



DECLARATION OF CONDOMINIUM

for

THE LOFTS, A CONDOMINIUM

ARTICLE I

SUBMISSION; DEFINED TERMS

Section 1.1. Declarant; Property; County; Name. PITTSBURGH LOFT ASSOCIATES, a Pennsylvania limited partnership (the "Declarant"), owner in fee simple of the Real Estate described in Exhibit "A" attached hereto, located in the City of Pittsburgh, Allegheny County, Pennsylvania, hereby submits the Real Estate, including all easements, rights and appurtenances thereunto belonging and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of the Pennsylvania Uniform Condominium Act, 68 PA. C.S. §3101 et. seq. (the "Act"), and hereby creates with respect to the Property a condominium, to be known as "The Lofts, A Condominium" (the "Condominium").

Section 1.2. Easements and Licenses. The following are the recorded easements and licenses affecting the Real Estate hereby submitted to the Act:

a. Coal and mining rights and all rights and privileges incident to the mining of coal heretofore conveyed or reserved by instruments of record; right of surface, lateral or subjacent support; or any surface subsidence.

b. Easements and servitudes apparent from an inspection of the premises.

c. Rights or claims of parties in actual possession of the property other than the owners.

d. Zoning ordinances of the City of Pittsburgh.

e. Rights of others to use railroad siding as recited in various chain deeds including Deed Book 2876, page 376, and rights of the railroad company servicing the railroad siding in and to the ties, rails, and other properties constituting said railroad siding or in and to the use thereof.

f. All utilities, public and private, lying within the lines of College Street as vacated by Resolution No. 1104 of the City of Pittsburgh enacted December 17, 1984 and recorded in Resolution Book Volume 118, page 1096, particularly the six-inch waterline and the 54-inch and 30-inch sewer lines as reserved by the City of Pittsburgh in said Resolution No. 1104, and the utility poles, overhead electric transformers and underground Duquesne Light Co. lines evidenced by Duquesne Light Co. manhole as shown on plan of property prepared by the Gateway Engineers dated July 1969, revised April 8, 1985 (drawing no. 41,640).

g. Private contract rights of other lot owners in the Kitty Roup's Plan of Lots as recorded in Plan Book Volume 4, pages 42 and 43, in and to the use of vacated College Avenue.

h. Right-of-way to the Pennsylvania Railroad Company (cuts, fills, slopes, etc.).

i. The following matters shown on plan of property prepared by the Gateway Engineers dated July 1969 and revised April 8, 1985 (drawing no. 41,640):

(1) Slight encroachments of the buildings erected on the properties adjoining the within property on the East and on the West onto the within property;

(2) Slight projections of the buildings located on the within property onto Centre Avenue and onto property now or formerly of Conrail; and

(3) Concrete pad and utility pads within the Southwest corner of the within property.

j. Rights, if any, of property owner adjoining on the South in and to that portion of the within property lying between the Southerly property line and the fence as shown on plan of survey prepared by Gateway Engineers.

k. Right-of-way to Duquesne Light Company dated February 5, 1986 and recorded in Deed Book Volume 7244, page 394.

Section 1.3. Defined Terms.

1.3.1. Terms Defined in the Act. Capitalized terms not otherwise defined herein or in the Plats and Plans shall have the meanings specified or used in the Act.

1.3.2. Terms Defined Herein. The following terms shall have specific meanings herein as follows:

a. "Association" means the unit owners' association of the Condominium and shall be known as the "The Lofts Condominium Association."

b. "Building" means the three aboveground and subterranean structures located on the Property.

c. "Commercial Common Expenses". The owners of the Commercial Units shall be solely responsible for the cost of interior and exterior maintenance of the commercial level. The Commercial Units shall not be required to contribute to the maintenance of the Building or to pay for any utilities used in the main buildings. The only Common Expenses to which the Commercial Units contribute will be landscaping, maintenance and snow removal of the sidewalks and driveway, management fees, insurance and structural repairs to the roof and exterior structural parts of the Building containing the commercial space.

All such expenses shall be "Common Expenses" under the Act for collection and lien purposes.

d. "Condominium" means the Condominium described in Section 1.1 above.

e. "Declarant" means the Declarant described in Section 1.1 above and all successors to any Special Declarant Rights.

f. "Declaration" means this document, as the same may be amended from time to time.

g. "Executive Board" means the Executive Board of the Association.

h. "General Common Expenses" shall mean those expenses for which the Association is responsible under this Declaration and the Act including, but not limited to, the actual and estimated costs of maintenance, management, operation, repair and replacement of the Common Elements; the cost of utilities metered to more than one Unit; costs of trash collection and removal; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all landscaping, snow removal and other services benefitting the Common Elements; the costs of fire, casualty and liability insurance, workers' compensation insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Common Elements and the directors, officers and agents of the Association; taxes paid by the Association; and the costs of any other expenses incurred by the Association for the common benefit of the Unit Owners. Excluded from the General Common Expenses are certain expenses which are the sole responsibility of the Owners of the Residential or Commercial Units, as the case may be.

i. "Limited Common Elements" means the Common Elements described as such in the Act, including the balconies, patios, storage lockers and parking spaces, as shown on the Plans and Plans.

j. "Limited Expenses" means the Common Expenses designated as such in Section 3314 of the Act or this Declaration for the maintenance of Limited Common Elements.

k. "Percentage Interest" means the undivided ownership interest in the Common Elements appurtenant to each Unit as set forth in Exhibit "C" attached, as the same may be amended from time to time.

l. "Permitted Mortgage" means any mortgage to the seller of a Unit and a first mortgage to (i) the Declarant; (ii) a bank, trust company, savings bank, savings and loan association,

mortgage service institutional investor or lender; (iii) any other mortgages approved by the Executive Board. A holder of a Permitted Mortgage is referred to herein as a "Permitted Mortgagee".

w. "Plats and Plans" means the visual depiction of the land and improvements being recorded contemporaneously herewith in the office of Recorder of Deeds of Allegheny County, Pennsylvania as the same may be amended from time to time, which are hereby incorporated herein as Exhibit "B".

u. "Property" means the Property described in Section 1.1 above.

o. "Reserved Common Elements" means portions of the Common Elements which the Executive Board may designate as such from time to time pursuant to Section 3.2 hereof.

p. "Residential Common Expenses". All General Common Expenses shall be paid by the residential owners, excluding only those charges attributable only to the Commercial Units as set forth above.

q. "Unit" means a Unit as described herein and in the Plats and Plans.

ARTICLE II

ALLOCATION OF PERCENTAGE INTERESTS, VOTES AND COMMON EXPENSE LIABILITIES; UNIT IDENTIFICATION AND BOUNDARIES; MAINTENANCE RESPONSIBILITIES

Section 2.1. Plats and Plans. The location and dimensions of the Building and other improvements comprising the property and the location of the Units, Common Elements and Limited Common Elements of the Condominium are shown on the Plats and Plans.

Section 2.2. Percentage Interests. Attached as Exhibit "C" hereto is a list of all Units by their identifying Numbers and the Percentage Interest allocated to each Unit, determined on the basis of size. The "size" of each Unit is the total number of square feet of floor space contained therein determined by reference to the dimensions shown on the architect's working drawings (exclusive of interior partitions). In this Condominium, the interest for each Unit is expressed as a decimal equivalent of a fraction, the numerator of which is the number of square feet of space within the Unit, and the denominator of which is the number of square feet of space contained in the Building. The Percentage Interest shall determine the share of Common Expense liability appurtenant to each Unit, subject to adjustment between Residential Common Expenses and Commercial Common Expenses, which shall be prorated among the Units in each classification.

Section 2.3. Unit Boundaries and Contents.

(a) Unit Boundaries. The title lines or boundaries of the Units are as shown on the Plans and Plans and described as follows:

(1) Horizontal Boundaries: The upper and lower (horizontal) boundaries of the Unit shall be the following extended to intersections with the vertical boundaries:

(i) Upper Boundary: The horizontal plane of the finished ceiling.

(ii) Lower Boundary: The horizontal plane of the top surface of the structural concrete floor slab.

(2) Vertical Boundaries: The vertical boundaries of the Unit shall be vertical planes extended to intersections with each other and the horizontal boundaries of the inside surface of the exterior walls of the building and the Unit side surface of any party walls separating the Unit from other Units or Common Elements.

(c) Contents of Unit. Each Unit shall also consist of:

(1) The finished or decorated surfaces, including paint, lacquer, varnish, wallpaper, paneling, tile, carpeting and any other material applied to wall, floor or ceiling areas; both sides of all doors and windows in interior and perimeter walls (including sliding glass doors);

(2) All built-in and installed fixtures and equipment located within a Unit for the exclusive use of the Unit, commencing at the point of connection with the structural part of the Building and with utility pipes, lines or systems serving the Building, including ductwork and piping serving only one Unit; and

(3) All spaces, interior partitions and other fixtures and improvements within the title lines described above. Each Unit shall include the items within the title lines described in §3202 of the Act which are appurtenant to the Unit.

Section 2.4. Maintenance Responsibilities: Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary descriptions, the Units and Common Elements shall be maintained and repaired by each Unit Owner and by the Association in accordance with the provisions of §3307 of the Act, except as expressly set forth to the contrary herein. All Common Expenses associated with the maintenance of a Limited Common Element shall be assessed as Limited Expenses against the Units to which such Limited Common Element was assigned at the time the expense was incurred in the same proportions as the respective Percentage Interests of all such Units. Structural repairs or replacements of all General Common Elements, including but not limited to the roof and landscaped areas, shall be the responsibility of the Association, the costs to be charged as General Common Expenses. In addition, the Association may provide for Association maintenance of unit components where

such items involve matters of concern relative to the general health, safety and welfare of all occupants of the Building and may promulgate guidelines governing the division of maintenance and repair responsibilities between the Unit Owner and the Association. Cost of maintenance of Limited Common Elements shall be the responsibility of the owners of said Limited Common Elements, jointly and severally.

Section 2.5. Relocation of Unit Boundaries: Relocation of boundaries between Units and conversion of Units owned by the Declarant to Common Elements will be permitted subject to compliance with the provisions of §§3214 and 3215 of the Act. Subdivision or conversion of Units by the Declarant pursuant to §3215(c) of the Act may not result in more than ten (10) additional Residential Units and ten (10) additional Commercial Units. Unit Owners may not subdivide Units after the initial purchase from Declarant. Declarant shall also have the right to convert Common Elements to Limited Common Elements. The Commercial Space is being shown on the Plans and Plans as one undivided Unit which will be subdivided into additional Units and Common Elements at the time of the sale of the Commercial Units. A Supplemental Declaration will be recorded adjusting the percentage interests accordingly.

ARTICLE III

LIMITED AND RESERVED COMMON ELEMENTS

Section 3.1. Limited Common Elements. Portions of the Common Elements are marked on the Plans and Plans as "Limited Common Elements" including the storage lockers, parking spaces, balconies and patios. Declarant reserves the right to make the initial assignment of the parking spaces and storage areas as Limited Common Elements for the exclusive use of certain Unit Owners to whose Units these parking spaces and storage areas shall become appurtenant. The Declarant may assign such Limited Common Element parking spaces or storage areas pursuant to the provisions of Section 3209 of the Act by making such an assignment in a written instrument of assignment or in the deed to the Unit to which such Limited Common Element shall be appurtenant or by recording an appropriate amendment to this Declaration. Such assignments by the Declarant may be to Units owned by the Declarant. Limited Common Element parking spaces may only be owned by a Unit Owner in the Building for use by the Unit Owner or a tenant who resides in the Building.

Section 3.2. Designation of Reserved Common Elements. Reserved Common Elements are those parts of the Common Elements which the Executive Board may designate from time to time for use by less than all of the Unit Owners or by non-owners of any Units for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Executive Board. Included in the Reserved Common Elements shall be the laundry room, unassigned parking spaces, sun deck and such other areas as the Executive Board may designate.

ARTICLE IV

EASEMENTS

Section 4.1. Additional Easements. In addition to and in supplementation of the easements provided for by §§3216, 3217, 3218 of the Act, the following easements are hereby created:

a. Declarant's Use for Sales Purposes. Declarant shall have the right to maintain sales offices, management offices and models throughout the Property. Declarant reserves the right to place models, management offices and sales offices on any portion of the Common Elements in such manner, of such size and in such locations as Declarant deems appropriate or to use any Unit for such purposes. Declarant may from time to time relocate models, management offices and sales offices to different locations within the Common Elements. Upon the relocation of a model, management office or sales office constituting a Common Element, Declarant may remove all personal property and fixtures therefrom. Any fixtures not so removed shall be deemed Common Elements, and any personal property not so removed shall be deemed the property of the Association.

b. Utility Easements. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, the Association, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements created in this Section shall include, without limitation, rights of Declarant, the Association, or the providing utility or service company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.

c. Declarant's Easement to Correct Drainage. Declarant reserves an easement on, over and under those portions of the Common Elements not located within the Building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action reasonably necessary to achieve this purpose, following which the Declarant shall restore the affected property as closely to its original condition as practicable.

d. Signs. Declarant shall have the right to maintain on the property such advertising signs as Declarant in its sole discretion may deem appropriate, provided that such signs comply with applicable governmental requirements. Declarant may from time to time relocate such advertising signs.

e. Construction Easement. Until the expiration of five (5) years after the date thereof, the Declarant shall have an easement through the Units and the Common Elements for access or any other purposes necessary to complete any renovations or work to be performed by the Declarant.

ARTICLE V

AMENDMENT OF DECLARATION

Section 5.1. Amendment Procedure. This Declaration may be amended only in accordance with the procedures specified in Section 3219 of the Act, the other Sections of the Act referred to in Section 3219 thereof and the express provisions of this Declaration.

Section 5.2. Rights of Permitted Mortgagees. Subject to the limitations imposed by Section 3221 of the Act and except as set forth below, no amendment of this Declaration may be made without the prior written approval of all Permitted Mortgagees if and to the extent that such approval is required by the Act or if and to the extent that such amendment would have the effect of (i) terminating or abandoning the Condominium (except for termination or abandonment as a result of taking of all the Units by eminent domain); (ii) abandoning, encumbering, selling or transferring the Common Elements; (iii) partitioning or subdividing any Unit or the Common Elements; or (iv) changing the Percentage Interests of any Unit Owners. Such approval shall not be required with respect to any Amendment pursuant to Articles VI, VII or VIII below. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed to be a transfer within the meaning of this Section.

Section 5.3. Other Amendments. If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of this Declaration or the Plans and Plans which is defective or inconsistent with any other provision hereof or appearing or failing to appear in the Plans and Plans which is incorrect, defective or similarly inconsistent, or if such amendment is necessary to conform to then current requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to Condominium projects, the Executive Board may, at any time and from time to time effect such amendment without the approval of the Unit Owners or Permitted Mortgagees, upon receipt by the Executive Board of an opinion from independent registered architect or licensed professional engineer in the case of any such amendment to the Plans and Plans. Each such amendment shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, execution and acknowledgement by one or more officers of the Executive Board.

ARTICLE VI

USE RESTRICTIONS

6.1. Use and Occupancy of Units and Common Elements: The occupancy and use of the Units and Common Elements shall be subject to the following restrictions:

a. Residential Units. All Residential Units, or any two or more adjoining Units used together, shall be used only as a residence for a single family (or housekeeping Unit) or such other uses permitted by this Declaration. No Unit owner shall permit his Unit to be used or occupied for any other purpose.

b. Commercial Units. Commercial Units may be used for any lawful commercial purpose permitted by the City of Pittsburgh Zoning Code. No Commercial Unit may be used for residential purposes.

c. Signs. Except as set forth above, no industry, business, trade, occupation or profession of any kind shall be conducted, maintained, or permitted on any part of the Property. Except for a single small, non-illuminated name sign on the door of a Residential Unit, no signs, advertising or other displays shall be maintained or permitted on any part of the Residential Property except at such location and in such form as shall be determined by the Executive Board. The right is reserved by the Declarant or its agent or agents to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units, and on any part of the Common Elements, and the right is hereby given to any Permitted Mortgagee, who may become the Owner of any Unit, to place such signs on any Unit owned by such Permitted Mortgagee. Commercial Units may erect signs in accordance with the City of Pittsburgh Zoning Code, subject to the approval of the Executive Board as to the size, location and design of the sign.

d. Obstruction and Storage. There shall be no obstruction or alteration of the Common Elements nor shall anything be stored in or on the Common Elements without the prior consent of the Executive Board except as herein expressly provided. The use and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Buildings, shall be subject to the Rules and Regulations of the Executive Board.

e. Insurance. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Property, or contents thereof, without the prior written consent of the Executive Board, which consent may be conditioned upon the Unit Owner of such Unit being required to bear the full amount of such increase. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will violate any law, statute, ordinance or regulation of any governmental body or which will result in the cancellation of any insurance maintained by the Executive Board. No waste shall be committed in the Common Elements.

f. Nuisance. No person shall create a nuisance on the Property or engage in any use or practice which interferes with the peaceful possession or proper use of any of the Units or of the Common Elements.

g. Architectural Controls. No Unit Owner, or Occupant shall (i) make any installation which extends beyond the physical limits of Unit Owner's or Occupant's Unit into the Common Elements; (ii) paint or otherwise alter the structure, form or appearance of the exterior portion of any wall, window, door or other portion of the Property which is visible from outside of such Unit; or (iii) place any sign, notice, advertisement or the like on any part of the Property which is visible from outside of such Unit. Only white shades, blinds, drapes or linings shall be permitted in any window which may be visible from the exterior of the Building.

h. Safety. No Unit Owner shall do any work or any other act which would jeopardize the soundness or safety of the Property or any part thereof, or impair any easement or hereditaments without the unanimous consent of the Unit Owners affected thereby.

i. Animals. No animals of any kind shall be raised, bred or kept in the condominium, except as specifically authorized by the Rules and Regulations adopted from time to time by the Executive Board. All pets must be leashed when outside the Unit.

j. X-Ray Equipment. No x-ray equipment shall be installed without the prior written consent of the Executive Board. The Executive Board shall have the right to approve any such equipment brought on the premises and all installations shall be made in accordance with accepted standards so that no radiation constitutes a hazard to other portions of the Building. Walls and/or floors shall be equipped with sufficient protective lining so that other portions of the Building are shielded from the effects of x-rays and other radiation. Inspection and approval by the Pennsylvania Department of Environmental Resources or equivalent agency shall constitute approval under this Section.

6.2. Additions, Alterations or Improvements to Units. No Unit Owner shall make or permit any addition, alteration or improvement to his Unit which could or might affect the structural integrity or exterior appearance of the Building. No Unit Owner shall make or permit any other structural change, addition, alteration or improvement in or to his Unit without the prior written consent of the Executive Board, which shall not be unreasonably withheld, and, if such change so consented to would result in rendering inaccurate the description of that Unit on the Plats and Plans, it shall not be undertaken until the Plats and Plans have been duly amended at the cost and expense of such Unit Owner. Requests for such consent shall be accompanied by detailed plans and specifications showing the proposed addition, alteration or improvement, and shall name the contractors and subcontractors to be employed. The Executive Board shall act upon requests within thirty (30) days after receipt thereof, and shall be deemed to have acted favorably in cases where no response is made within that period. Application to any governmental authority for necessary

permits shall be made only by the Executive Board as agent for and at the expense of the Unit Owner, without incurring any liability to such authority or to any contractor, subcontractor or materialsman or to any person having any claim for injury to person or damage to property from such work.

6.3. Rules and Regulations: Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property, may be promulgated from time to time by the Executive Board, subject to the right of the Association to change such Rules and Regulations. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto.

ARTICLE VII

MORTGAGES

7.1. Permitted Mortgages. A Unit Owner other than the Declarant or the Executive Board may not voluntarily encumber or subject his or its Unit to any lien, other than the lien of a Permitted Mortgage. Whether or not they expressly so state, all such Permitted Mortgages and the obligations secured thereby shall be deemed to provide, generally, that the Permitted Mortgage, and the rights and obligations of the parties thereto, shall be subject to the terms and conditions of the Act and this Declaration and shall be deemed to provide specifically, but without limitation, that the Permitted Mortgagee shall have no right (a) to participate in the adjustment of losses with insurers or in the decision as to whether or not or how to repair or restore damage to or destruction of the Property, or (b) to accelerate the mortgage debt or to have any other remedies by virtue of waste or alleged waste or other conditions occurring anywhere on the Property other than within the affected Unit, and the obligation secured shall be prepayable, without penalty, upon the happening of any termination of the Condominium or determination not to restore or replace the affected Unit. No Unit Owner shall deliver any Permitted Mortgage, or any obligation to be secured thereby, unless it has first notified the Executive Board of the name and address of the proposed Permitted Mortgagee. Upon receipt of notice of a Permitted Mortgage, the Secretary of the Executive Board shall instruct the insurer of the Property to add the name of the Permitted Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the Property and to provide such Permitted Mortgagees with a Certificate of Insurance showing that the Permitted Mortgagee's name has been so added. The Secretary shall maintain a register of such Permitted Mortgages, showing the names and addresses of the Permitted Mortgagees.

7.2. Rights of Permitted Mortgagees: Upon the specific written request of a holder of a mortgage on a Unit or its servicer to the Executive Board, the mortgagee shall be entitled to receive some or all of the following as designated in the request:

- a. Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the Owner of the Unit covered by the mortgage;

b. Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Unit Owners;

c. Copies of notices of meetings of the Unit Owners and the right to designate a representative to attend such meetings;

d. Notice of the decision of the Unit Owners to make any material amendment to this Declaration;

e. Notice of substantial damage to or destruction of any Unit (the repair of which would cost in excess of \$1,000) or any part of the Common Elements (the repair of which would cost in excess of \$10,000);

f. Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Property;

g. Notice of any default by the owner of the Unit which is subject to the mortgage, where such default is not cured by the Unit Owner within thirty (30) days after the giving of notice by the Association to the Unit Owner of the existence of the default;

h. The right to examine the books and records of the Executive Board at any reasonable time; or

i. Notice of any decision by the Executive Board to terminate professional management and assume self-management of the Property.

The request of a mortgagee or its servicer shall specify which of the above items it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Executive Board. The Executive Board need not inquire into the validity of any request made by a mortgagee hereunder.

Failure to comply with the requirements set forth above shall in no way invalidate otherwise proper actions of the Association and the Executive Board.

ARTICLE VIII

LEASING

A Unit Owner may lease or sublease his Unit (but not less than his entire Unit) at any time and from time to time provided that: (1) no Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than one (1) year; (2) no Unit may be leased or subleased without a written lease or sublease on a form approved by the Executive Board; (3) a copy of such lease or sublease shall be furnished to the Executive Board within ten (10) days after execution thereof; and (4) a breach of the Declaration, By-laws or Rules and Regulations of the Condominium shall constitute a default under the lease or sublease and the lessee or sublessee shall be bound by and subject to the Declaration, By-laws and Rules and Regulations of the Condominium.

ARTICLE IX

BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

9.1. Annual Budget. The Executive Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association in accordance with the provisions of the Act and the Condominium Documents (including, without limitation, Article X of the By-Laws).

9.2. Special Assessments. If the cash requirement estimated at the beginning of any fiscal year shall prove to be insufficient to cover the actual Common Expenses for such fiscal year for any reason (including, by way of illustration and not limitation, any Unit Owner's non-payment of his assessment), the Executive Board shall have the power, at any time (and from time to time) it deems necessary and proper, to levy one or more Special Assessments against each Unit Owner.

9.3. Monthly Payments: All Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be deemed to be adopted and assessed on a monthly basis (rather than on an annual basis payable in monthly installments) and shall be due and payable in advance on the first day of each month. Special assessments and fines shall be due and payable in one or more monthly payments, in advance, on the first day of each month, as determined by the Executive Board.

9.4. Subordination of Certain Charges: Any fees, charges, late charges, fines and interest which may be levied by the Executive Board pursuant to §§3302(a) (10), (11) and (12) of the Act, shall be subordinate to the lien of a Permitted Mortgage on a Unit.

9.5. Surplus: The budget of the Association shall segregate Limited Expenses from General Common Expenses. Any amounts accumulated from assessments and income from the operation of the Common Elements in excess of the amount required for actual expenses and reserves for future expenses shall be credited to each Unit Owner in accordance with their Percentage Interests, said credits to be applied to the next monthly assessments of General or Limited Common Expenses due from said Unit Owners under the current fiscal year's budget, and thereafter, until exhausted.

9.6. Limitation on Expenditures: There shall be no structural alterations, capital additions to, or capital improvements on the Common Elements (other than for purposes of repairing, replacing and restoring portions of the Common Elements) requiring an expenditure in excess of ten percent of the Association's total budget for that fiscal year without the prior approval of a majority of the Unit Owners entitled to vote.

9.7. Reserve: Each annual budget for Common Expenses shall include an amount reasonably considered by the Executive Board to be sufficient as a reserve for replacements, contingencies, capital expenditures, working capital and deferred maintenance. To initiate such reserve, the Declarant shall collect from each of its grantees, at time of settlement a sum equal to three (3) times the monthly common charge for that unit based on the current budget of the association, and shall remit such amount to the Association. In addition, the

Executive Board shall have the right to segregate all or any portion of the reserve for any specific replacement or contingency upon such conditions as the Executive Board deems appropriate.

9.8. Accounting: Within One Hundred Twenty (120) days after the end of the fiscal year of the Association, the Executive Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding fiscal year actually incurred and paid together with a tabulation of the amounts collected pursuant to the annual budget or assessments and leases and sales of property owned or managed by the Executive Board on behalf of the Association, and showing the net excess or deficit of income over expenditures plus reserves.

9.9. Interest and Charges: All sums assessed by the Executive Board against any Unit Owner shall bear interest thereon at the rate of fifteen (15) percent per annum or such other rate as may be determined by the Executive Board from the tenth (10th) day following default in payment of any assessment when due. Any delinquent Owner shall also be obligated to pay (i) all expenses of the Executive Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (ii) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

9.10. Failure to Fix New Assessments. If the Executive Board shall fail to fix new assessments for Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, the Unit Owners shall continue to pay the same sums they were paying for such assessments during the fiscal year just ended and such sum shall be deemed to be the new assessments for the succeeding fiscal year. If the Executive Board shall change the assessment at a later date, such new assessment shall be treated as if it were a Special Assessment under Section 9.2 hereof.

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

9.12. Personal Liability of Unit Owners. All sums assessed by the Association as an Annual or Special Assessment, together with interest thereon at the then-maximum legal rate from the thirtieth (30th) day following adoption of the resolution fixing such assessment or from such date or dates (in the case of assessments payable in installments) as may be provided in such resolution, shall constitute the personal liability of the Owner of the Unit so assessed and also shall, until fully paid, constitute a lien against such Unit pursuant to Section 3315 of the Act. The Association may take action for failure to pay any assessment or other charges pursuant to Section 3315 of the Act and may assess a late charge for failure to pay any assessment or other charge on the date on which it is due. The delinquent Owner shall be obligated to pay (i) all expenses of the Executive Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (ii) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts,

together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

9.13. Unpaid Assessments upon Execution Sale Against a Unit. Any unpaid assessments which cannot be promptly collected from the former Unit Owner may be reassessed by the Executive Board as a Common Expense to be collected from all of the Unit Owners, including (by way of illustration and not limitation) the purchaser who acquired title at the Sheriff's Sale, his successors and assigns and any holder of a Permitted Mortgage who comes into possession of a Unit by Deed in lieu of foreclosure or assignment in lieu of foreclosure.

9.14. Liability of Purchaser of Unit for Unpaid Assessments. Notwithstanding the provisions of Section 9.13 hereof (but subject to the provisions of Section 3407(c) of the Act), upon the voluntary sale, conveyance or any other voluntary transfer of a Unit or any interest therein, the grantee thereof shall be jointly and severally liable with the grantor thereof for all unpaid assessments for Common Expenses which are a charge against the Unit as of the date of consummation of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to such grantee's right to recover from such grantor the amount of any such unpaid assessments which such grantee may have paid, and until any such assessments are paid, they shall continue to be a lien against the Unit which may be enforced in the manner set forth in Section 3315 of the Act. Notwithstanding the foregoing, any holder of a Permitted Mortgage which comes into possession of a Unit by Deed in lieu of foreclosure or assignment in lieu of foreclosure, shall not be liable for any unpaid assessments for Common Expenses or Limited Expenses, or for fees, charges, late charges, fines and interest charged pursuant to Section 3302(a)(10), (11) and (12) of the Act, which are charges against the Unit taken by such Permitted Mortgagee in lieu of foreclosure, and any such charges may be reassessed by the Executive Board as a Common Expense to be collected from all of the Unit Owners (including said Permitted Mortgagee which acquired such Unit in lieu of foreclosure).

ARTICLE X

DECLARANT'S RIGHTS

10.1. Control: Election of the members of the Executive Board shall be subject to the following conditions:

a. Until the 60th day after conveyance of 25% of the Units to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board. Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.

b. Not later than 60 days after conveyance of 25% of the Units to Unit Owners other than Declarant, one of the three initial members of the Executive Board shall be elected by Unit Owners other than Declarant.

c. Not later than the earliest of (i) five years after the date of the recording of this Declaration, or (ii) 180 days after 75% of the Units have been conveyed to Unit Owners other than Declarant, all members of the Executive Board appointed by Declarant shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect a new Executive Board.

10.2. Declarant Owned Units: Declarant will only be required to pay its pro-rata share of actual operating expenses of the Building for any Units which it owns but which are not occupied by Declarant (or a tenant of Declarant).

ARTICLE XI

LIMITATION OF LIABILITY

11.1. Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:

a. Shall not be liable for the failure of any services to be obtained by the Executive Board and paid for by the Association, or for injury or damage to Persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the Building, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;

b. Shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or gross negligence;

c. Shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

d. Shall not be liable to a Unit Owner, or such Unit Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants, employees, agents, customers or guests in a Unit, or in or on the Common Elements or Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence;

e. Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own

willful misconduct or gross negligence in the performance of their duties; and

f. Shall have no personal liability arising out of the use, misuse or condition of the Building, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or gross negligence.

11.2 Indemnification. Each member of the Executive Board, in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his duties; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association; and provided further that, indemnification hereunder with respect to any criminal action or proceeding is permitted only if such Executive Board member and/or officer had no reasonable cause to believe his conduct was unlawful. The indemnification by the Unit Owners set forth in this Section shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.

11.3 Defense of Claims. Complaints brought against the Association, the Executive Board or the officers, employees or agents thereof in their respective capacities as such, or the Condominium as a whole, shall be directed to the Executive Board of the Association, which shall promptly give written notice thereof to the Unit Owners and the holders of any mortgages on Units and such complaints shall be defended by the Association. The Unit Owners and the holders of mortgages on Units shall have no right to participate in such defense other than through the Association.

11.4 Insurance. The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth above, if and to the extent reasonably available.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly
executed on this 12 day of March, 1986.

WITNESS:

PITTSBURGH LOFT ASSOCIATES

Michele A. Lesly

By

Archibald Hovanesian, Jr. General Partner
General Partner