exclusion of items from funding by Replacement Reserves is discussed in detail on Page B1.

The Section B - Replacement Reserve Inventory, contains Tables that list each Projected Replacement (and any Excluded Items) broken down into 14 major categories (Pages B3 to B16). Tables are also included that list each Projected Replacement by year for each of the 30 years of the Study Period beginning on Page C1.

Graph #2. Comparison of Cumulative Replacement Reserve Funding and Expenditures

The line graph shows Replacement Reserves - Cumulative Receipts over the 30-year Study Period by the Cash Flow Method (red circles), Component Method (purple diamonds), and the Current Funding Plan as reported by the Association (blue triangles). The bar graph shows the Cumulative Expenditures necessary to fund the Project Replacements listed in the Replacement Reserve Inventory (Section B) and summarized in Graph #1.



CASH FLOW METHOD



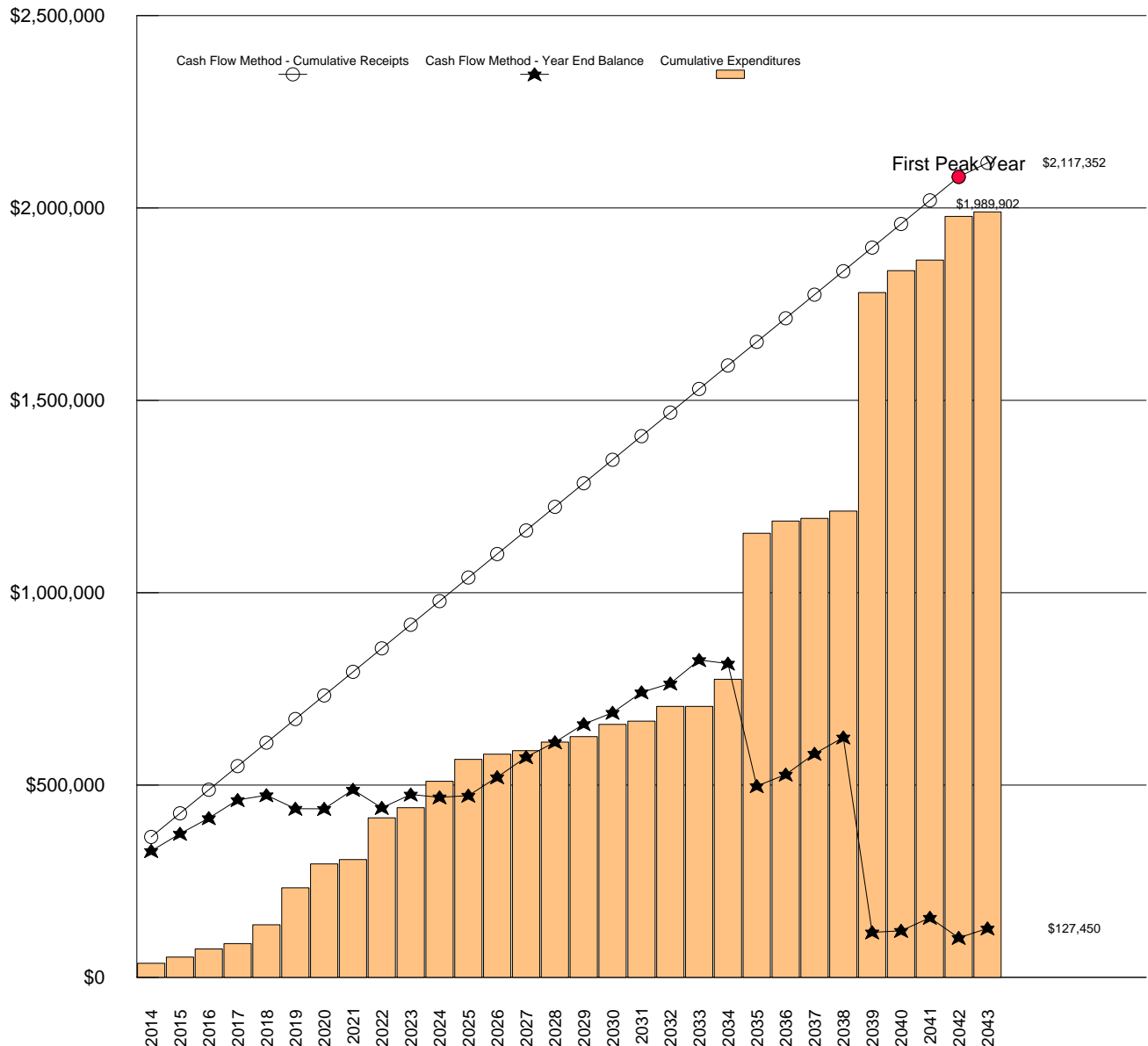
\$61,278 CASH FLOW METHOD MINIMUM ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.

\$69.95 Per unit (average), minimum monthly funding of Replacement Reserves

General. The Cash Flow Method (also referred to as the Straight Line Method) is founded on the concept that the Replacement Reserve Account is solvent if cumulative receipts always exceed cumulative expenditures. The Cash Flow Method calculates a MINIMUM annual deposit to Replacement Reserves that will:

- Fund all Projected Replacements listed in the Replacement Reserve Inventory (see Section B)
- Prevent Replacement Reserves from dropping below the Minimum Recommended Balance (see Page A-5)
- Allow a constant annual funding level between peaks in cumulative expenditures

Graph #3. Cash Flow Method - Cumulative Receipts and Expenditures Graph



CASH FLOW METHOD (cont'd)

- Replacement Reserves - Minimum Recommended Balance. The Minimum Recommended Balance is \$102,911, which is 5.0 percent of the one-time replacement cost of the Projected Replacements listed in the Replacement Reserve Inventory. Unless otherwise noted in the Comments on Page A-9, the Minimum Recommended Balance has been established by the Analyst based upon an evaluation of the types of items included in the Replacement Reserve Inventory.
- Peak Years. The Cash Flow Method calculates a constant annual funding of Replacement Reserves between peaks in cumulative expenditures called Peak Years. In Peak Years, Replacement Reserves on Deposit decline to the Replacement Reserves - Minimum Recommended Balance discussed in the paragraph above.
 First Peak Year. The First Peak Year occurs in 2042, after the completion of \$1,978,052 of replacements in 2014 to 2042. The Cash Flow Method - Minimum Annual Funding of Replacement Reserves declines from \$61,278 in 2042 to \$36,389 in 2043.
 Subsequent Peak Years. There are no subsequent Peak Years and after the first Peak Year in 2042, the Cash Flow Method - Minimum Annual Funding remains constant for the remainder of the Study Period.
- Study Period. The Cash Flow Method calculates the recommended contributions to Replacement Reserves over the 30-year Study Period. These calculations are based upon a 40-year projection of expenditures for Projected Replacements to avoid the Replacement Reserve balance dropping to the Minimum Recommended Balance in the final year of the Study Period.
- Failure to Fund. The Cash Flow Method calculates a MINIMUM annual funding of Replacement Reserves. Failure to fund Replacement Reserves at the minimum level calculated by the Cash Flow Method will result in Replacement Reserves not being available for the Projected Replacements listed in the Replacement Reserve Inventory and/or Replacement Reserves dropping below the Minimum Recommended Balance.
- Adjustment to the Cash Flow Method for interest and inflation. The funding recommendations on Pages A4 and A5 do not account for interest earned on Replacement Reserves, the effects of inflation of the cost of Projected Replacements, or a constant annual increase in Annual Funding of Replacement Reserves.
- Comparison of Cash Flow Funding and Average Annual Expenditure. The Average Annual Expenditure for Projected Replacements listed in the Reserve Inventory over the 30-year Study Period is \$66,330 (see Graph #1). The Cash Flow Method - Minimum Annual Funding of Replacement Reserves in the Study Year is \$61,278. This is 92.4 percent of the Average Annual Expenditure, indicating that the Association is building Replacement Reserves in advance of the first Peak Year in 2042.

Table #1. Cash Flow Method Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning balance	\$303,914									
Minimum annual funding	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278
Expenditures	\$36,536	\$16,250	\$21,050	\$13,872	\$48,980	\$96,210	\$61,888	\$11,650	\$108,181	\$26,600
Year end balance	\$328,656	\$373,683	\$413,911	\$461,316	\$473,614	\$438,681	\$438,071	\$487,698	\$440,795	\$475,472
Minimum recommended balance	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911
Cumulative expenditures	\$36,536	\$52,786	\$73,836	\$87,708	\$136,688	\$232,898	\$294,786	\$306,436	\$414,617	\$441,217
Cumulative receipts	\$365,192	\$426,469	\$487,747	\$549,024	\$610,302	\$671,579	\$732,857	\$794,134	\$855,412	\$916,690
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minimum annual funding	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278
Expenditures	\$68,704	\$56,915	\$13,480	\$8,938	\$22,350	\$14,396	\$31,591	\$8,422	\$38,360	
Year end balance	\$468,047	\$472,409	\$520,207	\$572,547	\$611,474	\$658,356	\$688,043	\$740,898	\$763,816	\$825,093
Minimum recommended balance	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911
Cumulative expenditures	\$509,921	\$566,836	\$580,316	\$589,253	\$611,603	\$625,999	\$657,590	\$666,012	\$704,372	\$704,372
Cumulative receipts	\$977,967	\$1,039,245	\$1,100,522	\$1,161,800	\$1,223,077	\$1,284,355	\$1,345,633	\$1,406,910	\$1,468,188	\$1,529,465
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Minimum annual funding	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$61,278	\$36,389
Expenditures	\$70,667	\$379,600	\$31,513	\$6,900	\$19,121	\$567,971	\$57,218	\$27,100	\$113,590	\$11,850
Year end balance	\$815,704	\$497,381	\$527,146	\$581,524	\$623,680	\$116,987	\$121,046	\$155,224	\$102,911	\$127,450
Minimum recommended balance	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911	\$102,911
Cumulative expenditures	\$775,039	\$1,154,639	\$1,186,152	\$1,193,052	\$1,212,173	\$1,780,144	\$1,837,362	\$1,864,462	\$1,978,052	\$1,989,902
Cumulative receipts	\$1,590,743	\$1,652,020	\$1,713,298	\$1,774,575	\$1,835,853	\$1,897,131	\$1,958,408	\$2,019,686	\$2,080,963	\$2,117,352

First Peak Year

CASH FLOW METHOD - INFLATION ADJUSTED FUNDING**The Miller + Dodson Model**

General. The Cash Flow Method funding recommendations shown on pages A4 and A5 have been calculated in today's dollars with no adjustment for inflation. Recent swings in construction costs demonstrate the risk facing an Association that does not consider the effects of inflation when funding Replacement Reserves. Below is an outline of the proprietary model developed by Miller + Dodson to forecast short-term impact of inflation on reserve funding.

- Study Year. The Unit Replacement Costs in the Study Year (listed in Section B Inventory) reflect current construction costs.
- Year Two Inflation Adjusted Funding Calculation. The Year Two Starting Balance is calculated assuming Association compliance with the Study Year funding and replacement data listed on Page A7. Next, the Projected Replacement Costs are adjusted using the Construction Cost Inflation Rate (see detailed information below).
The adjusted data is then evaluated using the Cash Flow Method, calculating the Year Two Inflation Adjusted Minimum Annual Funding of Replacement Reserves.
- Year Three Inflation Adjusted Funding Calculation. The same methodology has been used to develop the Inflation Adjusted Cash Flow Method Minimum Annual Funding of Replacement Reserves in Year Three. Simple compounding has been used to calculate the Year Three Projected Replacement Costs.
- Year Four and Beyond. We have not calculated adjusted funding recommendations beyond the third year of the Study nor do we believe it is appropriate to do so. Inflation adjusted funding recommendations are not intended to be a substitute for the periodic evaluation of the common elements by an experienced Reserve Analyst. We recommend the common elements of the community be evaluated by a Reserve Analyst every 3 to 5 years and at the completion of major replacement projects, as recommended by the Community Associations Institute..

Base Construction Cost Inflation Rate. We have utilized a 4.50 percent base rate of inflation in our calculation of second and third year inflation adjusted funding. This rate of inflation is based upon our review of the Producer Price Indexes for Construction Materials, Structure Types & Subcontractors as published by the Bureau of Labor Statistics and our experience with recent pricing trends.

Assumptions. Cash Flow Method, Inflation Adjusted Funding in Year Two and Year Three is calculated based upon three assumptions discussed below and quantified on Page A7. Prior to approving a budget based upon the calculations, the Association should review the accuracy of the assumptions. If discrepancies are noted, contact Miller + Dodson Associates to arrange for a Replacement Reserve Study Update.

- Replacement Reserve Funding. We have assumed the Association will fund Replacement Reserves as recommended in the Study.
- Scheduled Replacements. We have assumed the Association will make Scheduled Replacements as discussed in the Study (beginning on Page C2) and that the cost of these replacements is in substantial compliance with the estimated replacement costs. We have further assumed that no Replacement Reserves will be used to fund replacements other than those specifically listed in the Replacement Reserve Inventory.
- Construction Cost Inflation Rate evaluation. Prior to approving a budget based upon the Year Two and Year Three Adjusted Replacement Reserve Funding calculations, the 4.50 percent base rate of inflation used in our should be compared to rates published by the Bureau of Labor Statistics. If a significant discrepancy (over 1 percent) is noted, contact Miller Dodson Associates prior to using the funding calculations.

Interest. The recommended funding calculations above do not account for interest earned on Replacement Reserves. In 2014, based on a 1.00 percent interest rate, we estimate the Association may earn \$3,160 on an average balance of \$316,285, \$3,521 on an average balance of \$352,447 in 2015, and \$3,984 on \$398,792 in 2016. The Association may elect to use these funds to reduce annual funding.

**CASH FLOW METHOD
THREE-YEAR FUNDING RECOMMENDATIONS WITH INFLATION
ADJUSTMENT**

2014 - STUDY YEAR

\$61,278 MINIMUM ANNUAL FUNDING

\$69.95 Per unit (average), minimum monthly funding of Replacement Reserves

The \$61,278 funding of Replacement Reserves in the Study Year has been calculated using current construction costs (listed in Section B Inventory). The Analyst has adjusted the costs to account for any time lag between the preparation of the Study and the Study Year.

2015 - YEAR TWO

\$64,563 INFLATION ADJUSTED MINIMUM ANNUAL FUNDING

\$73.70 Per unit (average), minimum monthly funding of Replacement Reserves

The \$64,563 inflation adjusted funding of Replacement Reserves in 2015 represents a 5.36 percent increase over the non-inflation adjusted funding recommendation of \$61,278 in the Study Year.

The specific assumptions used to calculate the Year Two Inflation Adjusted Funding are listed below. If the assumptions are inaccurate, do not use the data and contact Miller Dodson Associates to arrange for a Replacement Reserve Study Update. The assumptions are:

- Replacement Reserves on Deposit totaling \$328,656 on July 1, 2014.
- All 2014 Projected Replacements scheduled in the Replacement Reserve Inventory and listed on Page C2, having been accomplished in 2014 at a cost of \$36,536.
- An average annual Construction Cost Inflation Rate of 4.50 percent over the previous 12 month period.

2016 - YEAR THREE

\$68,096 INFLATION ADJUSTED MINIMUM ANNUAL FUNDING

\$77.73 Per unit (average), minimum monthly funding of Replacement Reserves

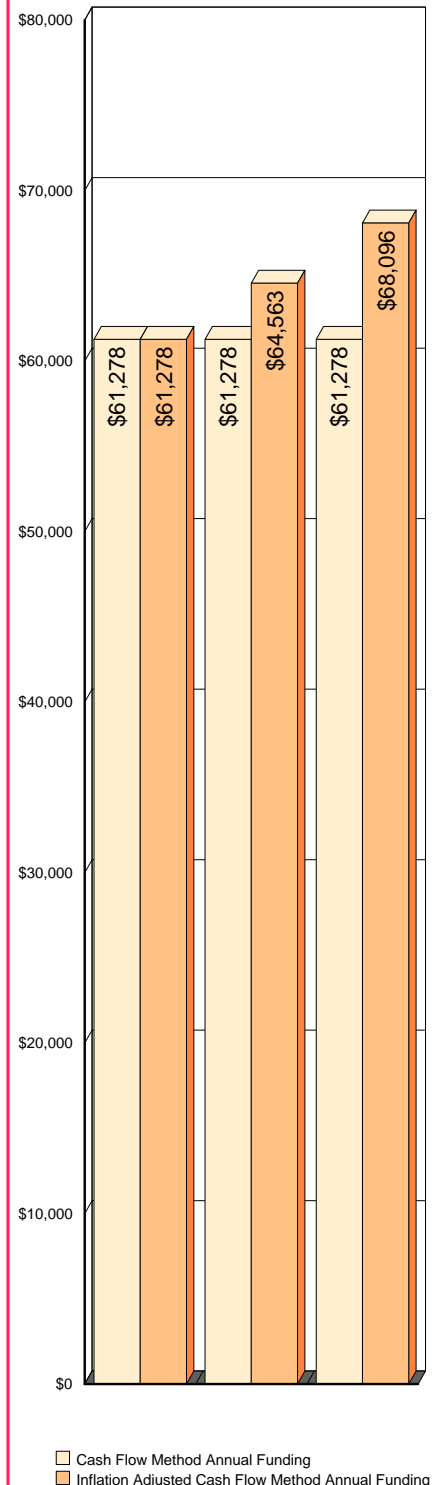
The \$68,096 inflation adjusted funding of Replacement Reserves in 2016 represents a 11.13 percent increase over the non-inflation adjusted funding recommendation of \$61,278 in the Study Year.

The specific assumptions used to calculate the Year Two Inflation Adjusted Funding are listed below. If the assumptions are inaccurate, do not use the data and contact Miller Dodson Associates to arrange for a Replacement Reserve Study Update. The assumptions are:

- Replacement Reserves on Deposit totaling \$373,683 on July 1, 2015.
- All 2015 Projected Replacements scheduled in the Replacement Reserve Inventory and listed on Page C2, having been accomplished in 2015 at a cost of \$16,981.
- An average annual Construction Cost Inflation Rate of 4.50 percent over the previous 24 month period.

ANNUAL FUNDING GRAPH

The bar graph below shows the Cash Flow Method Annual Funding calculated in today's dollars (lighter bars) and the Inflation Adjusted Cash Flow Method Annual Funding (dark bars)



COMPONENT METHOD



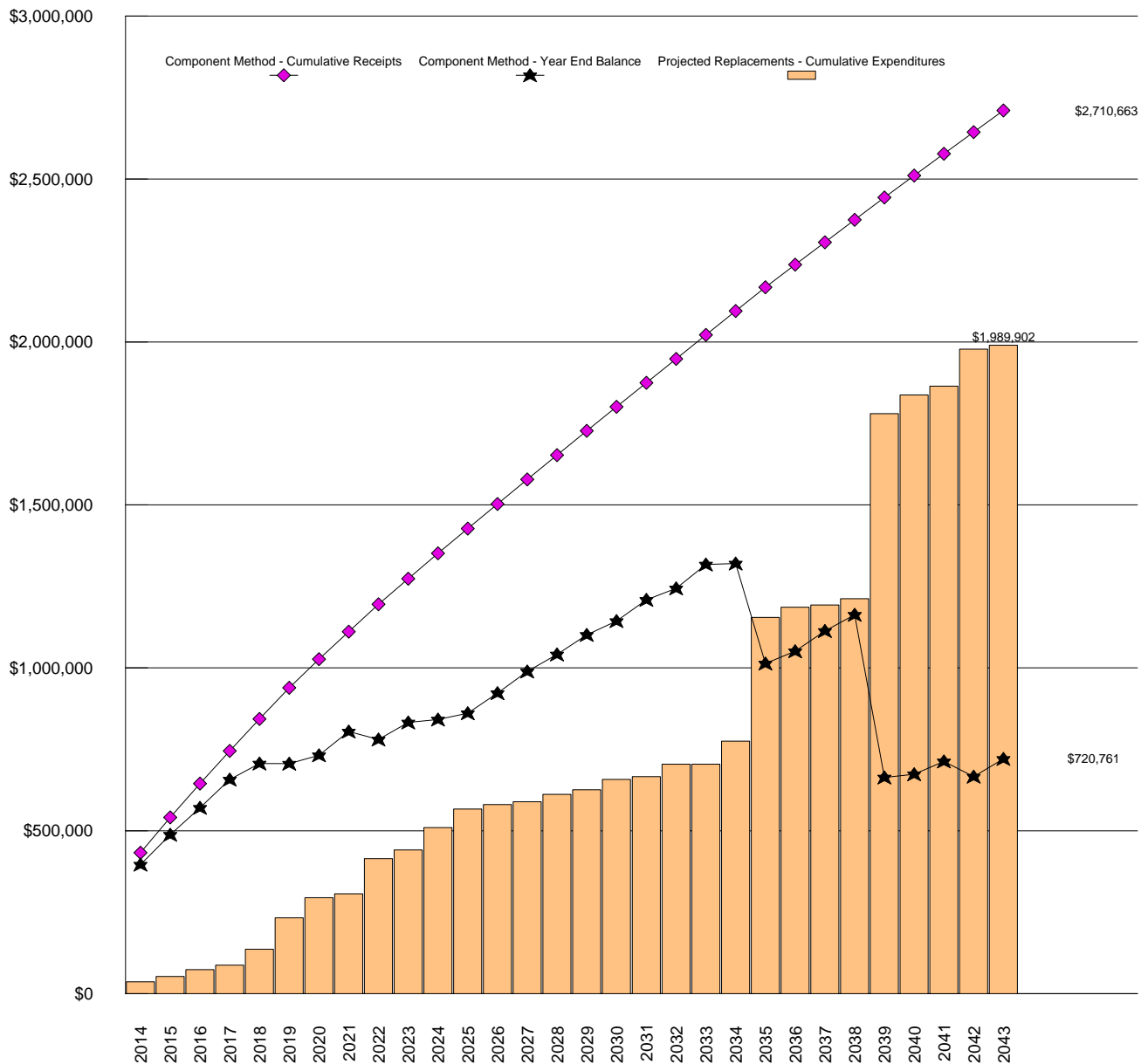
\$128,716

COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2014.

\$146.94 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 112 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page A9.

Graph #4. Component Method - Cumulative Receipts and Expenditures Graph



COMPONENT METHOD (cont'd)

- **Current Funding Objective.** A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 112 Projected Replacements. The total, \$766,715, is the Current Funding Objective.

For an example, consider a very simple Replacement Reserve Inventory with one Projected Replacement, a fence with a \$1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of \$100 (\$1,000 + 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of \$800 (8 years x \$100 per year).

- **Funding Percentage.** The Funding Percentage is calculated by dividing the Beginning Balance (\$303,914) by the Current Funding Objective (\$766,715). At 2325 42nd Street Condominium the Funding Percentage is 39.6%
- **Allocation of the Beginning Balance.** The Beginning Balance is divided among the 112 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

If we relate this calculation back to our fence example, it means that the Association has not accumulated \$800 in Reserves (the Funding Objective), but rather at 39.6 percent funded, there is \$317 in the account for the fence.

- **Annual Funding.** The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is \$128,716, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2014).

In our fence example, the \$317 in the account is subtracted from the \$1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of \$341. Next year, the deposit remains \$341, but in the third year, the fence is replaced and the annual funding adjusts to \$100.

- **Adjustment to the Component Method for interest and inflation.** The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

Table #2. Component Method Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning balance	\$303,914									
Recommended annual funding	\$128,716	\$108,238	\$103,794	\$100,233	\$98,319	\$95,552	\$88,013	\$84,350	\$83,823	\$78,744
Expenditures	\$36,536	\$16,250	\$21,050	\$13,872	\$48,980	\$96,210	\$61,888	\$11,650	\$108,181	\$26,600
Year end balance	\$396,094	\$488,082	\$570,826	\$657,187	\$706,526	\$705,868	\$731,993	\$804,693	\$780,336	\$832,479
Cumulative Expenditures	\$36,536	\$52,786	\$73,836	\$87,708	\$136,688	\$232,898	\$294,786	\$306,436	\$414,617	\$441,217
Cumulative Receipts	\$432,630	\$540,868	\$644,662	\$744,895	\$843,214	\$938,766	\$1,026,779	\$1,111,130	\$1,194,953	\$1,273,696
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Recommended annual funding	\$77,674	\$76,073	\$75,395	\$75,205	\$74,954	\$74,280	\$73,930	\$73,524	\$73,500	\$73,420
Expenditures	\$68,704	\$56,915	\$13,480	\$8,938	\$22,350	\$14,396	\$31,591	\$8,422	\$38,360	
Year end balance	\$841,449	\$860,607	\$922,522	\$988,789	\$1,041,393	\$1,101,277	\$1,143,615	\$1,208,717	\$1,243,858	\$1,317,278
Cumulative Expenditures	\$509,921	\$566,836	\$580,316	\$589,253	\$611,603	\$625,999	\$657,590	\$666,012	\$704,372	\$704,372
Cumulative Receipts	\$1,351,370	\$1,427,443	\$1,502,838	\$1,578,042	\$1,652,996	\$1,727,276	\$1,801,205	\$1,874,730	\$1,948,230	\$2,021,650
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Recommended annual funding	\$73,420	\$72,962	\$69,158	\$68,881	\$68,846	\$68,665	\$67,099	\$66,824	\$66,679	\$66,478
Expenditures	\$70,667	\$379,600	\$31,513	\$6,900	\$19,121	\$567,971	\$57,218	\$27,100	\$113,590	\$11,850
Year end balance	\$1,320,031	\$1,013,393	\$1,051,038	\$1,113,019	\$1,162,745	\$663,439	\$673,320	\$713,044	\$666,133	\$720,761
Cumulative Expenditures	\$775,039	\$1,154,639	\$1,186,152	\$1,193,052	\$1,212,173	\$1,780,144	\$1,837,362	\$1,864,462	\$1,978,052	\$1,989,902
Cumulative Receipts	\$2,095,071	\$2,168,032	\$2,237,190	\$2,306,071	\$2,374,918	\$2,443,583	\$2,510,682	\$2,577,506	\$2,644,185	\$2,710,663

CURRENT FUNDING



\$87,996 CURRENT ANNUAL FUNDING OF REPLACEMENT RESERVES
(as reported by the Association).

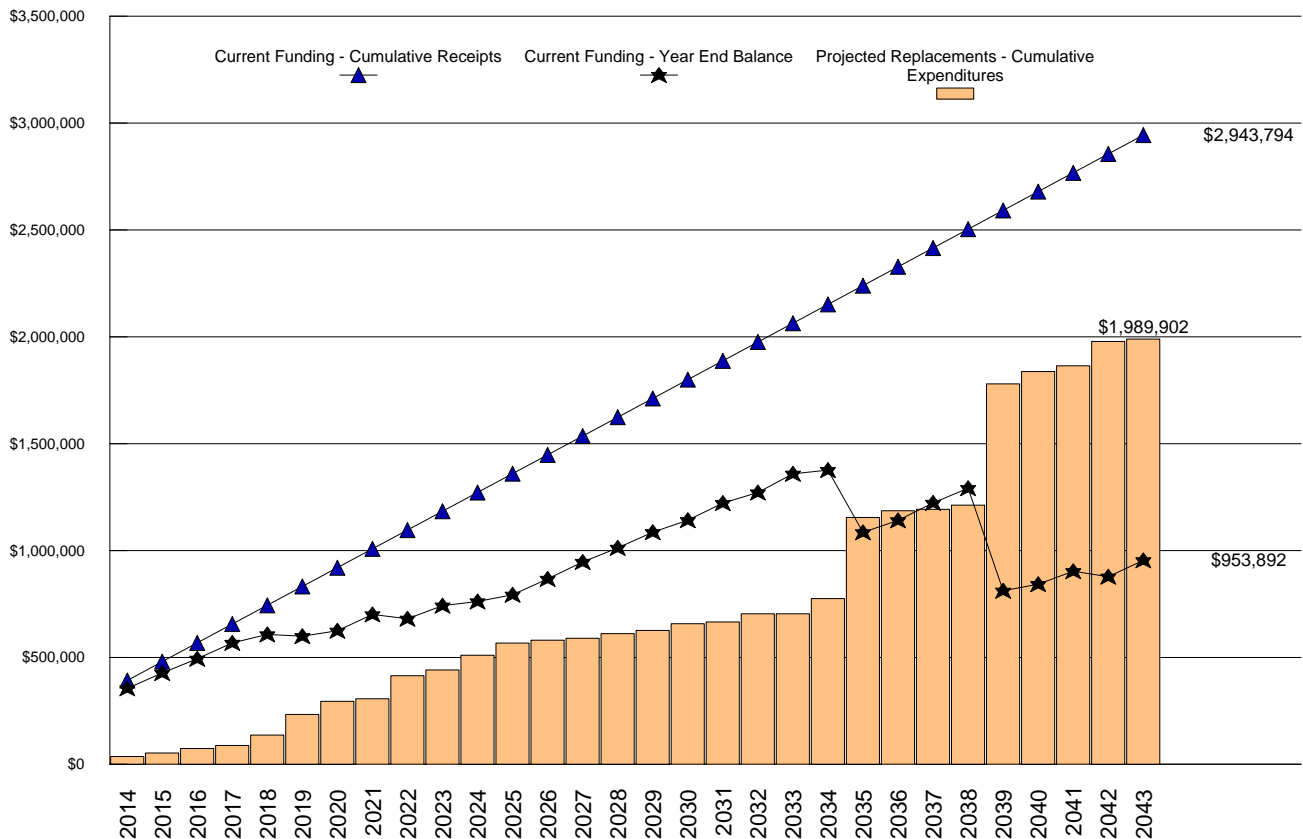
\$100.45 Per unit (average), reported current monthly funding of Replacement Reserves

General. Our evaluation of the Current Association Funding assumes that the Association will continue to fund Replacement Reserves at the current level of \$87,996 per year in each of the 30 years of the Study Period.

Our evaluation is based upon this Replacement Reserve Funding Level, a \$303,914 Beginning Balance, the Projected Annual Replacement Expenditures shown in Graph #1 and listed in the Replacement Reserve Inventory, and any interest, inflation rate, or constant annual increase in annual contribution adjustments discussed below.

- Evaluation. Our calculations have determined that Current Annual Funding of Replacement Reserves, as reported by the Association, is adequate to fund Projected Replacements throughout the 30-year Study Period.
- Adjustment to the Current Association Funding for interest and inflation. The Calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, the effects of inflation of the cost of Projected Replacements, or a constant annual increase in Annual Funding of Replacement Reserves.
- Comparison of Current Association Funding and Average Annual Expenditure. The average annual expenditure for Projected Replacements listed in the Reserve Inventory over the 30-year Study Period is \$66,330 (see Graph #1). Current Association annual funding of Replacement Reserves is \$87,996, or approximately 133 percent of the Average Annual Expenditure.

Graph #5. Current Association Funding - Cumulative Receipts and Expenditures Graph



CURRENT FUNDING (cont'd)

Table #3. Current Funding Data - Years 1 through 30

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning balance	\$303,914									
Annual deposit	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996
Expenditures	\$36,536	\$16,250	\$21,050	\$13,872	\$48,980	\$96,210	\$61,888	\$11,650	\$108,181	\$26,600
Year end balance	\$355,374	\$427,120	\$494,066	\$568,190	\$607,206	\$598,992	\$625,100	\$701,446	\$681,261	\$742,657
Cumulative Expenditures	\$36,536	\$52,786	\$73,836	\$87,708	\$136,688	\$232,898	\$294,786	\$306,436	\$414,617	\$441,217
Cumulative Receipts	\$391,910	\$479,906	\$567,902	\$655,898	\$743,894	\$831,890	\$919,886	\$1,007,882	\$1,095,878	\$1,183,874
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual deposit	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996
Expenditures	\$68,704	\$56,915	\$13,480	\$8,938	\$22,350	\$14,396	\$31,591	\$8,422	\$38,360	
Year end balance	\$761,949	\$793,030	\$867,546	\$946,605	\$1,012,251	\$1,085,851	\$1,142,256	\$1,221,830	\$1,271,466	\$1,359,462
Cumulative expenditures	\$509,921	\$566,836	\$580,316	\$589,253	\$611,603	\$625,999	\$657,590	\$666,012	\$704,372	\$704,372
Cumulative receipts	\$1,271,870	\$1,359,866	\$1,447,862	\$1,535,858	\$1,623,854	\$1,711,850	\$1,799,846	\$1,887,842	\$1,975,838	\$2,063,834
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Annual deposit	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996	\$87,996
Expenditures	\$70,667	\$379,600	\$31,513	\$6,900	\$19,121	\$567,971	\$57,218	\$27,100	\$113,590	\$11,850
Year end balance	\$1,376,791	\$1,085,187	\$1,141,670	\$1,222,766	\$1,291,641	\$811,666	\$842,444	\$903,340	\$877,746	\$953,892
Cumulative Expenditures	\$775,039	\$1,154,639	\$1,186,152	\$1,193,052	\$1,212,173	\$1,780,144	\$1,837,362	\$1,864,462	\$1,978,052	\$1,989,902
Cumulative Receipts	\$2,151,830	\$2,239,826	\$2,327,822	\$2,415,818	\$2,503,814	\$2,591,810	\$2,679,806	\$2,767,802	\$2,855,798	\$2,943,794

COMMENTS ON THE REPLACEMENT RESERVE ANALYSIS

- This Replacement Reserve Study has been developed in compliance with the Community Associations Institute, National Reserve Study Standards, for a Level Two - Update (with site visit and on-site review).
- 2325 42nd Street Condominium has 73 units. The type of property is a condominium association.
- Our calculations assume that Replacement Reserves are not subject to tax.

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REPLACEMENT RESERVE INVENTORY GENERAL INFORMATION

2325 42nd Street Condominium - Replacement Reserve Inventory identifies 153 items. Two types of items are identified, Projected Replacements and Excluded Items:

- **PROJECTED REPLACEMENTS.** 112 of the items are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$2,058,227. Replacements totaling \$1,989,902 are scheduled in the Replacement Reserve Inventory over the 30-year Study Period.

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

- **EXCLUDED ITEMS.** 41 of the items are Excluded Items, and expenditures for these items are NOT scheduled for funding from Replacement Reserves. The accuracy of the calculations made in the Replacement Reserve Analysis is dependent on expenditures NOT being made for Excluded Items. The Excluded Items are listed in the Replacement Reserve Inventory to identify specific items and categories of items that are not to be funded from Replacement Reserves. There are multiple categories of items that are typically excluded from funding by Replacement Reserves, including but not limited to:

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

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

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

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

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

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

- **CATEGORIES.** The 153 items included in the 2325 42nd Street Condominium Replacement Reserve Inventory are divided into 14 major categories. Each category is printed on a separate page, Pages B3 to B16.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level Two - Update (with site visit and on-site review), as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

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

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (cont'd)

- **INVENTORY DATA.** Each of the 112 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

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

Item Description. We have named each item included in the Inventory. Where the name of the item and the category are not sufficient to specifically identify the item, we have included additional information in the Comments section at the bottom of the page.

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

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

Unit Replacement Cost. We use three sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, industry standard estimating manuals, and a cost database that we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work. In addition, trends in the Producers Price Index (PPI), labor rates, and transportation costs are monitored and considered. This cost database is reviewed and updated regularly by Miller Dodson and biannually by an independent professional cost estimating firm.

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

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

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

Each of the 41 Excluded Items includes the Item Description, Units, and Number of Units. Many of the Excluded Items are listed as a 'Lump Sum' with a quantity of 1. For the Excluded Items, this indicates that all of the items identified by the 'Item Description' are excluded from funding by Replacement Reserves.

- **REVIEW OF EXPENDITURES.** This Replacement Reserve Study should be reviewed by an accounting professional representing the Association prior to implementation.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted on in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.

**INTERVAL REPLACEMENT
 PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
1	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	2	\$6,250
2	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	8	\$6,250
3	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	14	\$6,250
4	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	20	\$6,250
5	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	26	\$6,250
6	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	32	\$6,250
7	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	38	\$6,250
8	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	44	\$6,250
9	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	50	\$6,250
10	Brick Point-up - Bldg. (10%)	ls	1	\$6,250.00	60	56	\$6,250
11	Domestic water piping	ls	1	\$13,200.00	60	4	\$13,200
12	Domestic water piping	ls	1	\$13,200.00	60	10	\$13,200
13	Domestic water piping	ls	1	\$13,200.00	60	16	\$13,200
14	Domestic water piping	ls	1	\$13,200.00	60	22	\$13,200
15	Domestic water piping	ls	1	\$13,200.00	60	28	\$13,200
16	Domestic water piping	ls	1	\$13,200.00	60	34	\$13,200
17	Domestic water piping	ls	1	\$13,200.00	60	40	\$13,200
18	Domestic water piping	ls	1	\$13,200.00	60	46	\$13,200
19	Domestic water piping	ls	1	\$13,200.00	60	58	\$13,200
20	Domestic water piping	ls	1	\$13,200.00	60	63	\$13,200

INTERVAL REPLACEMENT - Replacement Costs - Subtotal \$194,500

**INTERVAL REPLACEMENT
 COMMENTS**

Empty space for interval replacement comments.

**INTERVAL REPLACEMENT
 PROJECTED REPLACEMENTS**

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
21	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	3	\$12,650
22	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	9	\$12,650
23	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	15	\$12,650
24	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	21	\$12,650
25	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	27	\$12,650
26	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	33	\$12,650
27	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	39	\$12,650
28	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	45	\$12,650
29	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	51	\$12,650
30	Sanitary Drain Piping (6%)	ls	1	\$12,650.00	60	57	\$12,650
31	Natural Gas Piping	ls	1	\$3,680.00	60	6	\$3,680
32	Natural Gas Piping	ls	1	\$3,680.00	60	12	\$3,680
33	Natural Gas Piping	ls	1	\$3,680.00	60	18	\$3,680
34	Natural Gas Piping	ls	1	\$3,680.00	60	24	\$3,680
35	Natural Gas Piping	ls	1	\$3,680.00	60	30	\$3,680
36	Natural Gas Piping	ls	1	\$3,680.00	60	36	\$3,680
37	Natural Gas Piping	ls	1	\$3,680.00	60	42	\$3,680
38	Natural Gas Piping	ls	1	\$3,680.00	60	48	\$3,680
39	Natural Gas Piping	ls	1	\$3,680.00	60	54	\$3,680
40	Natural Gas Piping	ls	1	\$3,680.00	60	60	\$3,680

INTERVAL REPLACEMENT - Replacement Costs - Subtotal \$163,300

**INTERVAL REPLACEMENT
 COMMENTS**

GENERAL SITE IMPROVEMENTS
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
51	Asphalt pavement, mill & overlay	sf	8,730	\$1.70	20	none	\$14,841
52	Asphalt pavement, seal coat	sf	8,730	\$0.20	5	5	\$1,746
53	Concrete apron and curb	ls	1	\$4,350.00	60	none	\$4,350
54	Concrete curb (10%)	lf	27	\$42.25	8	8	\$1,141
55	Concrete steps	ls	1	\$1,600.00	60	20	\$1,600
56	Concrete flatwork	ls	1	\$14,300.00	40	24	\$14,300
57	Flagstone entrance -replace	sf	680	\$28.50	20	10	\$19,380
58	Retaining wall - tuckpoint & repair	ls	1	\$1,800.00	10	none	\$1,800
59	Brick Retaining wall -Replace	sf	375	\$85.00	60	45	\$31,875
60	Block retaining wall -Replace	sf	154	\$80.00	60	40	\$12,320
61	Stone Planter -Replace	sf	300	\$68.50	60	50	\$20,550
62	Wood retaining wall	sf	542	\$32.50	15	5	\$17,615
GENERAL SITE IMPROVEMENTS - Replacement Costs - Subtotal							\$141,518

GENERAL SITE IMPROVEMENTS
COMMENTS

- We have assumed that the Association will replace the asphalt pavement by the installation of a 2 inch thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement are included in the cost shown above.
- Comprehensive drawings detailing the components of the systems listed above were not available for our review. We have included the estimated cost of the systems based upon our experience with other similar communities. We have assumed that 10 percent of the system(s) will require replacement every 20 years. In the future, this assumption and the estimated costs should be adjusted based upon actual experience at the community.
- Concrete flatwork - Because of the small quantity for concrete flatwork we have included full funding.
- Retaining wall - tuckpoint & repair includes brick, stone and block retaining wall plus allowance for flagstone.

GENERAL SITE IMPROVEMENTS CON" T.
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
63	Aluminium Fence (10%)	ft	17	\$72.50	10	10	\$1,233
64	Chain link trash coral gates	ea	2	\$980.00	20	5	\$1,960
65	Chain link fencing - 3' patio enclosure	ft	38	\$15.50	20	5	\$589
66	Exterior lighting - pole lights	ea	7	\$1,685.00	30	none	\$11,795
67	Exterior Lighting	ea	5	\$750.00	20	none	\$3,750
68	Exterior Bollard entrance lights	ea	2	\$650.00	20	20	\$1,300
69	Stormwater-PVC stormwater lines	ls	1	\$8,000.00	10	2	\$8,000

GENERAL SITE IMPROVEMENTS CON" T. - Replacement Costs - Subtotal \$28,627

GENERAL SITE IMPROVEMENTS CON" T.
COMMENTS

- Comprehensive drawings detailing the components of the stormwater system listed above were not available for our review. We have included the estimated cost of the systems based upon our experience with other similar communities. We have assumed that 10 percent of the system(s) will require replacement every 20 years. In the future, this assumption and the estimated costs should be adjusted based upon actual experience at the community.

EXTERIOR PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)	
70	Roof - BUR	sf	21,079	\$24.00	30	25	\$505,896	
71	Gutters and Downspouts	lf	970	\$8.50	20	10	\$8,245	
72	Skylight	sf	64	\$78.50	40	35	\$5,024	
73	Windows	ls	1	\$350,000.00	35	21	\$350,000	
74	Balcony Renovation	ls	1	\$85,000.00	30	28	\$85,000	
75	Balcony Canopy	ea	15	\$780.00	15	6	\$11,700	
76	Entrance Canopy	ls	1	\$4,250.00	15	1	\$4,250	
77	Entry System	ls	1	\$5,250.00	25	21	\$5,250	
78	Aluminum Storefront--Main Entry	sf	192	\$44.50	30	22	\$8,544	
79	Aluminum Storefront --Side Entry	sf	48	\$36.85	30	22	\$1,769	
EXTERIOR - Replacement Costs - Subtotal							\$985,678	

EXTERIOR COMMENTS	
●	Roof - BUR - life expectancy and replacement cost information provided by Tremco Inc. Includes main roof surface and roos above stairways.

INTERIOR FINISHES
PROJECTED REPLACEMENTS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
80	Carpet	sf	6,800	\$5.10	7	4	\$34,680
81	Lobby- front - ceramic tile floor	sf	275	\$32.50	40	13	\$8,938
82	Lobby - rear - vinyl tile floor covering	sf	252	\$4.85	14	3	\$1,222
83	Lobby - Mirrored wall	sf	120	\$18.75	30	20	\$2,250
84	Mail Boxes	ea	73	\$95.00	20	11	\$6,935
85	Laundry - Tile flooring	sf	450	\$4.85	20	20	\$2,183
86	Laundry - Suspended ceiling	sf	450	\$4.50	20	6	\$2,025
87	Laundry room - Bathroom renovation	ls	1	\$1,100.00	30	4	\$1,100
88	Stairway - vinyl tile	sf	1,502	\$4.85	20	6	\$7,285
89	Stairway - Rubber stair treads	sf	786	\$17.25	20	6	\$13,559
90	Interior light fixtures	ea	160	\$115.00	30	6	\$18,400
91	Emergency exit signage	ea	26	\$90.00	30	6	\$2,340
92	Electric wall heaters	ea	4	\$725.00	30	6	\$2,900
93	Metal doors - 3 X 6'8"	ea	18	\$850.00	40	11	\$15,300
94	Metal doors - 1'6" X 6'8"	ea	4	\$450.00	40	12	\$1,800
95	Wood storage lockers	ls	1	\$12,000.00	25	1	\$12,000
INTERIOR FINISHES - Replacement Costs - Subtotal							\$132,915

INTERIOR FINISHES
COMMENTS

- Metal doors - 3 X 6'8" includes stairway doors at roof, stairway corridor doors, laundry room and utility room doors.
- 04/19/13. Changed remaining life of wood storage lockers.

MECHANICAL/HVAC/PLUMBING								
PROJECTED REPLACEMENTS								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)	
96	Elevator, hydraulic controls	ea	1	\$46,100.00	30	8	\$46,100	
97	Elevator, hydraulic piston	ea	1	\$23,200.00	30	8	\$23,200	
98	Elevator, cab and doors	ea	1	\$23,100.00	15	10	\$23,100	
99	Peerless Gas Boiler	ea	1	\$68,500.00	40	5	\$68,500	
100	Expansion tank	ea	1	\$5,800.00	40	5	\$5,800	
101	Water pumps	ea	2	\$3,450.00	30	23	\$6,900	
102	Domestic Water Heater	ea	1	\$11,850.00	20	9	\$11,850	
103	Domestic Water Heater	ea	1	\$11,850.00	20	8	\$11,850	
104	Domestic Water Heater Reserve Tank	ea	2	\$6,500.00	20	16	\$13,000	
105	Domestic Water Heater pumps	ea	4	\$885.00	20	8	\$3,540	
106	Electric Switch Gear	ls	1	\$7,250.00	60	31	\$7,250	
107	Electric distribution panel	ls	1	\$1,850.00	60	40	\$1,850	
108	Auto Transfer Switch	ls	1	\$2,100.00	25	9	\$2,100	
109	KPS 3 System	ls	1	\$11,650.00	20	7	\$11,650	
110	Fire alarm system	ls	1	\$7,200.00	20	17	\$7,200	
111	Ventilation system	ls	1	\$4,000.00	40	2	\$4,000	
112	Dryer Ehaust System	ls	1	\$2,800.00	25	2	\$2,800	
MECHANICAL/HVAC/PLUMBING - Replacement Costs - Subtotal							\$250,690	

MECHANICAL/HVAC/PLUMBING	
COMMENTS	
●	Fire alarm system includes alarm pulls, bells, exit lights, and emergency lights.

VALUATION EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Interior door unit	ls	1				EXCLUDED
	Window unit	ls	1				EXCLUDED
	Miscellaneous signage	ls	1				EXCLUDED

VALUATION EXCLUSIONS

COMMENTS

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1,000.00 have not been scheduled for funding from Replacement Reserves. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Exterior masonry walls w/ balanced fill	ls	1				EXCLUDED
	Masonry features	ls	1				EXCLUDED
	Miscellaneous culverts	ls	1				EXCLUDED
	Exterior brick veneer	ls	1				EXCLUDED
	Building foundation(s)	ls	1				EXCLUDED
	Concrete floor slabs (interior)	ls	1				EXCLUDED
	Wall, floor, & roof structure	ls	1				EXCLUDED

LONG-LIFE EXCLUSIONS

COMMENTS

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life but periodic repointing is required and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Domestic water pipes serving one unit	Is	1				EXCLUDED
	Sanitary sewers serving one unit	Is	1				EXCLUDED
	Electrical wiring serving one unit	Is	1				EXCLUDED
	Cable TV service serving one unit	Is	1				EXCLUDED
	Telephone service serving one unit	Is	1				EXCLUDED
	Gas service serving one unit	Is	1				EXCLUDED
	Unit interior	Is	1				EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

COMMENTS

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Primary electric feeds	ls	1				EXCLUDED
	Electric transformers	ls	1				EXCLUDED
	Cable TV systems and structures	ls	1				EXCLUDED
	Telephone cables and structures	ls	1				EXCLUDED
	Gas mains and meters	ls	1				EXCLUDED
	Water mains and meters	ls	1				EXCLUDED
	Sanitary sewers	ls	1				EXCLUDED
	Stormwater management system	ls	1				EXCLUDED

UTILITY EXCLUSIONS

COMMENTS

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement	ls	1				EXCLUDED
	Painting of curbs	ls	1				EXCLUDED
	Striping of parking spaces	ls	1				EXCLUDED
	Numbering of parking spaces	ls	1				EXCLUDED
	Landscaping and site grading	ls	1				EXCLUDED
	Exterior painting	ls	1				EXCLUDED
	Interior painting	ls	1				EXCLUDED
	Janitorial service	ls	1				EXCLUDED
	Repair services	ls	1				EXCLUDED
	Partial replacements	ls	1				EXCLUDED
	Capital improvements	ls	1				EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

COMMENTS

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS

EXCLUDED ITEMS

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NORMAL ECONOMIC LIFE (YRS)	REMAINING ECONOMIC LIFE (YRS)	REPLACEMENT COST (\$)
	Government, roadways & parking	ls	1				EXCLUDED
	Government, sidewalks & curbs	ls	1				EXCLUDED
	Government, lighting	ls	1				EXCLUDED
	Government, stormwater mgmt.	ls	1				EXCLUDED
	Government, mailboxes	ls	1				EXCLUDED

GOVERNMENT EXCLUSIONS

COMMENTS

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 112 Projected Replacements in the 2325 42nd Street Condominium Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot commingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **UPDATING.** In the first two or possibly three years after the completion of a Level One Replacement Reserve Study, we recommend the Association review and revise the Replacement Reserve Analysis and Inventory annually to take into account replacements which have occurred and known changes in replacement costs. This can frequently be handled as a Level Two or Level Three Study (as defined by the Community Associations Institute), unless the Association has completed major replacement projects. A full analysis (Level One) based on a comprehensive visual evaluation of the site should be accomplished every three to five years or after each major replacement project.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the 2325 42nd Street Condominium Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

PROJECTED REPLACEMENTS - YEARS 1 TO 6

2014			2015			2016		
Item		\$	Item		\$	Item		\$
51	Asphalt pavement, mill & ov	\$14,841	76	Entrance Canopy	\$4,250	1	Brick Point-up - Bldg. (10%)	\$6,250
53	Concrete apron and curb	\$4,350	95	Wood storage lockers	\$12,000	69	Stormwater-PVC stormwate	\$8,000
58	Retaining wall - tuckpoint & i	\$1,800				111	Ventilation system	\$4,000
66	Exterior lighting - pole lights	\$11,795				112	Dryer Exhaust System	\$2,800
67	Exterior Lighting	\$3,750						
Total Scheduled Replacements		\$36,536	Total Scheduled Replacements		\$16,250	Total Scheduled Replacements		\$21,050
2017			2018			2019		
Item		\$	Item		\$	Item		\$
21	Sanitary Drain Piping (6%)	\$12,650	11	Domestic water piping	\$13,200	52	Asphalt pavement, seal coal	\$1,746
82	Lobby - rear - vinyl tile floor	\$1,222	80	Carpet	\$34,680	62	Wood retaining wall	\$17,615
			87	Laundry room - Bathroom re	\$1,100	64	Chain link trash coral gates	\$1,960
						65	Chain link fencing - 3' patio	\$589
						99	Peerless Gas Boiler	\$68,500
						100	Expansion tank	\$5,800
Total Scheduled Replacements		\$13,872	Total Scheduled Replacements		\$48,980	Total Scheduled Replacements		\$96,210

PROJECTED REPLACEMENTS - YEARS 7 TO 12

2020			2021			2022		
Item		\$	Item		\$	Item		\$
31	Natural Gas Piping	\$3,680	109	KPS 3 System	\$11,650	2	Brick Point-up - Bldg. (10%)	\$6,250
75	Balcony Canopy	\$11,700				41	Hydronic System Piping	\$16,100
86	Laundry - Suspended ceiling	\$2,025				54	Concrete curb (10%)	\$1,141
88	Stairway - vinyl tile	\$7,285				96	Elevator, hydraulic controls	\$46,100
89	Stairway - Rubber stair treac	\$13,559				97	Elevator, hydraulic piston	\$23,200
90	Interior light fixtures	\$18,400				103	Domestic Water Heater	\$11,850
91	Emergency exit signage	\$2,340				105	Domestic Water Heater purr	\$3,540
92	Electric wall heaters	\$2,900						
Total Scheduled Replacements		\$61,888	Total Scheduled Replacements		\$11,650	Total Scheduled Replacements		\$108,181
2023			2024			2025		
Item		\$	Item		\$	Item		\$
22	Sanitary Drain Piping (6%)	\$12,650	12	Domestic water piping	\$13,200	80	Carpet	\$34,680
102	Domestic Water Heater	\$11,850	52	Asphalt pavement, seal coat	\$1,746	84	Mail Boxes	\$6,935
108	Auto Transfer Switch	\$2,100	57	Flagstone entrance -replace	\$19,380	93	Metal doors - 3 X 6'8"	\$15,300
			58	Retaining wall - tuckpoint & i	\$1,800			
			63	Aluminium Fence (10%)	\$1,233			
			71	Gutters and Downspouts	\$8,245			
			98	Elevator, cab and doors	\$23,100			
Total Scheduled Replacements		\$26,600	Total Scheduled Replacements		\$68,704	Total Scheduled Replacements		\$56,915

PROJECTED REPLACEMENTS - YEARS 13 TO 18

Item	2026	\$
32	Natural Gas Piping	\$3,680
69	Stormwater-PVC stormwater	\$8,000
94	Metal doors - 1'6" X 6'8"	\$1,800
Total Scheduled Replacements		\$13,480

Item	2027	\$
81	Lobby- front - ceramic tile flc	\$8,938
Total Scheduled Replacements		\$8,938

Item	2028	\$
3	Brick Point-up - Bldg. (10%)	\$6,250
42	Hydronic System Piping	\$16,100
Total Scheduled Replacements		\$22,350

Item	2029	\$
23	Sanitary Drain Piping (6%)	\$12,650
52	Asphalt pavement, seal coat	\$1,746
Total Scheduled Replacements		\$14,396

Item	2030	\$
13	Domestic water piping	\$13,200
54	Concrete curb (10%)	\$1,141
76	Entrance Canopy	\$4,250
104	Domestic Water Heater Res	\$13,000
Total Scheduled Replacements		\$31,591

Item	2031	\$
82	Lobby - rear - vinyl tile floor	\$1,222
110	Fire alarm system	\$7,200
Total Scheduled Replacements		\$8,422

PROJECTED REPLACEMENTS - YEARS 19 TO 24

Item	2032	\$
33	Natural Gas Piping	\$3,680
80	Carpet	\$34,680
Total Scheduled Replacements		\$38,360

Item	2033	\$
No Scheduled Replacements		

Item	2034	\$
4	Brick Point-up - Bldg. (10%)	\$6,250
43	Hydronic System Piping	\$16,100
51	Asphalt pavement, mill & ov	\$14,841
52	Asphalt pavement, seal coat	\$1,746
55	Concrete steps	\$1,600
58	Retaining wall - tuckpoint & i	\$1,800
62	Wood retaining wall	\$17,615
63	Aluminium Fence (10%)	\$1,233
67	Exterior Lighting	\$3,750
68	Exterior Bollard entrance ligl	\$1,300
83	Lobby - Mirrored wall	\$2,250
85	Laundry - Tile flooring	\$2,183
Total Scheduled Replacements		\$70,667

Item	2035	\$
24	Sanitary Drain Piping (6%)	\$12,650
73	Windows	\$350,000
75	Balcony Canopy	\$11,700
77	Entry System	\$5,250
Total Scheduled Replacements		\$379,600

Item	2036	\$
14	Domestic water piping	\$13,200
69	Stormwater-PVC stormwate	\$8,000
78	Aluminum Storefront--Main I	\$8,544
79	Aluminum Storefront --Side	\$1,769
Total Scheduled Replacements		\$31,513

Item	2037	\$
101	Water pumps	\$6,900
Total Scheduled Replacements		\$6,900

CONDITION ASSESSMENT

General Comments. Miller - Dodson Associates conducted a Reserve Study at 2325 42nd Street Condominium in March 2013. 2325 42nd Street Condominium is in average condition for a building constructed in 1956 and converted to condominium usage in 1984. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

SITE IMPROVEMENTS

Asphalt Pavement. The site includes asphalt pavement for vehicle access and parking. In general, the asphalt pavement is in fair condition with multiple areas of defects. The Association maintains an inventory of 8,730 square feet of asphalt pavement.



Open cracks and alligating surface



Alligored and depressed surface

The defects noted include the following:

- **Open Cracks.** There are multiple locations where open cracks are allowing water to penetrate to the asphalt base and the bearing soils beneath the pavement. This water will erode the base accelerating the deterioration of the asphalt pavement. If the cracks have allowed the deterioration of the base materials and the bearing soil, the damaged areas should be removed and replaced. All other cracks should be cleaned and filled.
- **Alligating.** There are multiple locations where the asphalt has developed a pattern of cracking known as alligating. Alligating is the result of an unstable base under the asphalt. Shifting in the base causes the asphalt to crack and shift, forming the cracks that resemble the skin of an alligator. Once these cracks extend through the asphalt, they will allow water to penetrate to the base, accelerating the rate of deterioration. The only solution is to remove the defective asphalt and compact the base before new asphalt is installed.
- **Depressions.** There are areas where the asphalt surface is depressed due to deformation in the surface or underlying layers. These depressions may continue to grow with exposure to traffic. Water ponding was noted in several of these areas. Repair will require removal of the asphalt and base material, installation and compaction of new base material, and resurfacing with asphalt.

As a rule of thumb, asphalt should be overlaid when approximately five percent of the surface area has become cracked or has failed. As discussed on-site, delays in milling and overlaying the asphalt surface could lead to damage to the asphalt base resulting in a significant increase in the replacement cost. The normal service life of asphalt pavement is typically 20 years.

In order to maintain the condition of the pavement throughout the community and to insure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

1. **Crack Sealing.** All cracks should be sealed with an appropriate sealing compound to prevent water infiltration through the asphalt compound into the base. This repair should be done annually. This is an entirely different process from the seal coating discussed below. Crack sealing is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight by crack sealing should be cut out and patched.
2. **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned, or if deterioration has penetrated the asphalt, patched. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
3. **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, the crack sealing and cleaning of the asphalt, discussed above should be done first.

Curb and Gutter. The Association maintains an inventory of 267 linear feet of concrete curb and gutter. In general, the community's concrete curbing and gutters are in fair condition with several areas of defects. The defects noted include the following:

- **Broken Sections.** There are locations where impacts from vehicles or snowplows have broken off sections of the curb and gutter. These broken sections are creating trip hazards.



Broken curb at entrance apron

Because it is highly unlikely that all of the community's concrete curb and gutter sections will fail and require replacement in the period of the study, we have programmed funds for the replacement of curbing along the concrete entrance apron to be replaced with the concrete apron in 2013 and replacement of 60% of the remaining inventory spread over a 60 year timeframe to reflect the incremental nature of this work.

Concrete Flatwork. The concrete flatwork includes the side entrance sidewalk, steps, trash coral pad and driveway apron. The Association maintains an inventory of approximately 464 square feet of concrete flatwork. The overall condition of the concrete flatwork is good.

The standards we used for recommending replacement are as follows:

1. Trip hazard, 0.5 inch height difference.
2. Severe cracking.
3. Severe spalling
4. Uneven riser heights on steps.
5. Steps with risers in excess of 8.25 inches.



Damage concrete apron at parking lot entrance

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of the concrete entrance apron to be replaced in the study year and replacement of 60% of the remaining inventory spread over a 60-year timeframe to reflect the incremental nature of this work.

The Association also maintains a walkway constructed of slate stepping pavers. We have assumed that these stepping pavers will be replaced on an as necessary basis. The replacement of the stepping stones is estimated at a value of less than \$1,000.00 and has excluded from the Replacement Reserves.

Pressure Treated Wood Retaining Walls. The Association maintains an inventory of approximately 542 square feet of wood retaining walls. The overall condition of the retaining walls is fair with only minor areas of deterioration observed.



Wood retaining wall and slate stepping stone pavers at rear of building



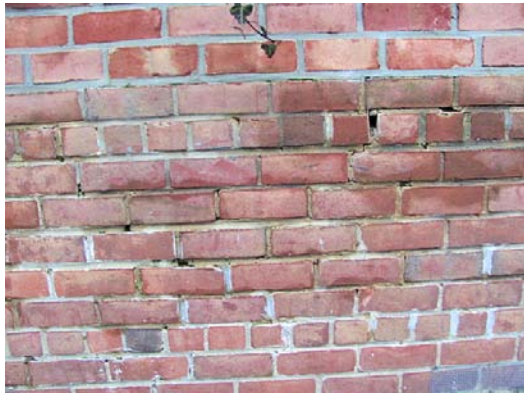
Deterioration in wood section

When it becomes necessary to replace these walls, we recommend the Association consider one of the segmental block retaining wall systems instead of the wood construction. These systems are impervious to decay, which occurs even with the pressure treated wood systems. If over time the wall experiences movement, sections of the walls can be re-stacked at a very small portion of the cost of a new wall. These walls have an initial cost 15 to 30 percent greater than wood walls but once installed, they have a service life of 80 years or more. . In addition, changes in environmental regulations have resulted in the use of new chemicals for treating the wood. These chemicals are not as effective in protecting the wood and their use will result in a shorter service life for the walls

Brick, Block and Stone Retaining Walls. The maintains a brick retaining wall long the rear of the property at the parking areas and two small brick retaining walls adjacent to the side entrance to the building, block retaining wall at patio and two stone planter boxes located at the front entrance to the building. The total brick retaining wall inventory is approximately 375 square feet; the total block retaining wall inventory is approximately 154 square feet and the total stone retaining wall inventory is approximately 300 square feet. The Association has recently repaired the top four courses of the brick wall along the rear property line; however we observed that there is deterioration of the mortar in the brick joints in other sections of the wall that requires repointing. We have assumed that these walls will be replaced on an as necessary basis. The general condition of the brick retaining wall is fair. However repairs are recommended to several sections at this time.



Brick wall at rear property line with top 4 courses repaired



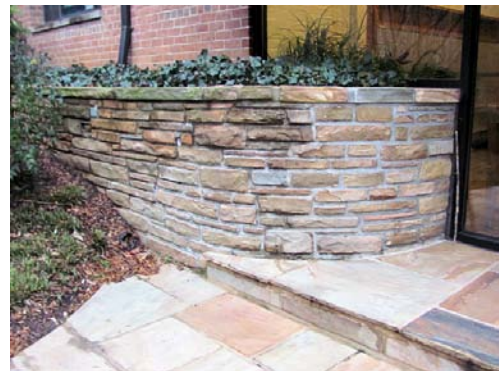
Loose and deteriorated mortar joints in lower section of wall



Block retaining wall at patio area



Brick walls at side entrance



Stone planter box at front entrance

Because weather and other conditions result in the slow deterioration of the mortar in the joints of these walls, we have included funding in the Reserve Analysis for tuckpointing of both the brick and stone walls. We have assumed that ten percent of the brick and stone will require tuckpointing every ten years. We have also included in this funding an allowance for the repointing of the flagstone entrance steps and walkway.

Site Lighting. The Association is responsible for the operation of the community's site lighting. The lighting system was not on at the time of our site visit. We understand that the lighting system is in good operating condition.

The Association recently replaced the two bollard light unit at the front entrance to the building. We have provided funding, at the Associations request, for the replacement of the remainder of the post light in 2013.



New bollard light at entrance



Typical pole light scheduled for replacement

Fencing. The Association also maintains an inventory of 170 linear feet aluminum fencing with two four foot gates installed (2010) along the east (rear) property line. The aluminum fencing has been properly maintained and exhibits no signs of deterioration or failure. If repair or replacement work must be performed at some point in time because of settlement, erosion, latent construction defects, etc., the cost could be significant. Therefore, we have included funding for replacement of 10% of the railing every 10 years, which permits the association to accumulate slowly for this possibility

The Association also maintains an inventory of 38 linear feet of chain link fencing that encloses the below grade patio. The overall condition of the fencing is good with only a limited number of deficiencies, such as light corrosion.



Aluminum fence at rear of building



Trash corral chain link fence gates

Trash Corral. The community has a trash corral located in the upper section of the parking area. The trash corral enclosure gates are constructed from chain link fencing. The overall condition of the trash corrals is fair. NOTE: Concrete trash corral pad included with other concrete flatwork.

BUILDING EXTERIORS

The building's primary structural components appear to be in good condition. The performance of the foundation was assessed by examining the exterior perimeter of the building and visible portions of the foundation for signs of differential settlement. No significant misalignment of exterior walls or window/door frames indicating significant differential settlement was observed. However we did observe an area where repairs have been conducted to diagonal cracking in the exterior brick wall at the southeast corner of the building. The repairs appeared to have been properly conducted. We recommend that this area be monitored for future movement.



Typical front elevation



Typical rear elevation

Brickwork. The brickwork on the building is in good condition. Brick is usually considered to be a life of structure item and therefore excluded from reserve funding. Because weather and other conditions result in the slow deterioration of the mortar in the brick joints, we have included funding in the Reserve Analysis for tuckpointing. We have assumed that ten percent of the brick will require tuckpointing every ten years.

Windows and Entrances. The windows and storefront systems were replaced in 1999. We have included funding for full replacement again in 25 years.



Front entrance view from lobby



Side entrance doors

Balconies. The balconies were reconditioned in 2006. We believe that it is very important that the Association view this as the beginning of a process NOT the end. Only a regular program of inspection, maintenance, and repair will avoid another major restoration program. We have included funding in the Replacement Reserve analysis for a comprehensive balcony inspection, maintenance, and repair program every five years. We believe that with this program, any problems should be caught early and

will be less expensive to repair. For the purpose of this study, we have assumed that the current restoration program will not be funded from Replacement Reserves.



View of typical balconies



Top view of balcony canopy

Entrance Canopy. The Association maintains a single canvas on metal frame entrance canopy. The overall condition of the canvas cover and metal framing is good. Because weather and other conditions result in the slow deterioration of the canvas covering, we have included funding in the Reserve Analysis for replacement every six years and replacement of the framing every 24 years.



View of entrance canopy



Canopy support framing, hole in canvas covering

Built-Up Roofing. The roof is a Tremco Asphalt BURmastic 200 roof with a gravel surface. The roof was installed in 2008 and in good condition. Our estimate of the remaining useful life of the roof is based on the conditions seen at the site and information provided by Mr. Tim O'Connell and Mr. Jim Gill of Tremco Inc. Some of the more common problems with BUR roofs are flashing failures, and ponding of water.



Water ponding on roof



Water ponding on roof

The defects we noted include the following:

- **Ponded Water.** Approximately 10 percent of the roof area was covered with ponded water. Ponding occurs when the roof does not fully drain within 48 hours of a rainfall. It is an indication that the roof lacks adequate slope or roof drains, or that roof drains may not be properly placed. Ponded water can damage roofing materials by chemically altering their composition. The weight of the water can also cause physical damage to the roof by collapsing the roof's insulation. Check nearby roof drains to ensure their proper operation. Additional drains may be required to correct ponding.

All water should drain or evaporate from the roof within 24 hours of the end of rainfall. Any water that remains in place longer than 24 hours can accelerate deterioration of the membrane or result in structural deflection of the underlying materials, resulting in additional ponding.

We recommend the Association continue with the periodic inspection of the roof by a Tremco Inc. consultant to detect early signs of failure.

Skylight. The skylight located above the center stairway is in good condition. The skylight was replaced in 2008 with an aluminum framed unit mounted on a raised curb / vent system.

The skylight is glazed with plastic panels. Plastic glazing is usually inexpensive and less liable to break than most other glazing materials. However, plastic surfaces scratch easily, and they may become brittle and discolored over time. Many plastics also allow most of the ultraviolet (UV) rays in (unless the glazing is coated with a special film). Acrylics and polycarbonates are the most commonly used plastic glazing. Acrylics are weaker but less expensive than polycarbonates. Although polycarbonates offer high impact resistance, some yellow with age.

We observed that condensation has accumulated between the plastic sheets. At this point the amount of condensation has not affected the light transmission of the unit. Over time however, the vision panels will become cloudy and reduce the amount of light transmitted through the skylight.



View of skylight with condensation between the plastic panels



View of skylight from stairwell

BUILDING INTERIORS

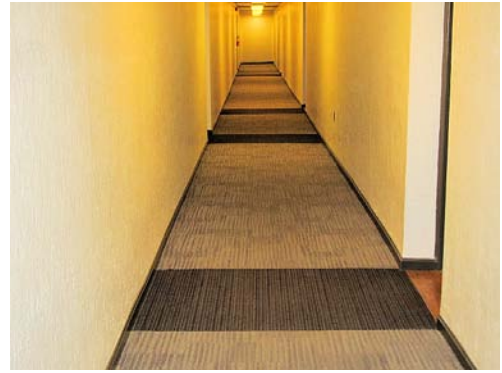
Wall Covering. No provisions have been made for the inclusion of hallway painting in the Replacement Reserve Analysis. It is our experience that the replacement interval and cost of wall coverings is based upon periodic changes of styles rather than upon the economic life of the material. Maintenance activities such as painting, one-time-only repairs, and capital improvements are activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

If the Association would like a value inserted in the Analysis, please notify us and it will be inserted in the Revised Replacement Reserve Analysis.

Lobbies and Corridor. The lobby and corridor carpeting, lobby ceramic tile and vinyl tile in the rear lobby and corridor, the laundry room flooring and stairways of the building is in good to fair condition. The Association replaced the corridor and lobby carpet in 2010 and the vinyl floor tile in the laundry room in 2012. We did not observe any conditions related to the floor coverings which require immediate capital expenditures. As the floor coverings approaches the end of its useful life, we understand that the Association will replace it with similar grade material. The replacement cost projections are based on industry life expectancy standards and replacement with similar coverings.



Lobby area with cluster mailboxes and ceramic flooring



Typical corridor carpeting



Ceramic tile and carpeted stairs in lobby



Vinyl tile at rear corridor



Typical stairway tile, treads and rails



Typical corridor lighting and fire alarms

MECHANICAL & ELECTRICAL

Electrical Switchgear. The Association is responsible for the operation of the electrical switchgear which includes the primary distribution equipment, disconnects, relays, fuses, and circuit breakers for the common area systems of the facility. The primary electrical switchgear dates to the conversion of the buildings to condominiums. Electrical switchgear has a rated service life of 60 years or more. Electrical switchgear requires ongoing maintenance for proper operation and reliability

The electrical system is in generally satisfactory condition. The incoming power is of sufficient amperage and voltage for the current occupancy and electrical loads. The representative sampling of switches, outlets, and panelboards did not reveal any non-functional conditions. We did observe that older Edison base type fuse sub-panels are in use. We recommend that panelboard of this type be replaced with modern circuit breaker type panelboard be installed on as a needed basis.

We also observed and discussed with the property manager an improperly wired and unsafe electrical light in the electrical room .This item should be corrected as soon as possible. We have assumed that this item will be repaired as part of the maintenance program.



Main disconnect panels



Fuse panel in laundry room

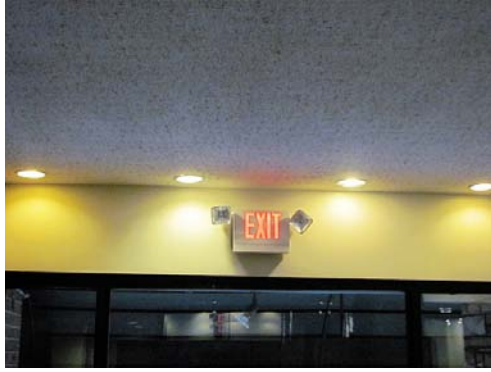


Common area distribution panel



Fuse panels controlling the emergency lights and fire alarm system

We have included funds for the lights fixtures, mailboxes, fire pulls, exit lights, emergency lights, baseboard heaters, and stairway rails. The interior lighting system was on at the time of our site visit and was in good operational condition. The exterior lighting was not on at the time of our visit; however we understand that the lighting system is in operating condition.



Lobby recessed lighting and emergency / exit light



Typical corridor lighting, fire pulls, bell and exit light

Fire Alarm System. The building has a fire alarm system, consisting of smoke detectors, alarm pulls, bells and fire extinguisher, exit lights and emergency lights, located in the hall ways of the building. The Association replaced the battery powered emergency lights in the corridors and stairwell, the fire alarm system in the common areas in 2010. Our estimate for the replacement of the fire alarm system does not include the cost for any additional system's wiring and / or sensors.

As part of the Routine Maintenance Program the Association has the system inspected and checked annually. Castle Sprinkler and Alarm Inc last instead the system o July 25, 2011.



Inspection tag

Domestic Water Heater. Domestic hot water is provided to the building by two 85 gallon commercial gas water heaters. One water heater is estimated to be 12 years old and the other water heater is estimated to be 14 years old. Water heaters of this type typically have a service life of 20 years. The water heaters were operating at the time of our site visit.



View of two gas water heaters and circulator pump at storage tank



Pressure release valve on new 200 gallon hot water storage tank

The Association replaced the older single storage tank with two 200 gallon RBI storage tanks in 2011.

Building Piping Systems. The cost of replacing the various risers for utilities throughout the building were estimated using R.S. Means Building construction Cost data. Because it is unlikely that all of the components of the systems will require replacement within the thirty-year period of this study, we have included 50% of the total replacement cost, and we treated the expense as a cyclic item that will occur incrementally over a 30-40 years time frame.

Common Domestic Water Piping. The building is serviced by a copper domestic water distribution system. The riser valves were replaced in 1996, which extended the useful life of the system. Our analysis provides for replacement of 50% of the system every 30 years starting in 5 years.

Copper water supply piping has been used throughout the building. As a result of changes in water chemistry that have been brought on by federal clean water legislation, copper piping throughout the Washington, DC metropolitan area has been developing pin hole leaks which lead to high maintenance costs and a significantly shorter normal service life. For further information about the problem and research that is being conducted, go to www.wssc.dst.md.us, click on the dropdown box labeled "Customers", and click on the listing for "Pin Hole Leaks".



Pin hole leak in copper pipe

As a result of this problem the piping will have to be replaced at some point in time. As a less expensive alternative to the extremely costly work of re-piping a building, systems have been developed to clean and to line the interior surfaces of water lines with an epoxy coating that is warranted to last 25 years. This alternative is still very expensive (\$8,000 -\$12,000/unit), but it is still significantly less expensive than re-piping. For additional information, go to www.fixmypipes.com. Assuming that the chemical deterioration from the water content is inevitable, we have included funding for this work in the reserve study. In estimating the amount to be reserved, we have assumed that the cost of lines serving a single unit will be paid by unit owners and that the cost of funding risers will be paid from reserves.

Please note that the timeframe for re-piping a building can vary widely, and the estimation of the remaining economic life is highly speculative. Given the age of these buildings, the Association should be aware of the various technologies available for pipe replacement and pipe lining. Please, see the following web sites for general information on this topic: www.curaflo.com/index.cfm?fuseaction=pages.showpage&pageid=60 and www.fixmypipes.com.

Sanitary Piping System. The building's sanitary drain system consists of a network of galvanized and cast iron piping. These pipes are expected to last 50 years. Failures typically involve only a portion of the system. Accordingly, our analysis provides for replacement of 50% of the system every 30 years starting in 8 years.

Gas Piping. Gas piping is expected to last 50 years. Like other piping systems partial repair and replacement will be required over time. Our analysis provides for replacement of 100% of the system every 40 years starting in seven years.

Hydronic System Piping. We have included the hydronic system piping in the Reserve Analysis. While these systems have a long service life, their failure is a major expense to the Association. We have estimated the replacement cost for these buildings based on replacement costs for comparable building

Heating Boiler. Heat to the building is supplied by a gas fired hot water boiler. The boiler dates to the conversion of the building to condominiums (1984) and appears to be in good condition. The Association reports that significant repairs were conducted in 2010 and maintains the boiler under a service contract. Our assessment of the condition of the boiler is based on the age of the boiler, the conditions seen during

the site visit, the reported maintenance history of the boiler. Boilers of this type typically have a service life of 40 years.



View of gas boiler



Hydronic circulator pumps

Elevator. The elevator system was last serviced in January 2012 and found to be in good condition. The elevator was modernized in October 1991 with a new cab; limit switch, door equipment with leveling system, Fireman's service and a complete new pump unit. Additional renovations to the elevator cab including new flooring, ceiling and lighting were completed in 2010. The estimated cost of replacing the major components of the building elevators has been developed utilizing R.S. Means Construction Cost Data. These costs are included to reflect the obsolescence that occurs with elevator systems. Even though the systems may be functioning well at this time, parts for most mechanical control systems are becoming increasingly hard to find. Parts availability becomes a major consideration that forces a replacement decision. When this work is ultimately accomplished, the elevators will have to be brought into compliance with the latest safety code requirements. This work typically entails upgrading door operating mechanisms, replacing elevator call systems and installation of emergency phones. A prudent amount has been included in anticipation of these problems.



Elevator electrical controls



Elevator control unit



Newly renovated elevator car

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common elements of the property to ascertain the remaining useful life and the replacement costs of these common elements. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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CASH FLOW METHOD ACCOUNTING SUMMARY

This 2325 42nd Street Condominium - Cash Flow Method Accounting Summary is an attachment to the 2325 42nd Street Condominium - Replacement Reserve Study dated Revised April 19, 2013 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles.

This Summary consists of four reports, the 2014, 2015, and 2016 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2014, 2015, and 2016. Each of the 112 Projected Replacements listed in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$303,914 Beginning Balance (at the start of the Study Year) and the \$183,833 of additional Replacement Reserve Funding in 2014 through 2016 (as calculated in the Replacement Reserve Analysis) to each of the 112 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2014 through 2016.
 - Allocation of the \$303,914 Beginning Balance to the Projected Replacements by Chronological Allocation.
 - Allocation of the \$183,833 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2014 through 2016, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
 - The first step is the allocation of the \$303,914 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At 2325 42nd Street Condominium the Beginning Balance funds all Scheduled Replacements in the Study Year through 2020 and provides partial funding (78%) of replacements scheduled in 2021.
 - The next step is the allocation of the \$61,278 of 2014 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At 2325 42nd Street Condominium the Beginning Balance and the 2014 Replacement Reserve Funding, funds replacements through 2021 and partial funds (54.3%) replacements in 2022.
 - Allocations of the 2015 and 2016 Reserve Funding are done using the same methodology.
 - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

2014 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 112 Projected Replacements included in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF-1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$303,914 as of the first day of the Study Year, July 1, 2013.
- Total reserve funding (including the Beginning Balance) of \$365,192 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 being accomplished in 2014 at a cost of \$36,536.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2014 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2014 BEGINNING BALANCE	2014 RESERVE FUNDING	2014 PROJECTED REPLACEMENTS	2014 END OF YEAR BALANCE
INTERVAL REPLACEMENT	60 years	2 to 63 years	\$194,500	\$19,450	\$3,395		\$22,845
INTERVAL REPLACEMENT	60 years	3 to 60 years	\$163,300	\$16,330			\$16,330
INTERVAL REPLACEMENT	60 years	8 to 62 years	\$161,000		\$8,744		\$8,744
GENERAL SITE IMPROVEMENTS	5 to 60 years	0 to 50 years	\$141,518	\$40,352	\$620	(\$20,991)	\$19,981
GENERAL SITE IMPROVEMENTS CON"T.	10 to 30 years	0 to 20 years	\$28,627	\$26,094		(\$15,545)	\$10,549
EXTERIOR	15 to 40 years	1 to 35 years	\$985,678	\$15,950			\$15,950
INTERIOR FINISHES	7 to 40 years	1 to 20 years	\$132,915	\$95,510			\$95,510
MECHANICAL/HVAC/PLUMBING	15 to 60 years	2 to 40 years	\$250,690	\$90,228	\$48,519		\$138,747

2015 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 112 Projected Replacements included in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF-2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$328,656 on July 1, 2014.
- Total reserve funding (including the Beginning Balance) of \$426,469 in 2014 through 2015.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2015 being accomplished in 2015 at a cost of \$16,250.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2015 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2015 BEGINNING BALANCE	2015 RESERVE FUNDING	2015 PROJECTED REPLACEMENTS	2015 END OF YEAR BALANCE
INTERVAL REPLACEMENT	60 years	1 to 62 years	\$194,500	\$22,845	\$2,855		\$25,700
INTERVAL REPLACEMENT	60 years	2 to 59 years	\$163,300	\$16,330	\$5,636		\$21,966
INTERVAL REPLACEMENT	60 years	7 to 61 years	\$161,000	\$8,744	\$7,356		\$16,100
GENERAL SITE IMPROVEMENTS	5 to 60 years	4 to 59 years	\$141,518	\$19,981	\$521		\$20,502
GENERAL SITE IMPROVEMENTS CON"T.	10 to 30 years	1 to 29 years	\$28,627	\$10,549			\$10,549
EXTERIOR	15 to 40 years	0 to 34 years	\$985,678	\$15,950		(\$4,250)	\$11,700
INTERIOR FINISHES	7 to 40 years	0 to 19 years	\$132,915	\$95,510		(\$12,000)	\$83,510
MECHANICAL/HVAC/PLUMBING	15 to 60 years	1 to 39 years	\$250,690	\$138,747	\$44,909		\$183,656

2016 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 112 Projected Replacements included in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CF-3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$373,683 on July 1, 2015.
- Total Replacement Reserve funding (including the Beginning Balance) of \$487,747 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$21,050.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2016 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-3

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2016 BEGINNING BALANCE	2016 RESERVE FUNDING	2016 PROJECTED REPLACEMENTS	2016 END OF YEAR BALANCE
INTERVAL REPLACEMENT	60 years	0 to 61 years	\$194,500	\$25,700	\$8,940	(\$6,250)	\$28,390
INTERVAL REPLACEMENT	60 years	1 to 58 years	\$163,300	\$21,966	\$7,014		\$28,980
INTERVAL REPLACEMENT	60 years	6 to 60 years	\$161,000	\$16,100			\$16,100
GENERAL SITE IMPROVEMENTS	5 to 60 years	3 to 58 years	\$141,518	\$20,502	\$15,527		\$36,028
GENERAL SITE IMPROVEMENTS CON"T.	10 to 30 years	0 to 28 years	\$28,627	\$10,549	\$835	(\$8,000)	\$3,384
EXTERIOR	15 to 40 years	4 to 33 years	\$985,678	\$11,700	\$5,584		\$17,284
INTERIOR FINISHES	7 to 40 years	1 to 24 years	\$132,915	\$83,510			\$83,510
MECHANICAL/HVAC/PLUMBING	15 to 60 years	0 to 38 years	\$250,690	\$183,656	\$23,379	(\$6,800)	\$200,235

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CF-4 below details the allocation of the \$303,914 Beginning Balance, as reported by the Association and the \$183,833 of Replacement Reserve Funding calculated by the Cash Flow Method in 2014 to 2016, to the 112 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF-1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$303,914 on July 1, 2013.
- Replacement Reserves on Deposit totaling \$328,656 on July 1, 2014.
- Replacement Reserves on Deposit totaling \$373,683 on July 1, 2015.
- Total Replacement Reserve funding (including the Beginning Balance) of \$487,747 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 to 2016 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$73,836.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF-4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
INTERVAL REPLACEMENT												
1	Brick Point-up - Bldg. (10%)	6,250	6,250			6,250			6,250		(6,250)	
2	Brick Point-up - Bldg. (10%)	6,250		3,395		3,395	2,855		6,250			6,250
3	Brick Point-up - Bldg. (10%)	6,250										
4	Brick Point-up - Bldg. (10%)	6,250										
5	Brick Point-up - Bldg. (10%)	6,250										
6	Brick Point-up - Bldg. (10%)	6,250										
7	Brick Point-up - Bldg. (10%)	6,250										
8	Brick Point-up - Bldg. (10%)	6,250										
9	Brick Point-up - Bldg. (10%)	6,250										
10	Brick Point-up - Bldg. (10%)	6,250										
11	Domestic water piping	13,200	13,200			13,200			13,200			13,200
12	Domestic water piping	13,200								8,940		8,940
13	Domestic water piping	13,200										
14	Domestic water piping	13,200										
15	Domestic water piping	13,200										
16	Domestic water piping	13,200										
17	Domestic water piping	13,200										
18	Domestic water piping	13,200										
19	Domestic water piping	13,200										
20	Domestic water piping	13,200										
INTERVAL REPLACEMENT												
21	Sanitary Drain Piping (6%)	12,650	12,650			12,650			12,650			12,650
22	Sanitary Drain Piping (6%)	12,650					5,636		5,636	7,014		12,650
23	Sanitary Drain Piping (6%)	12,650										
24	Sanitary Drain Piping (6%)	12,650										
25	Sanitary Drain Piping (6%)	12,650										
26	Sanitary Drain Piping (6%)	12,650										
27	Sanitary Drain Piping (6%)	12,650										
28	Sanitary Drain Piping (6%)	12,650										
29	Sanitary Drain Piping (6%)	12,650										
30	Sanitary Drain Piping (6%)	12,650										
31	Natural Gas Piping	3,680	3,680			3,680			3,680			3,680
32	Natural Gas Piping	3,680										
33	Natural Gas Piping	3,680										
34	Natural Gas Piping	3,680										
35	Natural Gas Piping	3,680										
36	Natural Gas Piping	3,680										
37	Natural Gas Piping	3,680										
38	Natural Gas Piping	3,680										
39	Natural Gas Piping	3,680										
40	Natural Gas Piping	3,680										
INTERVAL REPLACEMENT												

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF-4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
41	Hydronic System Piping	16,100		8,744		8,744	7,356		16,100			16,100
42	Hydronic System Piping	16,100										
43	Hydronic System Piping	16,100										
44	Hydronic System Piping	16,100										
45	Hydronic System Piping	16,100										
46	Hydronic System Piping	16,100										
47	Hydronic System Piping	16,100										
48	Hydronic System Piping	16,100										
49	Hydronic System Piping	16,100										
50	Hydronic System Piping	16,100										
GENERAL SITE IMPROVEMENTS												
51	Asphalt pavement, mill & overlay	14,841	14,841		(14,841)							
52	Asphalt pavement, seal coat	1,746	1,746			1,746			1,746	1,182		2,928
53	Concrete apron and curb	4,350	4,350		(4,350)							
54	Concrete curb (10%)	1,141		620		620	521		1,141			1,141
55	Concrete steps	1,600										
56	Concrete flatwork	14,300										
57	Flagstone entrance -replace	19,380								13,125		13,125
58	Retaining wall - tuckpoint & repair	1,800	1,800		(1,800)					1,219		1,219
59	Brick Retaining wall -Replace	31,875										
60	Block retaining wall -Replace	12,320										
61	Stone Planter -Replace	20,550										
62	Wood retaining wall	17,615	17,615			17,615			17,615			17,615
GENERAL SITE IMPROVEMENTS												
63	Aluminium Fence (10%)	1,233								835		835
64	Chain link trash coral gates	1,960	1,960			1,960			1,960			1,960
65	Chain link fencing - 3' patio enclosure	589	589			589			589			589
66	Exterior lighting - pole lights	11,795	11,795		(11,795)							
67	Exterior Lighting	3,750	3,750		(3,750)							
68	Exterior Bollard entrance lights	1,300										
69	Stormwater-PVC stormwater lines	8,000	8,000			8,000			8,000		(8,000)	
EXTERIOR												
70	Roof - BUR	505,896										
71	Gutters and Downspouts	8,245								5,584		5,584
72	Skylight	5,024										
73	Windows	350,000										
74	Balcony Renovation	85,000										
75	Balcony Canopy	11,700	11,700			11,700			11,700			11,700
76	Entrance Canopy	4,250	4,250			4,250		(4,250)				
77	Entry System	5,250										
78	Aluminum Storefront--Main Entry	8,544										
79	Aluminum Storefront --Side Entry	1,769										
INTERIOR FINISHES												
80	Carpet	34,680	34,680			34,680			34,680			34,680
81	Lobby- front - ceramic tile floor	8,938										
82	Lobby - rear - vinyl tile floor covering	1,222	1,222			1,222			1,222			1,222
83	Lobby - Mirrored wall	2,250										
84	Mail Boxes	6,935										
85	Laundry - Tile flooring	2,183										
86	Laundry - Suspended ceiling	2,025	2,025			2,025			2,025			2,025
87	Laundry room - Bathroom renovation	1,100	1,100			1,100			1,100			1,100
88	Stairway - vinyl tile	7,285	7,285			7,285			7,285			7,285
89	Stairway - Rubber stair treads	13,559	13,559			13,559			13,559			13,559
90	Interior light fixtures	18,400	18,400			18,400			18,400			18,400
91	Emergency exit signage	2,340	2,340			2,340			2,340			2,340
92	Electric wall heaters	2,900	2,900			2,900			2,900			2,900
93	Metal doors - 3 X 6'8"	15,300										
94	Metal doors - 1'6" X 6'8"	1,800										
95	Wood storage lockers	12,000	12,000			12,000		(12,000)				
MECHANICAL/HVAC/PLUMBING												
96	Elevator, hydraulic controls	46,100		25,038		25,038	21,062		46,100			46,100
97	Elevator, hydraulic piston	23,200		12,600		12,600	10,600		23,200			23,200
98	Elevator, cab and doors	23,100								15,645		15,645
99	Peerless Gas Boiler	68,500	68,500			68,500			68,500			68,500
100	Expansion tank	5,800	5,800			5,800			5,800			5,800

CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF-4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
101	Water pumps	6,900										
102	Domestic Water Heater	11,850					5,280		5,280	6,570		11,850
103	Domestic Water Heater	11,850		6,436		6,436	5,414		11,850			11,850
104	Domestic Water Heater Reserve Tank	13,000										
105	Domestic Water Heater pumps	3,540		1,923		1,923	1,617		3,540			3,540
106	Electric Switch Gear	7,250										
107	Electric distribution panel	1,850										
108	Auto Transfer Switch	2,100					936		936	1,164		2,100
109	KPS 3 System	11,650	9,128	2,522		11,650			11,650			11,650
110	Fire alarm system	7,200										
111	Ventilation system	4,000	4,000			4,000			4,000		(4,000)	
112	Dryer Exhaust System	2,800	2,800			2,800			2,800		(2,800)	

COMPONENT METHOD ACCOUNTING SUMMARY

This 2325 42nd Street Condominium - Component Method Accounting Summary is an attachment to the 2325 42nd Street Condominium - Replacement Reserve Study dated Revised April 19, 2013 and is for use by accounting and reserve professionals experienced in Association funding and accounting principals.

This Summary consists of four reports, the 2014, 2015, and 2016 Component Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2014, 2015, and 2016. Each of the 112 Projected Replacements listed in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of 8 categories. The following information is summarized by category in each report:
 - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
 - Cost of all Scheduled Replacements in each category.
 - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
 - Cost of Projected Replacements in the report period.
 - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$303,914 Beginning Balance (at the start of the Study Year) and the \$340,748 of additional Replacement Reserve funding in 2014 through 2016 (as calculated in the Replacement Reserve Analysis) to each of the 112 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
 - Identification and estimated cost of each Projected Replacement schedule in years 2014 through 2016.
 - Allocation of the \$303,914 Beginning Balance to the Projected Replacements by the Component Method.
 - Allocation of the \$340,748 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2014 through 2016, by the Component Method.

2014 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 112 Projected Replacements included in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM-1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$303,914 as of the first day of the Study Year, July 1, 2013.
- Total reserve funding (including the Beginning Balance) of \$432,630 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 being accomplished in 2014 at a cost of \$36,536.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2014 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2014 BEGINNING BALANCE	2014 RESERVE FUNDING	2014 PROJECTED REPLACEMENTS	2014 END OF YEAR BALANCE
INTERVAL REPLACEMENT	60 years	2 to 63 years	\$194,500	\$36,194	\$8,221		\$44,415
INTERVAL REPLACEMENT	60 years	3 to 60 years	\$163,300	\$30,581	\$6,707		\$37,288
INTERVAL REPLACEMENT	60 years	8 to 62 years	\$161,000	\$25,846	\$4,884		\$30,730
GENERAL SITE IMPROVEMENTS	5 to 60 years	0 to 50 years	\$141,518	\$24,221	\$18,588	\$20,991	\$21,818
GENERAL SITE IMPROVEMENTS CON"T.	10 to 30 years	0 to 20 years	\$28,627	\$9,089	\$11,791	\$15,545	\$5,335
EXTERIOR	15 to 40 years	1 to 35 years	\$985,678	\$86,197	\$38,985		\$125,183
INTERIOR FINISHES	7 to 40 years	1 to 20 years	\$132,915	\$30,486	\$17,286		\$47,772
MECHANICAL/HVAC/PLUMBING	15 to 60 years	2 to 40 years	\$250,690	\$61,300	\$22,254		\$83,554

2015 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 112 Projected Replacements included in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM-2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$396,094 on July 1, 2014.
- Total reserve funding (including the Beginning Balance) of \$540,868 in 2014 through 2015.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2015 being accomplished in 2015 at a cost of \$16,250.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2015 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2015 BEGINNING BALANCE	2015 RESERVE FUNDING	2015 PROJECTED REPLACEMENTS	2015 END OF YEAR BALANCE
INTERVAL REPLACEMENT	60 years	1 to 62 years	\$194,500	\$44,415	\$8,221		\$52,636
INTERVAL REPLACEMENT	60 years	2 to 59 years	\$163,300	\$37,288	\$6,707		\$43,996
INTERVAL REPLACEMENT	60 years	7 to 61 years	\$161,000	\$30,730	\$4,884		\$35,614
GENERAL SITE IMPROVEMENTS	5 to 60 years	4 to 59 years	\$141,518	\$21,818	\$6,912		\$28,729
GENERAL SITE IMPROVEMENTS CON"T.	10 to 30 years	1 to 29 years	\$28,627	\$5,335	\$2,988		\$8,323
EXTERIOR	15 to 40 years	0 to 34 years	\$985,678	\$125,183	\$38,985	\$4,250	\$159,918
INTERIOR FINISHES	7 to 40 years	0 to 19 years	\$132,915	\$47,772	\$17,286	\$12,000	\$53,058
MECHANICAL/HVAC/PLUMBING	15 to 60 years	1 to 39 years	\$250,690	\$83,554	\$22,254		\$105,809

2016 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 112 Projected Replacements included in the 2325 42nd Street Condominium Replacement Reserve Inventory has been assigned to one of the 8 categories listed in TABLE CM-3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$488,082 on July 1, 2015.
- Total Replacement Reserve funding (including the Beginning Balance) of \$644,662 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2016 being accomplished in 2016 at a cost of \$21,050.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

2016 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-3

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2016 BEGINNING BALANCE	2016 RESERVE FUNDING	2016 PROJECTED REPLACEMENTS	2016 END OF YEAR BALANCE
INTERVAL REPLACEMENT	60 years	0 to 61 years	\$194,500	\$52,636	\$8,221	\$6,250	\$54,607
INTERVAL REPLACEMENT	60 years	1 to 58 years	\$163,300	\$43,996	\$6,707		\$50,703
INTERVAL REPLACEMENT	60 years	6 to 60 years	\$161,000	\$35,614	\$4,884		\$40,498
GENERAL SITE IMPROVEMENTS	5 to 60 years	3 to 58 years	\$141,518	\$28,729	\$6,912		\$35,641
GENERAL SITE IMPROVEMENTS CON"T.	10 to 30 years	0 to 28 years	\$28,627	\$8,323	\$2,988	\$8,000	\$3,311
EXTERIOR	15 to 40 years	4 to 33 years	\$985,678	\$159,918	\$37,874		\$197,792
INTERIOR FINISHES	7 to 40 years	1 to 24 years	\$132,915	\$53,058	\$13,954		\$67,012
MECHANICAL/HVAC/PLUMBING	15 to 60 years	0 to 38 years	\$250,690	\$105,809	\$22,254	\$6,800	\$121,263

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM-4 below details the allocation of the \$303,914 Beginning Balance, as reported by the Association and the \$340,748 of Replacement Reserve Funding calculated by the Cash Flow Method in 2014 to 2016, to the 112 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF-1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$303,914 on July 1, 2013.
- Replacement Reserves on Deposit totaling \$396,094 on July 1, 2014.
- Replacement Reserves on Deposit totaling \$488,082 on July 1, 2015.
- Total Replacement Reserve funding (including the Beginning Balance) of \$644,662 in 2014 to 2016.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 to 2016 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$73,836.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
INTERVAL REPLACEMENT												
1	Brick Point-up - Bldg. (10%)	6,250	2,354	1,299		3,652	1,299		4,951	1,299	(6,250)	
2	Brick Point-up - Bldg. (10%)	6,250	2,106	460		2,566	460		3,027	460		3,487
3	Brick Point-up - Bldg. (10%)	6,250	1,858	293		2,151	293		2,444	293		2,736
4	Brick Point-up - Bldg. (10%)	6,250	1,610	221		1,831	221		2,052	221		2,273
5	Brick Point-up - Bldg. (10%)	6,250	1,363	181		1,544	181		1,725	181		1,906
6	Brick Point-up - Bldg. (10%)	6,250	1,115	156		1,270	156		1,426	156		1,582
7	Brick Point-up - Bldg. (10%)	6,250	867	138		1,005	138		1,143	138		1,281
8	Brick Point-up - Bldg. (10%)	6,250	619	125		744	125		870	125		995
9	Brick Point-up - Bldg. (10%)	6,250	372	115		487	115		602	115		717
10	Brick Point-up - Bldg. (10%)	6,250	124	107		231	107		339	107		446
11	Domestic water piping	13,200	4,796	1,681		6,477	1,681		8,158	1,681		9,839
12	Domestic water piping	13,200	4,273	812		5,085	812		5,896	812		6,708
13	Domestic water piping	13,200	3,750	556		4,306	556		4,862	556		5,417
14	Domestic water piping	13,200	3,227	434		3,660	434		4,094	434		4,527
15	Domestic water piping	13,200	2,703	362		3,065	362		3,427	362		3,789
16	Domestic water piping	13,200	2,180	315		2,495	315		2,810	315		3,125
17	Domestic water piping	13,200	1,657	282		1,938	282		2,220	282		2,502
18	Domestic water piping	13,200	1,134	257		1,390	257		1,647	257		1,904
19	Domestic water piping	13,200	87	222		309	222		532	222		754
20	Domestic water piping	13,200		206		206	206		413	206		619
INTERVAL REPLACEMENT												
21	Sanitary Drain Piping (6%)	12,650	4,680	1,993		6,672	1,993		8,665	1,993		10,657
22	Sanitary Drain Piping (6%)	12,650	4,179	847		5,026	847		5,873	847		6,720
23	Sanitary Drain Piping (6%)	12,650	3,677	561		4,238	561		4,799	561		5,360
24	Sanitary Drain Piping (6%)	12,650	3,176	431		3,606	431		4,037	431		4,468
25	Sanitary Drain Piping (6%)	12,650	2,674	356		3,031	356		3,387	356		3,743
26	Sanitary Drain Piping (6%)	12,650	2,173	308		2,481	308		2,789	308		3,097
27	Sanitary Drain Piping (6%)	12,650	1,671	274		1,946	274		2,220	274		2,495
28	Sanitary Drain Piping (6%)	12,650	1,170	250		1,420	250		1,669	250		1,919
29	Sanitary Drain Piping (6%)	12,650	669	230		899	230		1,129	230		1,360
30	Sanitary Drain Piping (6%)	12,650	167	215		382	215		598	215		813
31	Natural Gas Piping	3,680	1,289	342		1,630	342		1,972	342		2,313
32	Natural Gas Piping	3,680	1,143	195		1,338	195		1,533	195		1,728
33	Natural Gas Piping	3,680	997	141		1,138	141		1,279	141		1,420
34	Natural Gas Piping	3,680	851	113		964	113		1,077	113		1,190
35	Natural Gas Piping	3,680	705	96		801	96		897	96		993
36	Natural Gas Piping	3,680	559	84		644	84		728	84		812
37	Natural Gas Piping	3,680	413	76		489	76		565	76		641
38	Natural Gas Piping	3,680	267	70		337	70		407	70		476
39	Natural Gas Piping	3,680	122	65		186	65		251	65		316
40	Natural Gas Piping	3,680		60		60	60		121	60		181
INTERVAL REPLACEMENT												

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
41	Hydronic System Piping	16,100	5,425	1,186		6,611	1,186		7,797	1,186		8,983
42	Hydronic System Piping	16,100	4,786	754		5,541	754		6,295	754		7,049
43	Hydronic System Piping	16,100	4,148	569		4,717	569		5,286	569		5,856
44	Hydronic System Piping	16,100	3,510	466		3,976	466		4,443	466		4,909
45	Hydronic System Piping	16,100	2,872	401		3,273	401		3,674	401		4,074
46	Hydronic System Piping	16,100	2,234	356		2,589	356		2,945	356		3,300
47	Hydronic System Piping	16,100	1,595	322		1,918	322		2,240	322		2,562
48	Hydronic System Piping	16,100	957	297		1,254	297		1,551	297		1,848
49	Hydronic System Piping	16,100	319	277		596	277		873	277		1,150
50	Hydronic System Piping	16,100		256		256	256		511	256		767
GENERAL SITE IMPROVEMENTS												
51	Asphalt pavement, mill & overlay	14,841	5,883	8,958	(14,841)		742		742	742		1,484
52	Asphalt pavement, seal coat	1,746		291		291	291		582	291		873
53	Concrete apron and curb	4,350	1,724	2,626	(4,350)		73		73	73		145
54	Concrete curb (10%)	1,141		127		127	127		254	127		380
55	Concrete steps	1,600	412	57		469	57		525	57		582
56	Concrete flatwork	14,300	2,126	487		2,613	487		3,100	487		3,587
57	Flagstone entrance -replace	19,380	3,457	1,448		4,904	1,448		6,352	1,448		7,800
58	Retaining wall - tuckpoint & repair	1,800	713	1,087	(1,800)		180		180	180		360
59	Brick Retaining wall -Replace	31,875	2,948	629		3,577	629		4,206	629		4,835
60	Block retaining wall -Replace	12,320	1,546	263		1,809	263		2,072	263		2,335
61	Stone Planter -Replace	20,550	1,222	379		1,601	379		1,980	379		2,359
62	Wood retaining wall	17,615	4,189	2,238		6,427	2,238		8,665	2,238		10,902
GENERAL SITE IMPROVEMENTS												
63	Aluminium Fence (10%)	1,233		112		112	112		224	112		336
64	Chain link trash coral gates	1,960	544	236		780	236		1,016	236		1,252
65	Chain link fencing - 3' patio enclosure	589	163	71		234	71		305	71		376
66	Exterior lighting - pole lights	11,795	4,675	7,120	(11,795)		393		393	393		786
67	Exterior Lighting	3,750	1,486	2,264	(3,750)		188		188	188		375
68	Exterior Bollard entrance lights	1,300		62		62	62		124	62		186
69	Stormwater-PVC stormwater lines	8,000	2,220	1,927		4,147	1,927		6,073	1,927	(8,000)	
EXTERIOR												
70	Roof - BUR	505,896	26,737	18,429		45,166	18,429		63,596	18,429		82,025
71	Gutters and Downspouts	8,245	1,471	616		2,087	616		2,702	616		3,318
72	Skylight	5,024	199	134		333	134		467	134		601
73	Windows	350,000	51,530	13,567		65,097	13,567		78,664	13,567		92,230
74	Balcony Renovation	85,000	1,123	2,892		4,015	2,892		6,908	2,892		9,800
75	Balcony Canopy	11,700	2,473	1,318		3,792	1,318		5,110	1,318		6,428
76	Entrance Canopy	4,250	1,460	1,395		2,855	1,395	(4,250)		283		283
77	Entry System	5,250	250	227		477	227		704	227		932
78	Aluminum Storefront--Main Entry	8,544	790	337		1,127	337		1,464	337		1,802
79	Aluminum Storefront --Side Entry	1,769	164	70		233	70		303	70		373
INTERIOR FINISHES												
80	Carpet	34,680	3,928	6,150		10,078	6,150		16,229	6,150		22,379
81	Lobby - front - ceramic tile floor	8,938	2,303	474		2,777	474		3,251	474		3,724
82	Lobby - rear - vinyl tile floor covering	1,222	346	219		565	219		784	219		1,003
83	Lobby - Mirrored wall	2,250	268	94		362	94		456	94		551
84	Mail Boxes	6,935	1,100	486		1,586	486		2,072	486		2,558
85	Laundry - Tile flooring	2,183		104		104	104		208	104		312
86	Laundry - Suspended ceiling	2,025	522	215		736	215		951	215		1,166
87	Laundry room - Bathroom renovation	1,100	363	147		511	147		658	147		805
88	Stairway - vinyl tile	7,285	1,877	773		2,649	773		3,422	773		4,195
89	Stairway - Rubber stair treads	13,559	3,493	1,438		4,931	1,438		6,369	1,438		7,807
90	Interior light fixtures	18,400	5,592	1,830		7,421	1,830		9,251	1,830		11,081
91	Emergency exit signage	2,340	711	233		944	233		1,177	233		1,409
92	Electric wall heaters	2,900	881	288		1,170	288		1,458	288		1,746
93	Metal doors - 3 X 6'8"	15,300	4,245	921		5,167	921		6,088	921		7,009
94	Metal doors - 1'6" X 6'8"	1,800	482	101		583	101		684	101		786
95	Wood storage lockers	12,000	4,376	3,812		8,188	3,812	(12,000)		480		480
MECHANICAL/HVAC/PLUMBING												
96	Elevator, hydraulic controls	46,100	12,791	3,701		16,492	3,701		20,193	3,701		23,894
97	Elevator, hydraulic piston	23,200	6,437	1,863		8,300	1,863		10,162	1,863		12,025
98	Elevator, cab and doors	23,100	2,442	1,878		4,320	1,878		6,198	1,878		8,076
99	Peerless Gas Boiler	68,500	23,079	7,570		30,650	7,570		38,220	7,570		45,790
100	Expansion tank	5,800	1,954	641		2,595	641		3,236	641		3,877

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4 cont'd

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance	2015 Reserve Funding	2015 Projected Replacements	2015 End of Year Balance	2016 Reserve Funding	2016 Projected Replacements	2016 End of Year Balance
101	Water pumps	6,900	547	265		812	265		1,076	265		1,341
102	Domestic Water Heater	11,850	2,349	950		3,299	950		4,249	950		5,199
103	Domestic Water Heater	11,850	2,583	1,030		3,613	1,030		4,643	1,030		5,672
104	Domestic Water Heater Reserve Tank	13,000	773	719		1,492	719		2,211	719		2,931
105	Domestic Water Heater pumps	3,540	772	308		1,079	308		1,387	308		1,695
106	Electric Switch Gear	7,250	1,341	185		1,526	185		1,710	185		1,895
107	Electric distribution panel	1,850	232	39		272	39		311	39		351
108	Auto Transfer Switch	2,100	499	160		660	160		820	160		980
109	KPS 3 System	11,650	2,771	1,110		3,881	1,110		4,991	1,110		6,100
110	Fire alarm system	7,200	285	384		670	384		1,054	384		1,438
111	Ventilation system	4,000	1,467	844		2,311	844		3,156	844	(4,000)	
112	Dryer Exhaust System	2,800	977	608		1,584	608		2,192	608	(2,800)	

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a home owner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, street lights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965 there were only 500 Community Associations in the United States. According to the U.S. Census, there were 130,000 Community Associations in 1990. Community Associations Institute (CAI), a national trade association, estimates there were more than 200,000 Community Associations in the year 2000, and that the number of Community Associations will continue to multiply.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated problems. Although Community Associations have succeeded in solving many short term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic replacement, a general view of the condition of these components, and an effective financial plan to fund projected periodic replacements. The Replacement Reserve Study consists of the following:

- Replacement Reserve Study Introduction. The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.
- Section A Replacement Reserve Analysis. Many components owned by the Association have a limited life and require periodic replacement. Therefore it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, Section A Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Section A Replacement Reserve Analysis includes graphic and tabular presentations of these methods and current Association funding.
- Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly-owned components within the community that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves.

Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.
- Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.
- Section D Condition Assessment. Several of the items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed during our visual evaluation.
- Section E Attachments. The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s. It treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total Current Objective is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the Reserves Currently on Deposit (as reported by the Association) are distributed to the components in the schedule in proportion to the Current Objective. The Minimum Annual Deposit for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

- **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year. This method usually results in a calculated requirement for annual contribution somewhat less than that arrived at by the Component Method of analysis.

First, the Minimum Recommended Reserve Level to be Held on Account is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (Minimum Annual Deposit) to the reserves necessary to keep the reserve balance at the end of each year above the Minimum Recommended Reserve Level to be Held on Account. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit which is less than that arrived at by the Component Method.

- **Adjusted Cash Flow Analysis.** This program has the ability to modify the Cash Flow Method to take into account forecasted inflation and interest rates, thereby producing an Adjusted Cash Flow Analysis. Attempting to forecast future inflation and interest rates and the impact of changing technology is highly tenuous. Therefore, in most cases it is preferable to make a new schedule periodically rather than attempt to project far into the future. We will provide more information on this type of analysis upon request.

4. REPLACEMENT RESERVE STUDY DATA

- **Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components; 1) information provided by the Association and 2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the individuals responsible for maintaining the community after acceptance of our proposal. After completion of the Study, the Study should be reviewed by the Board of Directors, individuals responsible for maintaining the community, and the Association's accounting professionals. We are dependent upon the Association for correct information, documentation, and drawings.

- **Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Annual Deposit if Reserves Were Fully Funded. Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

Cash Flow Analysis. See Cash Flow Method, above.

Component Analysis. See Component Method, above.

Contingency. An allowance for unexpected requirements. Roughly the same as the Minimum Recommended Reserve Level to be Held on Account used in the Cash Flow Method of analysis.

Critical Year. In the Cash Flow Method, a year in which the reserves on hand are projected to fall to the established minimum level. See Minimum Recommended Reserve Level to be Held on Account.

Current Objective. This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement cost. It is equal to the estimated replacement cost divided by the estimated economic life, times the number of years expended (the difference between the Estimated Economic Life and the Estimated Life Left). The Total Current Objective can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Economic Life. Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Economic Life Left. Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Estimated Initial Replacement. For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin.

Estimated Replacement Cycle. For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

Minimum Deposit in the Study Year. Shown on the Summary Sheet A1. The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).

Minimum Recommended Reserve Level to be Held on Account. Shown on the Summary Sheet A1, this number is used in the Cash Flow Method only. This is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Normal Replacement Schedules. The list of Normal Replacement Items by category or location. These items appear on pages designated.

Number of Years of the Study. The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.

One Time Deposit Required to Fully Fund Reserves. Shown on the Summary Sheet A1 in the Component Method summary, this is the difference between the Total Current Objective and the Reserves Currently on Deposit.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Reserves on Hand. Shown in the Cyclic Replacement and Normal Replacement Schedules, this is the amount of reserves allocated to each component item in the Cyclic or Normal Replacement schedules. This figure is based on the ratio of Reserves Currently on Deposit divided by the total Current Objective.

Replacement Reserve Study. An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

EA: each FT: feet LS: lump sum PR: pair SF: square feet SY: square yard

6. LIST OF RECOMMENDED REPAIRS - PROCEDURES

A List of Recommended Repairs is offered as a supplemental report to the Replacement Reserve Study (at an additional fee) to assist the Association in understanding the financial implications of all items owned by the Association, not just the items included for funding by Replacement Reserves listed in the Replacement Reserve Inventory. The following information relates to the List of Recommended Repairs:

- Repair costs. Cost range estimates given in the repair list assume that all work by a given trade will be done together as a single project. If repairs are done piece-meal, the costs would be significantly higher. The costs of any repairs to be funded out of the Reserve Fund should be subtracted from the Reserves Currently on Deposit figure. The Board or Property Manager should coordinate this decision with the Reserve Analyst as part of the revision process.
- Completion of repairs. The Replacement Reserve Analysis assumes that all repairs cited in the Repair List will be completed within a twelve-month period of time. Estimated Life Left in the Replacement Reserve Study has been factored under this assumption. Any deletions or delays of the projects included in the List of Recommended Repairs may result in major inaccuracies in the Replacement Reserve Analysis.
- Safety issues. If safety issues have been cited, they should be given the highest priority and should be done immediately upon receipt of this report. The Board must recognize that from a liability standpoint, they have been made aware of the existence of these unsafe conditions, if any, once the report is delivered for their review.
- Unit costs. Nationally published standards and standard estimating manuals have been used in the development of this report. Contractor proposals or actual cost experience may be available as part of the Association records. We will adjust our figures to conform to your experience if the material or information is disclosed to us and/or made available for our use.

What is a Reserve Study?
Who are we?



<http://bcove.me/nc0o69t7>

What kind of property uses a Reserve Study?
Who are our clients?



<http://bcove.me/stt373hj>

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?



<http://bcove.me/81ch7kjt>

When should a Reserve Study be updated?
What are the different types of Reserve Studies?



<http://bcove.me/ixis1yxm>

What is in a Reserve Study and what is out?
Improvement vs Component, is there a difference?



<http://bcove.me/81ch7kjt>

What is my role as a Community Manager?
Will the report help me explain Reserves to my clients?



<http://bcove.me/fazwdk3h>

What is my role as a Board Member?
Will a Reserve Study meet my community's needs?



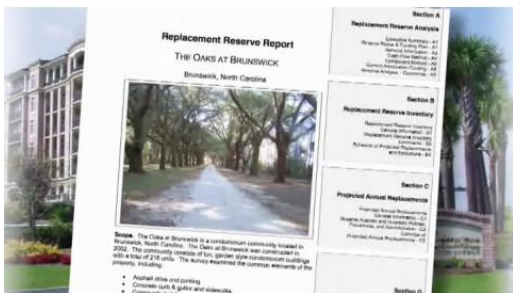
<http://bcove.me/n6nwnktv>

Community dues, how can a Reserve Study help?
Will a study help keep my property competitive?



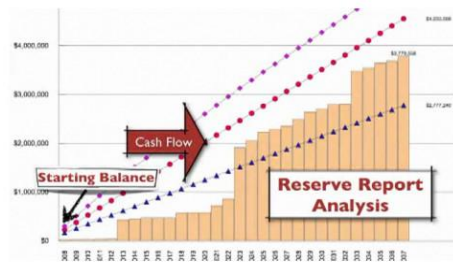
<http://bcove.me/2vfih1tz>

How do I read the report?
Will I have a say in what the report contains?



<http://bcove.me/wb2fugb1>

Where do the numbers come from?
Cumulative expenditures and funding, what?



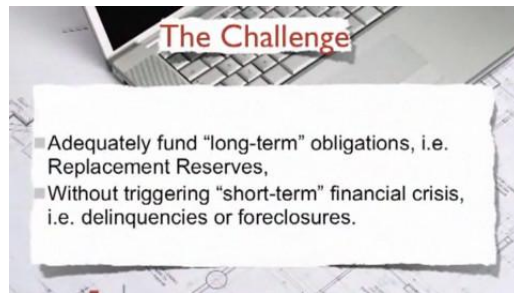
<http://bcove.me/7buer3n8>

How are interest and inflation addressed?
What should we look at when considering inflation?



<http://bcove.me/s2tmtj9b>

A community needs more help, where do we go?
What is a Strategic Funding Plan?



<http://bcove.me/iqul31vq>

Resolutions and Policies
2325 42nd Street N.W. Condominium

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
2325 42ND STREET, N.W. CONDOMINIUM**

WHEREAS, the Board of Directors of the 2325 42nd Street, N.W. Condominium (the "Association") is the executive and administrative entity designated to act for the Association;

WHEREAS, the Bylaws of the Association authorize the Board of Directors to make and collect assessments against unit owners;

WHEREAS, pursuant to the Bylaws of the Association, the members of the Association approve the budget prepared by the Board;

WHEREAS, at a general meeting of the Association held on May 22, 2007, the members of the Association approved an increase in the late fees for unpaid assessments to fifty dollars (\$50.00) as part of the budget; and

WHEREAS, the Board of Directors acknowledges the member vote of May 22, 2007, and has determined that it is in the best interest of the community to clarify the rules relating to the collection of delinquencies.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board of Directors of the 2325 42nd Street, N.W., Condominium ratifies the May 22, 2007 vote of the members of the Association, and that the effective date of the increase was effective July 1, 2007.

<u>Thomas H. Neal</u> President	<u>Oct. 13, 2010</u> Date
<u>Joseph Williams</u> First Vice President	<u>Oct 13 2010</u> Date
<u>Bob Patteren</u> Second Vice President	<u>Oct 13, 2010</u> Date
<u>Kathi Labares</u> Secretary	<u>Oct. 13, 2010</u> Date
<u>Anne Hensch</u> Treasurer	<u>Oct 13, 2010</u> Date

ARTICLE, RULES AND REGULATIONS

2325 42nd STREET, NORTH WEST CONDOMINIUM

Preliminary Board Approval, April 16, 20013; Revised, May 19, 2013

ARTICLE IX. PETS

Purpose: The purpose of this section is to establish reasonable requirements for keeping household pets in order to provide a safe and sanitary environment for the 2325 42nd Street North West Condominium.

A. By-Laws Provisions Governing Pets: Article VII, Section 8, subsection b, clause 4, of the Association By-Laws provides that “common household pets may be kept or maintained on the condominium property by persons residing at the Condominium property only in accordance with the Rules and Regulations of the Condominium. No pets shall be kept, bred, or maintained for commercial purposes, however. Any Unit Owner who keeps or maintains any pet in the Condominium shall be responsible and may be assessed by the Board of Directors for any costs incurred by the Condominium in enforcing the Rules and Regulations prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium and for violations of the Rules and Regulations pertaining to the keeping of pets at the Condominium.”

B. Common Household Pets Defined: The term “Common household pets” is defined by Section 8-2201 of the District of Columbia Code as a domesticated animal, such as a dog, cat, bird, rodent, fish, or turtle that is traditionally kept in the home for pleasure rather than for commercial purposes. “Common household pets” do not include reptiles, other than turtles.

C. Responsibilities of the Board of Directors: The Board shall interpret these rules, and shall ensure compliance with them. At its discretion the Board may provide for such remedies as counseling, warnings, and fines, and may require the removal of a pet found to be repeatedly in violation of these rules. In appropriate situations, the Board shall make reasonable accommodations in these rules for any handicapped or disabled persons residing in the Condominium.

D. The Pet Committee: The Board may, at its discretion, establish a volunteer Pet Committee. The Pet Committee shall maintain a register of all dogs and cats housed in the community, and of such other pets as residents may declare. The Committee shall perform such duties as the Board may assign to it, including providing information and counseling to, and resolution of disputes between, pet owners. The Board may consult the Committee with respect to any pet-related matter, and the committee may make recommendations to the Board.

ARTICLE IX: PETS - continued

E. General Rules for Pets:

1. Pet owners, unit owners, and renters are responsible for compliance with these rules and all applicable municipal statutes and administrative regulations which apply to themselves, their family members, visitors, tenants, and all occupants of their unit.
2. They shall also take care to ensure that the rights of other residents to safety, health, peace and quiet, and the congenial enjoyment of their property are not infringed on at any time of the day or night by their pets.
3. Each pet owner shall assume full and sole responsibility for personal injury or property damage caused by his or her pet. The 2325 42nd Street, North West Condominium Association is not liable for such injury or damage in any way.
4. All dogs must be licensed by the District of Columbia, and all pets must have current vaccinations to the extent required by District of Columbia law. All pets must be registered with the Board of Directors, and included in the Pet Registry maintained by the Pet Committee.
5. The Board, at its discretion, may require pet owners to maintain homeowner's or renter's insurance that provides liability coverage for damage or injury caused by pets.
6. Pets shall be treated humanely at all times.
7. Pets are not permitted to jump on, display menacing behavior toward, bite, or attempt to bite people or other pets.
6. Pets may not be confined on balconies or terraces without supervision at any time. "Confined" means locked out on balconies or terraces without access to the unit.
7. All pets must be hand-carried or leashed while in the common areas of the building and on the common grounds.
8. Pets must be curbed away from the condominium. They are not permitted to urinate at any place on condominium property, including in, around, or on the building, the steps, lawns, beds, walkways, planters, or lighting fixtures. Pet owners and dog walkers are responsible for removing their animals' solid waste.
9. In order to safeguard bird populations and other small wildlife, residents are not permitted to keep outdoor or free-roaming cats.
10. The Board of Directors recommends that pets should be spayed or neutered at the age of six months.

Rules and Regulations
2325 42nd Street N.W. Condominium

**2325 42ND STREET, N.W.
CONDOMINIUM**

**RULES
AND
REGULATIONS**

2325 42ND STREET, N.W. CONDOMINIUM

RULES AND REGULATIONS

The following Rules and Regulations (“Rules”) have been formulated for the safety and well-being of all Owners and Residents, to ensure compliance with all municipal and other requirements, and to protect the value of the Condominium units. Strict adherence to these Rules is necessary to guarantee that each and every Resident will enjoy a safe and unannoyed occupancy in accordance with the By-Laws. These Rules are in addition to, and not in lieu of, the By-Laws.

All present and future Owners and Residents shall be subject to these Rules. Acquisition, rental, occupancy or use of a Condominium unit shall constitute the acceptance and ratification of these Rules now existent or hereafter adopted.

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I. DEFINITIONS

1. Association shall refer to the 2325 42nd Street, N.W. Condominium Association, Inc.
2. Board shall refer to the duly elected Board of Directors of the Association.

3. By-Laws shall refer to the duly adopted By-Laws of the Association, as amended from time to time.
4. Condominium shall refer to all of the units and Common Elements comprising the 2325 42nd Street, N.W. Condominium.
5. Management shall refer to the company contracted by the Board to perform management services for the Association.
6. Owner shall refer to an Owner or Owners of a Condominium unit.
7. Resident shall refer to any person residing in a Condominium unit, whether an Owner or a tenant, but not to a visiting guest of an Owner or a tenant.

II. GENERAL REGULATIONS

1. Proper Maintenance of Units. In accordance with Article VII, Section 5(B) of the By-Laws, each Owner shall maintain, repair and replace at his own expense the following: any interior walls; interior surface of ceilings; window glass and lighting fixtures; kitchen and bathroom fixtures; appliances and equipment; and those parts of the heating, air conditioning and plumbing systems which are wholly contained in the Condominium unit.
2. Renovations and Improvements. In accordance with Article VII, Section 7 of the By-Laws, an Owner who intends to make any improvements or alterations to his unit that involves structural modifications or might affect the structural integrity of the Condominium, must submit such plans in advance to the Board for approval. An Owner may submit to the Board along with his plans, a structural engineer's or architect's report which determines the impact on the building structure of the modification. It shall then be the responsibility of the Board within thirty days, to review the plans and engineer's reports (if submitted). The Board has authority to hire an outside structural engineer or architect to review the plans if an Owner does not submit an engineer's or architect's report or if the Board feels a second opinion is necessary. All costs for engineer's or architect's reports shall be borne by the Owner proposing the modification. The Board, in determining whether to approve a modification, shall ensure that nothing is done to structurally detract from the soundness and appearance of the Condominium.
3. Air Conditioners. All new air conditioners must be put through the wall. Specific models must be purchased and the locations will be determined by the Board.
4. Occupancy. One bedroom units will be restricted to a maximum of three Residents; two bedroom units will be restricted to a maximum of four Residents. Efficiency units will be restricted to a maximum of two Residents.

5. Inappropriate Conduct or Practices. No conduct, use or practice will be allowed in the Condominium which is a source of annoyance to Residents or which interferes with the peaceful possession or proper use of the Condominium by its Residents.
6. Unlawful or Improper Use of Units or Common Areas. No unit or common area of the Condominium may be used for any unlawful or improper purpose.
7. Commercial Business. No commercial business may be conducted in the Condominium that generates noise or causes an increase in either pedestrian traffic or litter.
8. Owner Liability. Owners are liable for all damage to the common areas or other units caused by their negligence or intentional torts.
9. Right of Access to the Board of Directors and Management. Each Owner grants a right of access to his unit to the Board, Management and any other person authorized by the Board, for the purpose of making inspections and correcting any condition originating or existing in the unit.
10. Accidents and Injuries. All accidents and injuries which occur in the Condominium common areas must be reported immediately to the Board.
11. Contact Information for Non-Resident Owners. It is the obligation of all non-Resident Owners to keep the Board and Management advised of an address where they or their agent may be contacted in case of emergency.
12. Board of Directors Investment Authority. The Board shall have the power to prudently invest the monies of the Association's Reserve Fund. At the annual Association meeting, Owners will be given the opportunity to review and approve any investments made by the Board over the past year.
13. Condominium Fees. The Condominium fee is due on the first day of each month. The Board may impose a late payment charge for any Condominium fee or special assessment not paid within fifteen (15) days of the due date. Unpaid fees or assessments may become a lien on a unit and subject to foreclosure as provided in Article VII of the By-Laws. Special Assessments shall be due as provided in the resolution approving same, and as provided in Article VII, Section 1(E) and (F) of the By-Laws. No monthly or individual statement will be provided to Owners. The Board may designate that all payments be made to Management.

III. USE OF COMMON AREAS

1. Laundry room The laundry room is available for use on a twenty-four hour basis, although it is recommended that no load of laundry be started before 8:00 a.m. or after 9:00 p.m. Non-Residents of the Condominium are prohibited from the use of the laundry facilities. The laundry shall not be used for commercial purposes.

2. Doors. For security purposes, all exterior doors must be kept closed and locked.
3. Corridors. Residents shall not place bicycles, furniture, packages or objects of any kind in the public hallways, walkways, stairwells or grounds. The corridors, including walls, ceilings and the exterior of apartment doors are maintained by the Association. Residents shall not place items such as pictures, flowers and the like in these areas.
4. Storage. The storage rooms must be locked at all times. All storage bins must be registered with Management. Only Residents may use storage bins. Each Resident, and not the Association, shall be responsible for all of his items stored in the storage room which are lost or damaged. D.C. Fire Regulations prohibit storage of items such as mattresses, gasoline, paint or other flammable materials.
5. Elevators. According to the D.C. Fire Code, no smoking is allowed in the elevators. The elevators shall not be used in the event of fire or electrical emergencies.
6. Parking Lot. Any vehicle parked without authorization in an assigned parking space may be ticketed by the D.C. Police. The fire zone at the side of the Condominium must not be blocked. Unauthorized vehicles will endanger the building if parked in a fire zone. All vehicles parked on the parking lot must have current tags at all times and be operable with no flat tires or repairs being made to the vehicle while on the lot.
7. Parking Spaces. Parking spaces in the Condominium parking lot are rented at a monthly fee to Resident Owners.
 - A. Eligibility. Resident owners are defined as Unit Owners domiciled in the District of Columbia who physically reside in their units more than 183 days in a given year.
 1. Determination of Eligibility. The Board shall make a good faith effort to determine through observation and other appropriate measures whether Residents Owners who rent spaces (“spaceholders”) meet this qualification.
 2. Reassignment of Space. The Board may vote to reassign a parking space if it finds that a spaceholder no longer meets the residency qualification. In such instances, the Board must provide the spaceholder two calendar months notice that the space is being reassigned.
 - (i) Appeals. A spaceholder who has received a notice of reassignment may appeal to the Board, which will consider the appeal and make a final and binding judgment by majority vote, a majority of the Board being present.
 - B. One space per Resident Owner. In the interest of fairness and equitable distribution, spaceholders may rent only one parking space, except as provided in Section D.3.

1. This includes both (1) individual owners and (2) joint owners who are tenants in common or joint tenants who own one or more units.
- C. Conditions of Use. All spaceholders shall comply with the conditions of use. Under the By-Laws, the Board has the authority to enforce these Rules. Spaceholders who violate them may have their right of use revoked at the discretion of the Board, and/or have a fine imposed against them.
 1. Ownership. All vehicles assigned to the lot must be owned or leased by the spaceholder to whom the space is assigned. Spaceholders sharing the same unit may register more than one vehicle for use in their space.
 2. Parking Lot Registry. All vehicles must be registered with the Secretary of the Board. The following information shall be included in the registry for each vehicle and spaceholder(s):
 - (i) unit number, and emergency contact information;
 - (ii) make, model and license tag number for the vehicle(s); and
 - (iii) name of, and contact information for, insurance carrier(s).
 3. Valid District of Columbia Registration or Reciprocity Sticker. All vehicles assigned to the lot must have valid District of Columbia motor vehicle registration or a valid District of Columbia reciprocity sticker.
 4. Insurance. All vehicles assigned to the lot must carry valid insurance to the extent required by District of Columbia law.
 5. Ineligible Vehicles. Recreation vehicles, vans, trailers, commercial vehicles and other oversized vehicles, as may be determined by the Board, are specifically excluded from the lot.
 - (i) Exceptions for Tradesmen and Contractors. Spaceholders may authorize day-to-day use of their spaces by commercial vehicles belonging to tradesmen or contractors making repairs or improvements to their units.
 6. Loan of Spaces. Spaceholders may loan the use of their space on a short term basis to visitors. Spaces may not, however, be sublet for any consideration, nor their long-term use allowed by any vehicle or person other than the registered spaceholder.
 7. Prompt Payment of Parking Fees. Spaceholders shall pay their monthly parking fees on or before the first day of the month.

- D. Procedures for Assignment of Parking Spaces. Spaces in the parking lot shall be allocated on the basis of a waiting list.
 - 1. Parking Waiting List. Resident owners seeking a parking space shall contact the Secretary of the Board, who shall maintain a publicly-posted parking lot waiting list.
 - 2. Assigning Available Spaces. When a space becomes vacant, the Board shall allocate the space to the Resident Owner next on the waiting list.
 - (i) Exception for Disabled Persons. If a disabled Resident Owner requests a parking space, the Board, on receipt of appropriate documentation, shall place that person at the head of the waiting list.
 - 3. Surplus Spaces. If the number of spaces available exceeds demand, the Board may allocate surplus spaces on a temporary basis to current spaceholders who have applied for a second space, basis, but only until a qualified Resident Owner who does not hold a space applies for one).
- E. Parking Fees. Spaceholders shall pay a fee for the use of parking spaces. The fee level for each fiscal year shall be included in the annual budget proposal, and is subject to approval by vote of members of the Association at the budget meeting. Parking fees are due on or before the first day of each month.
 - 1. Delinquencies. The grace period for parking fee payment extends through the 15th day of each month. Failure to pay by that time constitutes a delinquency. For a one-month delinquency, a fine of 10% of the outstanding fee shall be imposed, and the spaceholder informed in writing. For a second month of delinquency, a fine of 20% of the outstanding fee shall be imposed, and the spaceholder advised in writing that use of the space may be terminated unless outstanding fees and fines are paid promptly. For a third month of delinquency, a fine of 30% shall be imposed, effective immediately, and the spaceholder be advised in writing that use of the space shall be terminated effective the last day of the month unless payment of all outstanding fees and fines has been received by that time. Spaceholders whose use of spaces has been terminated may appeal for reinstatement to the Board. The Board may require a deposit of up to three months parking fees of any spaceholder who has been delinquent three months.
- F. Liability. Spaceholders are responsible for any damage or injuries caused by their vehicles or the vehicles of anyone they authorize to occupy their space.
- 8. Gardens. No vegetable gardens will be allowed on the property. Flower gardens which border the Condominium may be planted in the front and the back of the Condominium. Those desiring a garden plot may apply to a garden committee appointed by the Board. The courtyard Residents may request the removal of a garden plot if it is ignored or becomes unsightly.

9. Children's Play. Parents should not allow their children to play in the parking lot of the Condominium. Children will be allowed to play in the outside areas of the Condominium under direct supervision of an adult. All damage to common areas caused by children shall be the financial responsibility of the parents or, if the children of guest, of the Owner/Resident.
10. Notices. No notices may be posted on walls or in the elevators without the permission of the Board. Official Association notices and personal notices may be posted on the bulletin board in the laundry room and on any other designated boards.
11. Balconies and Terraces
 - A. Status. Balconies and terraces in this Condominium are limited use common elements. They are owned by the Condominium, but Residents of the adjacent unit have the right of exclusive use.
 - B. Conditions of Use. The following conditions of use apply to all balconies and terraces:
 1. Access and Inspection by Board and Management. The Board and Management have the right of access to and inspection of balconies and terraces. Reasonable notice in writing will be provided except in case of emergencies. External inspection of balconies and terraces shall be carried out at least once annually, or more frequently at the Board's discretion.
 2. Appropriate Furnishings and Maintenance. Balconies and terraces shall be maintained by Residents in a clean and tidy condition; special care shall be taken to ensure that debris is not swept onto lower levels. Only appropriate outdoor and patio furniture and accessories are permitted. Bikes, motor scooters, exercise equipment, and any other large or inappropriate objects are not permitted. Bird feeders are expressly prohibited. No clothing, laundry or rugs shall be hung from or spread upon any balcony or terrace.
 3. Entrance to and Exit from Ground Floor Terraces. Access to ground floor terraces in the rear courtyards is permitted via terrace gates. Ground floor units on the front of the building do not have terrace gates and access over the railing is not permitted.
 4. Grilling and the D.C. Fire Code. The District of Columbia Fire Code prohibits the use of open flame cooking within 20 feet of any residential structure. Gas, charcoal, or wood fire grills may not, therefore, be used on balconies or terraces. Grilling is permissible in courtyards, as long as common sense precautions are taken and respect of neighbors' convenience and privacy is observed.
 5. Noise Restrictions. Balconies and terraces are subject to the same noise restrictions as generally apply to units: no sound should be heard between the hours of 10 p.m. and 9 a.m. Residents having balconies or terraces shall ensure

at all times that neighbors are not disturbed in the congenial occupancy of their units due to excessive noise. This includes, but is not limited to, all amplified sound, pet noise, parties and social gatherings, loud conversations, including phone conversations, musical instruments, and any other disturbing noise.

6. Permanent Fixtures. Nothing may be permanently affixed or attached by any means to any element of a balcony or terrace, or to any part of the building fabric. No exceptions to this rule are allowed.
7. Pets. Pets must be supervised by their owners whenever they are on balconies and terraces. Pets may not be left on balconies and terraces if their owners are not present in their units. Pets may not be confined to balconies or terraces, or otherwise subjected to inhumane treatment or hazardous conditions, at any time.
8. Plants and Planters. Flowers and potted plants are permitted on balconies and terraces. They should be neatly maintained. Planters designed to be hung from balcony railings are also permitted, provided they are securely fastened, but not permanently affixed, and neatly maintained. Residents shall take care to control watering overflow and spillage onto lower units.
9. Violations. The Board is empowered to assess fines for violations of these rules as generally provided under the Rules and Regulations of the 2325 42nd Street, N.W. Condominium.

IV. ADMITTANCE TO UNITS

1. Entry by Board or Management. Entry to units will be on an emergency basis only.
2. Notice of Entry to Resident/s. Following an emergency entry, Management shall advise the Resident in writing of the reason for the entry.
3. No Solicitation. There will be no solicitations allowed in the Condominium.
4. Unit Security. Because easily accessible units tend to attract crime and reduce the overall security of the Condominium, all Residents shall lock their unit and balcony doors whenever leaving the unit.

V. DELIVERIES

The Association shall not be liable for any delivered packages.

VI. DISPOSAL OF TRASH AND GARBAGE

1. Conditions of Use. Trash and garbage shall be neatly bagged in plastic and placed in the dumpster. Bones, garbage and other odorous materials shall be well wrapped in plastic bags, in order to prevent smells and vermin. Combustibles should not be thrown into the dumpster.

2. Disposal of Large Items or Hazardous Substances. Any Resident who has very large items, combustibles (such as paint, oil, greenery, etc.), or a large bulk of trash must arrange for disposal at their own expense.

VII. MOVES AND MAJOR DELIVERIES

Purpose. The purpose of this regulation is to provide procedures for apartment moves and deliveries of furniture, appliances, or other large articles into or out of the Condominium.

1. Notice Required. The Board and Management shall be given reasonable notice of all apartment moves and substantial moves or deliveries of furniture, appliances, or other large articles into or out of the Condominium.
2. Moving and Delivery Times and Conditions. Apartment moves and deliveries are permitted seven days a week and shall begin not earlier than 9:00 a.m. and must be completed not later than 6:00 p.m. Residents and delivery persons shall keep noise to a minimum and shall leave the Condominium common areas and grounds in a neat and tidy condition.
3. Using the Parking Lot and Side Door. All apartment moves and substantial moves or deliveries of furniture, appliances, or other large articles shall be made through the side door. Residents and delivery persons shall take extra care not to block Residents or their automobiles from entry or exit to the parking lot or the side door. A notice shall be placed on the windshield of any vehicle involved in a move or delivery identifying the affected unit, and provide contact information for the Resident or delivery person in the event the parking lot or side door is blocked.
4. Using the Passenger Elevator. Residents or delivery persons may use the passenger elevator during moves or deliveries, provided that priority shall be given at all times to regular use by Residents. Residents shall give reasonable notice to the Board and Management of their intention to use the elevator for moves and deliveries. The elevator must be padded whenever used for a move or delivery of large items, and the Resident must obtain an elevator service key from the Board to manually operate the elevator. The Board, at its discretion, may assess a key deposit, which will be refunded when the key is returned. Residents or delivery persons shall be financially responsible for any damage to the elevator interior or machinery.
5. Fees. The Board, at its discretion, may assess a fee for apartment moves or deliveries to cover wear and tear on the building fabric. The Board, at its discretion, may assess additional fees for subsequent delivery or removal from the building of large items.

VIII. EXTERMINATORS

Extermination services are regularly utilized in the common areas of the Condominium. Any Resident desiring extermination services may notify Management. Extermination services shall be provided at no additional charge to the Resident during the regular visits of the exterminator. At other times, the Resident shall bear the cost of the service.

IX. PETS

1. Purpose. The purpose of this section is to establish reasonable requirements for keeping household pets in order to provide a safe and sanitary environment for the 2325 42nd Street North West Condominium.

2. By-Laws Provisions Governing Pets. Article VII, Section 8, subsection b, clause 4, of the Association By-Laws provides that “common household pets may be kept or maintained on the condominium property by persons residing at the Condominium property only in accordance with the Rules and Regulations of the Condominium. No pets shall be kept, bred, or maintained for commercial purposes, however. Any Unit Owner who keeps or maintains any pet in the Condominium shall be responsible and may be assessed by the Board of Directors for any costs incurred by the Condominium in enforcing the Rules and Regulations prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium and for violations of the Rules and Regulations pertaining to the keeping of pets at the Condominium.”

3. Common Household Pets Defined. The term “Common household pets” is defined by Section 8-2201 of the District of Columbia Code as a domesticated animal, such as a dog, cat, bird, rodent, fish, or turtle that is traditionally kept in the home for pleasure rather than for commercial purposes. “Common household pets” do not include reptiles, other than turtles.

4. Authority of the Board of Directors. The Board of Directors shall interpret these rules, and shall ensure compliance with them. At its discretion, the Board may provide for such remedies as counseling, warnings, and fines, and may require the removal of a pet found to be repeatedly in violation of these rules. The Board, in appropriate situations, shall make reasonable accommodations for any handicapped or disabled persons.

5. The Pet Committee. The Board may, at its discretion, establish a volunteer Pet Committee. The Pet Committee shall maintain a register of all dogs and cats housed in the community, and of such other pets as residents may declare. The Committee shall perform such duties as the Board may assign to it, including providing information and counseling to, and resolution of disputes between, pet owners. The Board may consult the Committee with respect to any pet-related matter, and the committee may make recommendations to the Board.

6. General Rules for Pets

A. All dogs must be licensed by the District of Columbia, and all pets must have current vaccinations to the extent required by District of Columbia law. All pets must be registered with the Board of Directors, and included in the Pet Registry maintained by the Pet Committee.

B. Pet owners, unit owners, and renters are responsible for compliance with these rules and all applicable municipal statutes and administrative regulations which apply to themselves, their family members, visitors, tenants, and all occupants of their unit.

C. The Board, at its discretion, may require pet owners to maintain homeowner's or renter's insurance that provides liability coverage for damage or injury caused by pets.

D. Each pet owner shall assume full and sole responsibility for personal injury or property damage caused by his or her pet. The 2325 42nd Street, North West Condominium Association is not liable for such injury or damage in any way.

E. Pets are not permitted to jump on, display menacing behavior toward, bite, or attempt to bite people or other pets.

F. Pets may not be confined on balconies or terraces without supervision at any time. "Confined" means locked out on balconies or terraces without access to the unit.

G. All pets must be hand-carried or leashed while in the common areas of the building and on the common grounds.

H. Pets must be curbed away from the condominium. They are not permitted to urinate at any place on condominium property, including in, around, or on the building, the steps, lawns, beds, walkways, planters, or lighting fixtures. Pet owners and dog walkers are responsible for removing their animals' solid waste.

I. Pet owners are responsible for ensuring that the rights of other residents to safety, health, peace and quiet, and the congenial enjoyment of their property are not infringed on at any time of the day or night by their pets.

J. In order to safeguard bird populations and other small wildlife, residents are not permitted to keep outdoor or free-roaming cats.

K. The Board of Directors recommends that pets should be spayed or neutered at the age of six months.

X. NOISE

1. By-Laws Provisions Governing Noise. The By-Laws in Article VII, Section 8 provide that:

Paragraph B(5): "Unit owners and other residents and guests shall exercise extreme care to avoid excessive or objectionable noise or the use of musical instruments, radios, television and amplifiers that may disturb other Unit Owners in accordance with applicable Rules and Regulations of the Condominium."

Paragraph B(6): “No nuisances shall be allowed in the Condominium nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium by its residents.”

1. Owner and Resident Responsibility to Reduce Noise. Owners and Residents shall take appropriate measures to prevent noise and other disturbances from annoying other Residents. Radios, stereos, televisions, musical instruments, and other similar equipment shall be located and controlled in such a manner as not to disturb or annoy other occupants. Stereo speakers should not be placed directly on the floor. Special care must be taken to ensure that noise is controlled between the hours of 10:00 p.m. and 9:00 a.m.
2. Parties and Social Gatherings. All hosts of parties shall cooperate by keeping the noise level down, especially after 10:00 p.m.
3. Floor Coverage Requirement. All Residents will be required to cover 80 percent (80%) of the unit floor area (excluding kitchen, bathroom and closets) with rugs and one-half inch foam pads, or the equivalent.

XI. VIOLATIONS AND COMPLAINTS

1. Filing Complaints. Complaints of violations of these Rules may be made either to Management or the Board of Directors. Complaints may be submitted in writing, in person, or by telephone or email. All complaints shall be investigated by the Board; at its discretion, the Board may delegate investigation to Management.
2. Violations Defined. Violations may consist of a) a physical condition or conditions within a unit or limited use common element contrary to requirements of the By-Laws or Rules and Regulations; or b) an activity by a resident or residents that violates these documents.
3. Written Complaints. Written complaints shall be referred to the Board if there is a dispute as to the existence of the violations.
4. Hearings. The Board may conduct a hearing in order to settle all disputes referred to it, but no sanction shall be imposed unless the Board has conducted a hearing.
5. Conditions of Hearings. The hearing shall be open, and Management, the Complainant(s) and the alleged violators shall be provided adequate advance notice of such a hearing.
6. Remedies: Physical Conditions. If the Board finds that a violation or violations exists, or did exist, due to a physical condition, it may require that the violation be corrected. Violators shall be provided a reasonable amount of time to remedy

the condition. If the violation is not remedied by the time specified for its remediation, the Board may assess a fine payable by the violator, or, in the case of rental units, by the Unit Owner.

7. Remedies: Resident Activities. If the Board finds that a violation or violations exists, or did exist, due to an activity by a resident or residents, it may issue a warning to the responsible party, or, at its discretion, it may assess a fine payable by the violator, or, in the case of rental units, by the Unit Owner.
8. Fines. The maximum fine for an initial violation of the Rules and Regulations shall be \$50.00. If the violation is not rectified within a reasonable time period as determined by the Board, the Board may fine the violator a maximum of \$1000.00.
9. Failure to Pay Fines. If a fine is not paid within thirty (30) days of notice of the imposition of such fine, the Board may assess further penalties, not to exceed a maximum of \$1,000.00, on a monthly basis. Any owner who is more than 90 days delinquent in paying a fine and/or additional penalties assessed under this article shall lose the use of his or her storage locker until such time as all fines and penalties have been paid in full.

Any failure to pay a fine within thirty (30) days of notice of the imposition of such fine may result, at the Board's discretion, in the imposition of a lien against the unit of the Owner failing to pay. Such lien may be foreclosed at the sole discretion of the Board pursuant to the provisions of Article XI of the By-Laws.

10. Correction of Violations. In addition to the fines provided for herein, the Board shall have the right to take whatever action is necessary to correct the violation, and any cost incurred by the Association in taking such action shall be paid by the Resident responsible thereof, and said amount shall be a lien against the unit Owner subject to foreclosure. Pet owners may wish to see separate Rules and Regulations.

XII. RENTALS

1. Conditions. An Owner may lease his unit provided that: (i) a District of Columbia approved lease form is used, and a copy of said lease or renewal thereof shall be delivered to the Board within ten (10) days of execution; (ii) such lease shall be subject to and consistent with the provisions of the Condominium Declaration, By-Laws, and these Rules, as the same may be amended from time to time; (iii) the Board has the power to terminate such lease or to bring summary proceedings to terminate such lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder, in the event of a default by the tenant in performance of such lease; and (iv) if the term of the lease is six (6) months or less, the prior written permission of the Board is obtained.

2. Tenant Obligations. All tenants shall be bound by the terms of these Rules and the By-Laws. In addition, an Owner shall be financially responsible for his tenant's violations of these Rules and the By-Laws of the Association.
3. Failure of Owners to Meet Obligations. In the event that the monthly Condominium fee or any special assessment is not paid for any unit which is being leased by its Owner, these Rules shall operate as an assignment of rents by the Owner of such unit to the Association, and the Association shall have the right to collect such unpaid fees and assessments from such tenants, upon giving written notice to both the Owner and the tenant, and the tenant shall be entitled to deduct such sums paid to the Association hereunder from any rent owed such Owner.
4. Extensions/Renewals of Leases. The Board shall be informed of any renewals and extensions of leases.

XIII. WAIVER AND SEVERABILITY

1. No failure by the Board or Management to enforce any provision of these Rules shall be deemed a waiver of such provision or of its enforceability in any case.
2. If any provision of these Rules shall be adjudicated or otherwise found to be in contravention of any federal or municipal law, ordinance or regulation, only that provision shall be affected by such determination. All other provisions of these Rules shall continue to be in full force and effect.

XIV. MODIFICATION OR AMENDMENT OF RULES

1. Amendments to Rules. These Rules may be changed, amended or modified at any regular Board meeting in accordance with the By-Laws.
2. Notice of Amendments to Rules. Except as provided below, Owners shall be given ten (10) days notice of proposed changes, amendments, or modifications to these Rules for the purpose of comment. Where considered necessary or warranted by the Board, an open meeting may be called for discussion of proposed changes, amendments or modifications after determination of the comment period and at least ten (10) days prior to the effective date.
3. Emergency Amendments. Upon affirmative determination by the Board that an emergency or other sufficient cause exists, the Board may waive the notice requirement of paragraph 2 above and issue appropriate Rules effective immediately.
4. Review of Amendments. At the Annual Meeting of the Association, Owners will be given an opportunity to review and approve all changes, amendments, or modifications of the Rules which were made by the Board during the preceding year.

XV. NON-COMPLIANCE OF RULES AND REGULATIONS, BY-LAWS
ARTICLE VII, SECTION 8(A)

1. Restriction on Use of Units and Condominium. “Because the authority to adopt rules and regulations to assist the Condominium in providing for congenial occupancy and the protection of the value of the Units rests in the Board of Directors, it is necessary that the Board of Directors have the right and authority to adopt and enforce Rules and Regulations and to exercise reasonable control over the use for the Units. The Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations of Rules and Regulations, all at the expense of the violator, and to levy fines against Unit Owner who continue to violate the Rules and Regulations. Any such fine not paid within thirty (30) days of written notice to a Unit Owner of the imposition of such fine shall be deemed an assessment against his Unit. Such assessment shall be a lien upon said Unit as provided in paragraph XII-2A, and may be enforced in the manner provided for in Article XII.”

2325 42ND STREET, N.W. CONDOMINIUM

GUIDELINES FOR MOVES

Dear Prospective Resident,

Welcome to the 2325 42nd Street, N.W. Condominium. For your information and convenience, we are pleased to provide a digest of the Rules and Regulations governing moves in or out of this community. Please follow these requirements as you plan your move, and on moving day itself. They are intended to facilitate a quick and trouble-free move for you, reduce inconvenience to other residents, and to minimize damage to the building fabric and systems. If you have any questions, please feel free to contact Rebecca Clark, our managing agent at EJF Real Estate Services. Ms. Clark is available at 202-756-4011, or by email at rebecca@ejfrealestate.com.

Notice Required. Please give reasonable notice of your move in or out of the building, in order to schedule use of the elevator and to coordinate any multiple moves that may occur. We recommend giving not less than three weeks notice, and more if at all possible.

Moving Times and Conditions. Apartment moves are permitted seven days a week. They may not begin earlier than 9:00 a.m. and must be completed not later than 6:00 p.m. Please keep noise to a minimum and leave the Condominium common areas and grounds in a neat and tidy condition.

Using the Parking Lot and Side Door. All apartment moves shall be made through the side door. Please take extra care not to block other Residents or their automobiles from entry or exit to the parking lot or the side door. Place a notice on the windshield of any vehicle involved in a move or delivery which 1) identifies the affected unit; and 2) provides contact information for the Resident in the event the parking lot or side door is blocked.

Using the Passenger Elevator. Please note your intention to use the passenger elevator when you contact EJF to schedule your move. There is only a single elevator to serve the building, so residents who use it during moves must give priority at all times to regular use by other Residents. The best way to do this is to collect a full load adjacent to the elevator, fill it as quickly as possible, move the load to the desired floor, unload it as quickly as possible, and then return the elevator to passenger use until the next load is ready. The elevator must be padded whenever used for a move, and Residents must obtain an elevator service key from the Board to manually operate the elevator. Do not attempt to hold the door open without using an elevator key; this is the most important cause of elevator malfunctions. Residents shall be financially responsible for any such damage to the elevator interior or machinery.

Fees. To cover wear and tear on the building fabric, the Board assesses a minimum of \$150 to move into the building and \$150 to move out of the building. The moving fees are non-refundable and can be adjusted upwards depending on damage caused by movers.

Sincerely yours,

The Board of Directors
2325 42nd Street, N.W. Condominium

2325 42nd Street North West Condominium
Washington, DC
Air Conditioner Guidelines

Most units at 2325 42nd Street, North West are fitted with wall-mounted room air conditioner units. Association members/unit owners may replace these units as necessary (See Section C for recommendations), or they may install wall-mounted air conditioners in rooms within their units that do not currently have air conditioners, subject to the following regulations.

A. PLACEMENT. Placement for units mounted in bedrooms shall be centered under a window. Contractors shall leave one course of brick between the concrete window sill and the air conditioner sleeve. The location of air conditioners installed in other rooms is subject to discussion with and approval by the Board of Directors.

B. SLEEVE REQUIREMENTS. In the interest of exterior building appearance and uniformity, the Association requires that all wall mountings be General Electric GE Room Air Conditioner Wallcase wall-mounted sleeves, Models RAB46, RAB47 or RAB48, or the nearest equivalent. All units must also be fitted with a General Electric GE Room Air Conditioner Rear Grill, Model RAG14. **No exceptions to these sleeve and grill requirements are permitted.**

C. AIR CONDITIONER UNIT RECOMMENDATIONS

The Board recommends, but does not require, that owners install General Electric wall mounted room air conditioners as new or replacement units. The sleeves and grill required in Section B are designed to fit these units, which GE manufactures in a range of BTU cooling capacities. For further information consult the General Electric web site at:

[http://products.geappliances.com/ApplProducts/html/GEAResults.htm#Category=Built-In_Room_Air_Conditioners&Filters=INSTALLATION!Wall\\$20Mounted~UNIT\\$20TYPE!Cool\\$20Only](http://products.geappliances.com/ApplProducts/html/GEAResults.htm#Category=Built-In_Room_Air_Conditioners&Filters=INSTALLATION!Wall$20Mounted~UNIT$20TYPE!Cool$20Only)

D. NOTICE TO THE ASSOCIATION. Unit owners must provide written notice at least 14 days in advance of the work-start date of any plan to install a new air conditioner sleeve or a higher cooling capacity replacement air conditioner to the Board of Directors and Management. This notice should include a description of the project, including a report from a licensed electrician on any wiring or circuitry changes, copies of the contractor's license and insurance documents, or proof that the unit owner's homeowner's insurance would cover any damage caused by the contractor during construction. It should also include any drawings of the project and copies of building permits, or certification that the installation does not require a permit.

E. APPROVAL BY A LICENSED ELECTRICIAN

In the interests of fire safety, unit owners planning to install a new air conditioner or replace an existing one with a unit that has greater cooling capacity, are required to consult a licensed electrician and file an electrician's report on any wiring or circuitry changes noted or performed (see also Section D).

F. DAMAGE AVOIDANCE AND RESPONSIBILITY. Unit owners must take care that:

1) new air conditioner installations avoid structural or other damage to the building; 2) that they do not detract from the exterior building appearance; and 3) they are carried out in a professional and workmanlike manner. Unit owners are liable for any damage to common or to other units that may occur as a result of an installation.

E. WORK DURING NORMAL HOURS ONLY. All work must be performed during normal business hours, defined as Monday through Friday, from 9:00 AM through 6:00 PM, so that

residents will be minimally disturbed. No work will be conducted after 6:00 PM or on Saturday or Sunday without prior authorization by the Board of Directors.

F. JOB CLEANUP. The unit owner shall ensure that common areas, such as hallways, stairwells, lobbies, the elevator, and the building exterior and grounds are clean and free of construction debris at the end of every work day. The job contractor shall remove all discarded building materials. Use of the building dumpsters to discard materials is prohibited, nor shall the contractor dump any construction debris in Glover-Archbold Park. Any dumping in the park will be reported to the National Park Service and the U.S. Park Police for appropriate action. The Board may impose an assessment on the unit owner to cover the costs of any extraordinary cleanup or damage to the building fabric.

G. DISPOSAL OF DISCARDED AIR CONDITIONER UNITS. The unit owner shall ensure that discarded air conditioner units are disposed of safely. Use of the building dumpsters for discarded units is prohibited.

2325 42nd Street Condominium, N.W.
Washington, DC 20007

PET RULES

1. Common household pets may be kept or maintained on the Condominium property by persons residing at the Condominium property. No pets, however, shall be kept, bred, or maintained for commercial purposes.
2. All pets must be registered with the management and the pet committee.
3. The resident who keeps a pet shall be responsible for ensuring that other residents are not disturbed in any way by said pet. This responsibility includes immediate cleaning after pets on the building grounds and in other common areas when accidents occur.
4. Each pet owner shall assume full and sole responsibility for personal injury or property damage caused by his pet. The Condominium Association is not liable for such injury or damage in any way.
5. Pets must be hand-carried or leashed at all times while in the common areas and on the common grounds.
6. Pets must be curbed away from all the lawns, courtyards, sidewalks, and other common areas maintained by the Condominium.
7. The Board may assess any penalty consistent with these rules, including the placement of liens against violators' property. The Board is empowered to require the permanent removal of a pet found to have repeatedly violated these rules.
8. Non-resident owners are responsible for the behavior of pets maintained by their tenants and will be fined for violations of the pet rules.

(see reverse side for fineable offenses and amounts)

FINABLE OFFENSES (REVISED 5/01/02)**AMOUNT OF FINE**

- | | | |
|----|---|---|
| 1. | Not cleaning up after pet which has vomited, defecated, or urinated <u>inside</u> the condominium. | No written warning; First offense \$50, and so forth |
| 2. | Not cleaning up after pet which has vomited, defecated, or urinated on grounds maintained <u>outside</u> by the Condominium | First offense - written warning; 2 nd offense \$50, and so forth |
| 3. | Failure to register a pet | (Same as #2) |
| 4. | Excessive barking | (Same as #2) |
| 5. | Excessive noise due to movement in the unit | (Same as #2) |
| 6. | Smells and odors problem | (Same as #2) |
| 7. | Miscellaneous disturbances to residents | (Same as #2) |
| 8. | Localized flea problem | (Same as #2) |
| 9. | Failure to remove a pet after having been directed to do so by the Board | \$100, \$200, \$300, \$400 each week the directive is ignored |

SCALE OF FINES

(Please note that unpaid fines automatically double every two weeks; it is conceivable that owners can incur multiple fines because of multiple simultaneous offenses).

1. Warning
2. \$50, first offense
3. \$100, second offense
4. \$150, third offense
5. \$200, fourth offense
6. \$500, fifth offense
7. Unpaid monies can result in a lien placed against the property of the owner of the unit where the pet is maintained.

It's real important to follow these guidelines when doing any work on your unit. Each time we fail to observe these rules, we chance damage to the common areas, and then we all pay for the repairs. Let's use our condo fees to improve the common areas and improve our quality of living, rather than to repair the elevator or the front entrance stones. These are highlights of the courtesies to other owners – if you have a situation not covered below, just ask any board member.

When having workmen come into your unit:

- 1) Nothing, repeat NOTHING, is to go in or out of the front door.
- 2) No work, except emergencies, on Sundays. Normal quiet hours are to be observed during the week: 10pm until 9am, so workmen must work within that time frame.
- 3) All discarded drywall, appliances, fixtures, debris and trash is to be taken away from the building; not put in the dumpster, or behind it, and not stored on the grounds to be taken away.
- 4) Elevator pads must be used if anything is taken in/out the elevator. This means the Board and/or Jennifer at EJJ must know the dates of work performed.
- 5) If water needs to be turned off, residents who are affected must be notified several days ahead of time. The only way to turn off water to a unit is to shut off water to the entire tier.
- 6) Workmen can't just appropriate an empty parking space when they drive in. The unit owner should clear parking with another resident, or the vehicle will be towed.
- 7) No work on radiators may be done except during the warmer months when the boiler has been turned off. Plumber must understand how the system works. Coordination with a board member is strongly encouraged as we've suffered problems with the heat in the past.

Thank you – if you have any questions, please speak to any board member.

Year End Unaudited Financials
2325 42nd Street N.W. Condominium

**Balance Sheet - Operating**

2325 42nd Street, N.W. Condominium

End Date: 12/31/2014

Date: 1/14/2015

Time: 4:09 pm

Page: 1

Assets

Cash

11-1151-00	Operating - City First Bank (7968)	\$39,687.68	
11-1152-00	Reserves - City First MM (4933)	18,251.87	
11-1155-00	Reserves - Morgan Stanley (6193)	403,216.73	

Total Cash: \$461,156.28

Accounts Receivable

13-1300-00	Accounts Receivable	52,527.88	
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Total Accounts Receivable: \$52,527.88

Total Assets:**\$513,684.16****Liabilities & Equity**

Liabilities

21-3600-00	Prepaid Assessment	4,449.00	
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Total Liabilities: \$4,449.00

Capital

31-3150-00	Initial Contribution	13,100.00	
31-3300-00	Retained Earnings	67,339.76	

Total Capital: \$80,439.76

Reserve Funds

32-3200-00	Reserve Beginning Balance - Jan 1	400,805.37	
32-3210-00	Reserve Contributions YTD	36,499.98	
32-3220-00	Reserve Expenditures YTD	(22,440.23)	

Total Reserve Funds: \$414,865.12

	Net Income Gain / Loss	13,930.28	
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\$13,930.28**Total Liabilities & Equity:****\$513,684.16**



Income Statement Budget vs. Actual
 2325 42nd Street, N.W. Condominium
 7/1/2014 - 12/31/2014

Date: 1/14/2015
 Time: 4:09 pm
 Page: 1

		Actual	Budget	\$ Over Budget	% of Budget
41-4100-00	Assessments	\$164,676.00	\$329,493.00	(\$164,817.00)	49.98%
42-4260-00	Parking Assessments	\$9,295.00	\$18,480.00	(\$9,185.00)	50.30%
42-4285-00	Rental Surcharge	\$660.00	\$0.00	\$660.00	100.00%
43-4320-00	Storage Income	\$187.50	\$1,100.00	(\$912.50)	17.05%
43-4340-00	Late Fees	\$1,150.00	\$750.00	\$400.00	153.33%
43-4350-00	NSF Fees	\$150.00	\$0.00	\$150.00	100.00%
44-4420-00	Laundry Income	\$3,730.20	\$7,000.00	(\$3,269.80)	53.29%
44-4460-00	Moving Fees	\$5,400.00	\$1,500.00	\$3,900.00	360.00%
45-4520-00	Resident Responsible Charge	\$618.00	\$0.00	\$618.00	100.00%
45-4540-00	Legal Reimbursements	\$185.00	\$0.00	\$185.00	100.00%
45-4560-00	Interest from Reserves	\$1,231.76	\$750.00	\$481.76	164.23%
46-4620-00	Miscellaneous Income	\$240.00	\$0.00	\$240.00	100.00%
		\$187,523.46	\$359,073.00	(\$171,549.54)	52.22%
Administrative					
60-6010-00	Management Fees	\$15,930.00	\$32,497.00	(\$16,567.00)	49.02%
60-6020-00	Legal Fees	\$4,246.50	\$15,000.00	(\$10,753.50)	28.31%
60-6030-00	Accounting Fees	\$4,900.00	\$4,800.00	\$100.00	102.08%
60-6070-00	Banking Fees	\$140.00	\$300.00	(\$160.00)	46.67%
60-6080-00	Licenses	\$0.00	\$250.00	(\$250.00)	0.00%
60-6090-00	Dues & Subscriptions	\$42.00	\$0.00	\$42.00	100.00%
60-6100-00	Postage & Mailings	\$196.90	\$1,000.00	(\$803.10)	19.69%
60-6120-00	Off-Site Files Storage	\$90.00	\$150.00	(\$60.00)	60.00%
60-6300-00	Bad Debt Expense	\$11,099.50	\$0.00	\$11,099.50	100.00%
	Total Administrative:	\$36,644.90	\$53,997.00	(\$17,352.10)	-67.86%
Staffing					
62-6230-00	Bonuses	\$0.00	\$600.00	(\$600.00)	0.00%
	Total Staffing:	\$0.00	\$600.00	(\$600.00)	0.00%
Utilities					
63-6310-00	Electricity	\$3,618.14	\$12,000.00	(\$8,381.86)	30.15%
63-6320-00	Water & Sewer	\$14,000.30	\$26,400.00	(\$12,399.70)	53.03%
63-6330-00	Gas	\$9,340.00	\$50,000.00	(\$40,660.00)	18.68%
63-6350-00	Telephone	\$651.57	\$2,000.00	(\$1,348.43)	32.58%
	Total Utilities:	\$27,610.01	\$90,400.00	(\$62,789.99)	-30.54%
Maintenance & Repairs					
64-6410-00	General Building Maintenance	\$4,451.40	\$7,000.00	(\$2,548.60)	63.59%
64-6420-00	Supplies	\$368.43	\$1,000.00	(\$631.57)	36.84%
64-6430-00	Painting	\$0.00	\$7,500.00	(\$7,500.00)	0.00%
64-6440-00	Plumbing	\$4,569.00	\$16,000.00	(\$11,431.00)	28.56%
64-6450-00	Electrical	\$735.00	\$2,000.00	(\$1,265.00)	36.75%
64-6470-00	Locks & Keys	\$457.72	\$1,000.00	(\$542.28)	45.77%
64-6500-00	Roof Repairs	\$0.00	\$3,900.00	(\$3,900.00)	0.00%
64-6530-00	HVAC Maint. & Repair	\$1,424.00	\$4,000.00	(\$2,576.00)	35.60%
64-6540-00	Elevator Maint. & Repair	\$1,580.00	\$1,500.00	\$80.00	105.33%
64-6570-00	Flooring	\$0.00	\$1,200.00	(\$1,200.00)	0.00%
64-6580-00	Grounds Non-Contract	\$198.00	\$3,500.00	(\$3,302.00)	5.66%

**Income Statement Budget vs. Actual**

2325 42nd Street, N.W. Condominium

7/1/2014 - 12/31/2014

Date: 1/14/2015

Time: 4:09 pm

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Total Maintenance & Repairs:		\$13,783.55	\$48,600.00	(\$34,816.45)	-28.36%
Contracted Services					
66-6610-00	Trash Removal	\$3,876.68	\$8,700.00	(\$4,823.32)	44.56%
66-6620-00	Bulk Trash Removal	\$75.00	\$500.00	(\$425.00)	15.00%
66-6630-00	Fire Control Systems	\$230.48	\$0.00	\$230.48	100.00%
66-6635-00	Fire Systems Inspection	\$588.00	\$1,800.00	(\$1,212.00)	32.67%
66-6640-00	Elevator Service Contract	\$1,942.86	\$5,000.00	(\$3,057.14)	38.86%
66-6650-00	Monitoring Contracts	\$332.52	\$0.00	\$332.52	100.00%
66-6660-00	HVAC Service Contract	\$2,837.16	\$2,000.00	\$837.16	141.86%
66-6665-00	Boiler Service Contract	\$0.00	\$4,200.00	(\$4,200.00)	0.00%
66-6700-00	Janitorial Service	\$10,488.05	\$21,000.00	(\$10,511.95)	49.94%
66-6720-00	Landscaping Service Contract	\$7,785.00	\$15,000.00	(\$7,215.00)	51.90%
66-6730-00	Pest Control	\$1,438.54	\$7,100.00	(\$5,661.46)	20.26%
66-6740-00	Snow Removal	\$0.00	\$3,000.00	(\$3,000.00)	0.00%
Total Contracted Services:		\$29,594.29	\$68,300.00	(\$38,705.71)	-43.33%
Taxes and Insurance					
68-6810-00	Insurance Package	\$29,210.45	\$21,000.00	\$8,210.45	139.10%
68-6840-00	Taxes - Income	\$250.00	\$2,500.00	(\$2,250.00)	10.00%
Total Taxes and Insurance:		\$29,460.45	\$23,500.00	\$5,960.45	-125.36%
Reserves					
80-8010-00	Transfer to Reserves	\$36,499.98	\$73,000.00	(\$36,500.02)	50.00%
80-8040-00	Interest to Reserves	\$0.00	\$750.00	(\$750.00)	0.00%
Total Reserves:		\$36,499.98	\$73,750.00	(\$37,250.02)	-49.49%
		\$173,593.18	\$359,147.00	(\$185,553.82)	48.33%
Net Income:		\$13,930.28	(\$74.00)	\$14,004.28	-18,824.70%

Declaration-CC&Rs
2325 42nd Street N.W. Condominium

#3

CONDOMINIUM DECLARATION

THIS CONDOMINIUM DECLARATION (this "Declaration") is made pursuant to the Condominium Act of 1976, D.C. Law 1-89, as amended (the "Act"), by 2325 42nd Street, N.W. Tenants Association, Inc. (the "Declarant"):

Jan 27 3 36 PM '88

1. Submission of Property.

The Declarant hereby submits that real property located in the District of Columbia and more particularly described in Exhibit A hereto, together with the improvements thereon (collectively referred to as the "Property"), all owned by the Declarant in fee simple absolute, to the provisions of the Condominium Act of 1976 (D.C. Law 1-89), in order to create a plan of condominium ownership of the Property. The Property is shown on the the Condominium Plat recorded among the records of the Office of the Surveyor in the District of Columbia in Condominium Book 26 at page 5.

2. Name of Condominium.

The name and address of the Condominium is:

2325 42nd Street, N.W. Condominium
2325 42nd Street, N.W.
Washington, D.C. 20007

3. Definitions.

A. Each of the following terms, as used in this Declaration, shall have the same meaning as set forth in Section 102 of the Act and reproduced in Exhibit B hereto: Common Elements; Common Expenses; Common Profits; Condominium Instruments; Condominium Unit; Identifying Number; Limited Common Elements; Person; Unit; and Unit Owner.

B. Each of the following terms, as used in this Declaration, shall have the meaning set forth below:

(i) Association or Unit Owners' Association.
2325 42nd Street, N.W. Condominium Association, Inc., a District of Columbia non-profit corporation created for purposes of governing the Condominium (as defined below), and composed of all Unit Owners (as defined below).

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(ii) Board of Directors. The executive and administrative entity designated or elected as provided in the By-Laws to act for the Association in governing the Condominium.

(iii) Building. The building designed for residential use shown on the Condominium Plat, and containing all the Units, which comprise the Condominium.

(iv) By-Laws. The set of By-Laws recorded simultaneously with this Declaration, providing for the self-government of the Condominium by the Association in accordance with Section 301 of the Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Act.

(v) Condominium. The Property and any incident thereto or interest therein, which is being submitted to the provisions of the Act by the recording of this Declaration and the other Condominium Instruments, and which is known as the 2325 42nd Street, N.W. Condominium.

(vi) Condominium Plans. The plans of the Building showing each Unit, and any amendments thereof, made and recorded in accordance with Section 214(b) of the Act.

(vii) Condominium Plat. One or more plats of survey showing the Condominium, and any amendments thereof, made and recorded in accordance with Section 214(a) of the Act.

(viii) Declarant. 2325 42nd Street, N.W. Tenants Association, Inc., a District of Columbia non-profit corporation.

(ix) Declaration. This instrument and such amendments thereof as may be recorded from time to time.

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

(xi) Land. The real property described in Exhibit A to this Declaration, exclusive of the Building, and all easements and rights appurtenant thereto.

(xii) Percentage Interest. That number assigned to each Unit in Exhibit C hereto, which number shall reflect the share of ownership of the Common Elements attributable to each Unit, shall reflect the share of Common Expenses to be borne by

each Unit, shall reflect the share of Common Profits attributable to each unit, and shall provide the basis for determining the number of votes assigned to each Unit.

(xiii) Rules and Regulations. The rules and regulations adopted from time to time by the Board of Directors governing the conduct of Unit Owners and their families, invitees, licensees, employees, or agents, adopted pursuant to the By-laws.

4. Building.

The location and dimensions of the Building on the Land are shown on the Condominium Plat. The Building contains four floors plus basement. There are 73 Units in the Condominium; 71 will be sold, and two will be transferred to the Association. One of these two Units will be used as the resident manager's apartment, and the other will be used as an "all-purpose" room for meetings and other functions.

5. Description of Units

The dimensions of the vertical boundaries of each Unit, together with its Identifying Number and relative location, are set forth in the Condominium Plans. The Identifying Number, Par Value, and Percentage Interest of each Unit are set forth in Exhibit C to this Declaration.

6. Dimensions of Units

Each Unit consists of the volumes or cubicles of space which are enclosed by the upper, lower and lateral or perimeter boundaries described as follows:

A. Upper and Lower Boundaries. The lower boundary of a Unit is a horizontal plane, the elevation of which coincides with the unfinished upper surface of the floor separating the next lower story, or the ground and foundation below, as the case may be, from the story on which the particular Unit is located, extended to intersect the lateral or perimeter boundaries thereof; and the upper boundary of a Unit is a horizontal plane, the elevation of which coincides with the lower surface of the unfinished ceiling separating the story on which the particular Unit is located from the next higher story, or the roof, as the case may be, extended to intersect the lateral or perimetrical boundaries thereof.

gardens, interior or exterior lighting devices, and any and all other items or things of common use or necessary to the existence, upkeep, use and safety of the Building and other Condominium property, and (iv) all means of pedestrian and vehicular ingress and egress to and from the Land and Condominium property, including, without limitation, sidewalks, walkways, roadways, vehicle ingress and egress lanes, and the parking lot.

B. Limited Common Elements. The Limited Common Elements are those Common Elements which are set forth in the Condominium Plat and the Condominium Plans as reserved for the exclusive use of specific Units, to the exclusion of all other Units, including any balconies, patios and other apparatus designed to serve a single Unit, though located outside the boundaries of that Unit. The patios adjacent to Units 216 and 217 are Limited Common Elements reserved to those Units, respectively. Each of the balconies adjacent to the following Units are Limited Common Elements reserved to each such Unit: Studio A, 101, 102, 103, 104, 105, 106, 108, 114, 115, 116, 117, 118, 119, 120, 121, 201, 202, 203, 204, 205, 206, 208, 211, 213, 214, 215, 218, 219, 220, 221, 301, 302, 303, 304, 305, 306, 308, 311, 313, 314, 315, 318, 319, 320, 321, 401, 402, 403, 404, 405, 406, 408, 411, 413, 414, 415, 418, 419, 420, and 421.

8. Ownership and Use of the Common Elements.

Each Unit is allocated a Percentage Interest in the Ownership of the Common Elements, as set forth in Section 9 of this Declaration and Exhibit C to this Declaration. The Percentage Interest shall not be separated from the Unit and shall be deemed to be conveyed or encumbered with the Unit even though such Percentage Interest is not expressly mentioned or described in the document of conveyance or encumbrance. The use of the Common Elements shall be limited to the Unit Owners in residence, to their tenants in residence, to their guests, invitees and licensees, and shall be governed by the Condominium Instruments and the Rules and Regulations.

9. Allocation of Percentage Interest to Each Unit.

Each Condominium Unit is identified in Exhibit C to this Declaration by a separate Identifying Number. Each Condominium Unit is allocated the Percentage Interest and Par Value set forth opposite the Identifying Number of that Condominium Unit in Exhibit C. The Percentage Interest and Par Value of each Unit is determined on the basis of the ratio of the number of square feet in each Unit to the number of square feet in all Units. Neither is in any way intended to reflect the relative values of the Units in the Condominium.

10. Easements for Encroachments.

To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Condominium Plat and Condominium Plans in the construction, repair, renovation, restoration or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement for such encroachment shall exist; provided, however, such easement shall not relieve a Unit Owner of liability in cases of willful and intentional misconduct by him or his agents or employees.

11. Easement of Support.

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

12. Easement to Facilitate Sales.

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

13. Common Elements Located Inside of Units.

Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Directors and its designees shall have a right of access to each Unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building. Any damage to a Unit caused by the Association or its designees in the course of effecting such maintenance, repairs, or replacements shall be corrected by the Association or its designees as quickly as practicable.

14. Use of Units and Compliance with Condominium Instruments.

A Unit shall be used only as a private residence and for no other purpose. All present and future Unit Owners, tenants, occupants and users of Units and any person who uses any part of the Condominium in any manner, are subject to, and shall comply

with, the provisions of the Condominium Instruments and the Rules and Regulations. The acquisition, rental, occupancy or use of a Unit or the use of any part of the Condominium by any person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Instruments and the Rules and Regulations, and such provisions shall be deemed to be enforceable equitable servitudes and covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof. Failure to comply with any of such provisions shall be grounds for legal and equitable relief, maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Unit Owner. In any such action at law or in equity which is successfully brought by or on behalf of the Association, the Association shall be entitled to recover all reasonable costs and expenses of any such action including reasonable attorney's fees.

15. Alterations.

A Unit Owner may make improvements or alterations within his Unit, provided that no Unit Owner may make any improvement or alteration that in any way impairs the structural integrity of any structure or otherwise lessens the support of any portion of the Building or the Condominium. No Unit Owner shall in any event do anything which would change the exterior appearance of his Unit or of any other portion of the Condominium, or in any way affect the Common Elements, without the express written consent of the Board of Directors.

16. Amendments.

A. By Declarant. The Declarant reserves the right to amend the Condominium Instruments so long as there is no Unit Owner other than the Declarant.

B. By the Unit Owners. At such time as there is a Unit Owner other than the Declarant, this Declaration may be amended by (i) agreement of Unit Owners of Units to which two thirds of the Percentage Interests in the Association appertain, provided, however, that any such amendment which impairs or affects the rights, priorities, remedies or interests of First Mortgagees shall have been approved in writing by the First Mortgagees holding mortgages encumbering 75% or more of the Units encumbered. No such amendment shall become effective until it is recorded. At such time as there is a Unit Owner other than the Declarant, no amendment to the Condominium Instruments shall change (i) the boundaries of any Unit, (ii) the Percentage Interests, (iii) the liability for Common Expenses or rights to Common Profits appertaining to any Unit, or (iv) the number of votes in the Association appertaining to any Unit, except by unanimous consent of the Unit Owners.

17. No Revocation or Partition. The Common Elements shall remain undivided and no Unit Owner, or any other person shall bring any action for partition or division thereof, nor shall the Common Elements be abandoned by act or omission, unless the condominium regime is terminated by agreement of 80% or more of the Unit Owners and the First Mortgagees holding mortgages encumbering 75% or more of the Condominium Units.

18. Consent of First Mortgagees. Notwithstanding any other provision of this Declaration, the Bylaws or the Rules and Regulations, unless at least 75% of the First Mortgagees (based upon one vote for each mortgage owned) have given their prior written approval, the Unit Owners' Association and Board of Directors 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 Unit for purposes of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or (ii) determining the pro rata share of ownership of each Unit in the Common Elements; (c) partition or subdivide any 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); or (e) use hazard insurance proceeds for losses to the Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such improvements.

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

20. Changes by Declarant. Nothing contained in this Declaration shall be deemed to impose upon the Declarant or its successors or assigns any obligations of any nature to build, construct or provide any additions to the condominium regime hereby created.

21. Liability for Assessments. A Unit Owner shall be personally liable for all lawful assessments, or installments thereof, levied against his Unit which become due while he is

the owner of a Unit; and this liability of the Unit Owner is in addition to the lien for assessment in favor of the Association on the Condominium Unit created by the Act. If a Unit is owned by more than one Unit Owner, they shall be jointly and severally liable for all lawful assessments levied against their Unit.

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

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

24. Exhibits. Exhibits A, B and C attached hereto are an integral part of this Declaration, and the provisions thereof shall be deemed to be a part of this Declaration as if fully set forth herein.

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

The Declarant hereby appoints Richard P. Harland its attorney-in-fact to acknowledge this instrument as the Condominium Declaration of the Declarant. This Condominium Declaration is signed on behalf of the Declarant by its President and its corporate seal is attested by its Secretary this 3rd day of May 1980, pursuant to a resolution adopted by its Board of Directors.

DECLARANT:

2325 42nd Street N.W. Tenants
Association, Inc.

ATTEST:

Sharon F. Washburn
Sharon Washburn,
Secretary

By: *Richard P. Harland*
Richard P. Harland,
President

DISTRICT OF COLUMBIA SS:

I, JAMES H. SLATTERY, a Notary Public in and for the District of Columbia, do hereby certify that Richard P. Harland, who is named in the foregoing Deed, dated May 23, 1980, as attorney-in-fact for 2325 42nd Street, N.W. Tenants Association, Inc., a District of Columbia non-profit corporation, the corporation named in the foregoing Deed as the Declarant, personally appeared before me in the District of Columbia, and, as attorney-in-fact, acknowledged the foregoing Deed to be the act and deed of said corporation, and that he delivered the same as such.

WITNESS my hand and official seal this 23rd day of May, 1980

James M. Slattery (SEAL)
Notary Public, D.C.

My Commission expires:

10/31/83

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EXHIBIT A TO DECLARATION

2325 42nd Street, N.W. Condominium
2325 42nd Street, N.W.
Washington, D.C.

LEGAL DESCRIPTION

The real property denominated by the Office of Surveyor
of the District of Columbia as Lot 18 in Square 1708 in the
District of Columbia, together with all improvements thereon.

EXHIBIT B

Definitions

1. "Common Elements" shall mean all portions of the Condominium other than the Units.
2. "Common Expenses" shall mean all lawful expenditures made or incurred by or on behalf of the Association, together with all lawful assessments for the creation and maintenance of reserves pursuant to the provisions of the Condominium Instruments.
3. "Common Profits" shall mean all income collected or accrued by or on behalf of the Association, other than income derived by assessment pursuant to section 312 of the Act.
4. "Condominium Instruments" shall mean the Declaration, By-Laws, Condominium Plats, and Condominium Plans, recorded pursuant to the provisions of the Act. Any exhibit, schedule, or certification accompanying a Condominium Instrument and recorded simultaneously therewith shall be deemed an integral part of that Condominium Instrument. Any amendment or certification of any Condominium Instrument shall, from the time of the recordation of such amendment or certification, be deemed an integral part of the affected Condominium Instrument, so long as such amendment or certification was made in accordance with the provisions of the Act.
5. "Condominium Unit" shall mean a Unit together with the undivided interest in the Common Elements appertaining to that Unit.
6. "Identifying Number" shall mean one or more letters or numbers, or both, that identify only one Unit in the Condominium.
7. "Limited Common Element" shall mean a portion of the Common Elements reserved for the exclusive use of those entitled to the use of one or more, but less than all, of the Units.
8. "Person" shall mean a natural person, corporation, partnership, association, trust, or other entity capable of holding title to real property, or any combination of any of the foregoing.

9. "Unit" shall mean a portion of the Condominium designed and intended for individual ownership.

10. "Unit Owner" shall mean one or more Persons who own a Condominium Unit.

EXHIBIT C TO DECLARATION

2325 42nd Street, N.W. Condominium
2325 42nd Street, N.W.
Washington, D.C.

<u>Identifying Number</u> <u>(Unit Number)</u>	<u>Percentage Interest</u>	<u>Par Value</u>
Studio A	.0120	.0120
101	.0085	.0085
102	.0101	.0101
103	.0122	.0122
104	.0122	.0122
105	.0121	.0121
106	.0125	.0125
107	.0086	.0086
108	.0125	.0125
109	.0135	.0135
201	.0129	.0129
202	.0143	.0143
203	.0128	.0128
204	.0128	.0128
205	.0129	.0129
206	.0128	.0128
207	.0114	.0114
208	.0128	.0128
209	.0177	.0177
210	.0137	.0137
211	.0177	.0177
212	.0182	.0182
213	.0132	.0132
214	.0179	.0179
215	.0124	.0124
216	.0098	.0098
217	.0122	.0122
218	.0125	.0125
219	.0179	.0179
220	.0111	.0111
221	.0183	.0183
301	.0129	.0129
302	.0143	.0143
303	.0128	.0128
304	.0128	.0128
305	.0129	.0129
306	.0128	.0128

[Exhibit C continued on following page]

EXHIBIT C TO DECLARATION (continued)

2325 42nd Street, N.W. Tenants Association, Inc.
 (a Condominium)
 2325 42nd Street, N.W.
 Washington, D.C.

<u>Identifying Number (Unit Number)</u>	<u>Percentage Interest</u>	<u>Par Value</u>
307	.0114	.0114
308	.0128	.0128
309	.0177	.0177
310	.0137	.0137
311	.0177	.0177
312	.0182	.0182
313	.0132	.0132
314	.0179	.0179
315	.0124	.0124
316	.0098	.0098
317	.0122	.0122
318	.0125	.0125
319	.0179	.0179
320	.0111	.0111
321	.0183	.0183
401	.0129	.0129
402	.0143	.0143
403	.0128	.0128
404	.0128	.0128
405	.0129	.0129
406	.0128	.0128
407	.0114	.0114
408	.0128	.0128
409	.0177	.0177
410	.0137	.0137
411	.0177	.0177
412	.0182	.0182
413	.0132	.0132
414	.0179	.0179
415	.0124	.0124
416	.0098	.0098
417	.0122	.0122
418	.0125	.0125
419	.0179	.0179
420	.0111	.0111
421	.0183	.0183

MBO

08' M9 2E E 15 W06

[Exhibit C continued from previous page]

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JUN 27 3 26 PM '68

004 5075 14.00 ML

004 5075	14.00	ML
004 5075	14.00	TL
004 5075	14.00	ACC
004 5075	14.00	DISCKTD

NBD

BA