

HOWE COURT CONDOMINIUM
PUBLIC OFFERING STATEMENT

NAME OF CONDOMINIUM:	Howe Court Condominium
ADDRESS OF CONDOMINIUM:	5927-5931 Howe Street, Pittsburgh, Allegheny County, Pennsylvania
NAME AND ADDRESS OF DECLARANT:	Motheral, Inc. 5739 Walnut Street Pittsburgh, Pennsylvania 15232 (412) 441-6060
EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT:	November 5, 1985

THIS PUBLIC OFFERING STATEMENT IS BEING PRESENTED BY THE SELLER IN AN ATTEMPT TO DISCLOSE AND SUMMARIZE INFORMATION PERTINENT TO CONSIDERATION OF A PURCHASE OF A CONDOMINIUM UNIT AT HOWE COURT CONDOMINIUM. SINCE IT IS AN ABBREVIATED FORMAT, PROSPECTIVE PURCHASERS SHOULD ALSO REFER TO THE COMPLETE DOCUMENTS CONTAINED IN THIS BOOKLET FOR COMPLETE INFORMATION.

WITHIN 15 DAYS AFTER RECEIPT OF THE PUBLIC OFFERING STATEMENT A PURCHASER, BEFORE CONVEYANCE, MAY CANCEL ANY CONTRACT FOR PURCHASE OF A UNIT FROM DECLARANT.

IF DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM DECLARANT DAMAGES AS PROVIDED IN SECTION 3406(c) OF THE PENNSYLVANIA UNIFORM CONDOMINIUM ACT IN AN AMOUNT EQUAL TO 5% OF THE SALES PRICE FOR SUCH UNIT, UP TO \$2,000.00, OR IN AN AMOUNT EQUAL TO THE DAMAGES SUFFERED BY THE PURCHASER, WHICHEVER IS GREATER.

IF THE PUBLIC OFFERING STATEMENT IS RECEIVED BY THE PURCHASER MORE THAN 15 DAYS BEFORE SIGNING A CONTRACT, HE OR SHE CANNOT CANCEL THE CONTRACT.

TABLE OF CONTENTS

	<u>Page</u>
Format of this Booklet	1
The Condominium Concept	1
The Declarant	2
A Brief Description of the Howe Court Condominium	2
The Condominium Documents	2
Management Agreement	4
Association Budget	5
Fees Due From Purchasers at Closing	5
Liens and Encumbrances	6
Description of Financing	6
Building Improvements	6
Warranties	6
Judgments and Lawsuits	7
Deposits	7
Restraints on Alienation	7
Insurance Coverage	7
Fees and Charges	8
Unusual Circumstances	8
Reserves	8
Structural Components	8
Parking Arrangements	8

EXHIBITS

The following Exhibits are attached hereto and made part of this Public Offering Statement:

Declaration of Condominium	9
By-Laws of Howe Court Condominium Association	28
Rules and Regulations of Howe Court Condominium	45
Management Agreement	49
Agreement of Sale	56
Condominium Deed	71
Specimen Title Policy	74
Projected Annual Budget for 1986	79
Architectural Report	81

EVERY PROSPECTIVE PURCHASER SHOULD READ THIS BOOKLET CAREFULLY

Format of this Booklet

This booklet summarizes the significant features of Howe Court Condominium and presents additional information of interest to prospective purchasers, including the proposed Declaration of Condominium, the proposed By-Laws of the Condominium Association, and the annual budget of the Condominium Association. The Declaration and the By-Laws are referred to as the "Condominium Documents". If there is any variation between this Public Offering Statement and the Condominium Documents, the Condominium Documents will govern.

NO PERSON OR SALES AGENT OR OTHER REPRESENTATIVE OF DECLARANT MAY ORALLY MODIFY THE TERMS AND CONDITIONS OF THE CONDOMINIUM DOCUMENTS OR INTERPRET THEIR LEGAL EFFECT. ALL CAPITALIZED TERMS WHICH ARE NOT DEFINED IN THIS PUBLIC OFFERING STATEMENT HAVE THE MEANINGS SET FORTH IN THE DECLARATION OR IN THE BY-LAWS.

The Condominium Concept

The term "condominium" refers to a form of property ownership which, in effect, combines two older forms of ownership. A residential condominium Unit Owner is, at the same time, both the sole owner of his or her living quarters (the "Unit") and one of many mutual owners (in legal terms, "tenants in common") of common facilities and common areas which a Unit Owner may use and enjoy along with owners of other Units. The "Common Elements" are all portions of the condominium which are not included within the Units. In general, the Common Elements constitute the underlying land and those portions of the condominium which support, enclose or service the Units, such as the building foundation and roof, exterior walls, hallways, elevators, portions of the plumbing, electrical and ventilating systems, lobby, parking areas, etc.

All Unit Owners have a share (called an "undivided interest") in the ownership of all Common Elements. In this Condominium, the interest for each Unit is expressed as the decimal equivalent of a fraction, the numerator of which is one (1) and the denominator of which is the total number Units in the Condominium. The ownership of this percentage interest gives each Unit Owner the right, subject to the terms of the Pennsylvania Uniform Condominium Act ("The Act") and of the Condominium Documents, to use and participate in the control of the Common Elements with the other Unit Owners and imposes upon each Unit Owner the obligation to pay the same percentage of the expenses of operating and maintaining the Common Elements as the Unit Owners' percentage interest in the Common Elements. The amount of these expenses is determined in annual budgets established by an Executive Board, which a majority of the Unit Owners will elect after Declarant has conveyed 75% of all Units to third parties, or five years after the recording of the Declaration, whichever occurs first. It is this coupling of exclusive ownership of a Unit with the shared ownership of the Common Elements which distinguishes condominium ownership from other forms of property ownership.

The Declarant

Howe Court Condominium is being converted by Motheral, Inc., a Pennsylvania corporation, which has completed 17 other condominium projects in the Pittsburgh area.

A Brief Description of the Howe Court Condominium

Howe Court Condominium is located in the City of Pittsburgh, Allegheny County, Pennsylvania. The legal description of the land is set forth in Exhibit A attached to the Declaration of Condominium. The Condominium consists of an existing three-story brick building containing 16 units, together with a carriage house containing one unit. Outdoor parking spaces are available but must be purchased from the Declarant. Laundry facilities are located on the basement level. Generally speaking, each Unit consists of the space bounded by the perimeter walls, floor and ceiling of the Unit, except the carriage house, which also includes the walls and roof of the building. Units are available in several sizes as shown in the Plats and Plans and some units have patios, balconies and/or fireplaces. There will also be a roof-top recreation area. There are no other recreational facilities in the condominium. All units and amenities are completely built, although some decorating may be performed after this booklet has been published.

The building is serviced by a community sewage system and water and sewage will be common charges paid jointly by all unit owners. Maintenance of the water and sewer lines leading to the Units will be the responsibility of the Association. Electricity service for lights and air conditioning will be provided by the Duquesne Light Company and is individually metered to each Unit. Gas service for heating is provided by Equitable Gas and will also be a common charge paid jointly by all Unit Owners. The carriage house will be separately submetered and will pay the Association only the metered charge for gas and will not pay common electric but will contribute to common water and sewage, landscaping, snow removal, management and insurance.

Because of the "tax-shelter" and other economic benefits arising from investment ownership of real estate, such as a Unit at Howe Court Condominium, and based upon Declarant's market analysis and prior experience, it is possible that a number of Units will be purchased by investors. However, Declarant has not set aside any percentage or block of Units for sale to investors. Declarant also reserves the right to rent any Units which are not sold.

The Condominium Documents

The Condominium Declaration, By-Laws and Rules are referred to as the "Condominium Documents" and are included in this booklet. The Declaration is the legal document which creates the Condominium. It establishes and expresses the existence of the Condominium, incorporates the plans showing the location and size of the Units, defines certain terms, and allocates the Percentage Interests in the Common Elements which is the basis for sharing Common Expenses and the number of votes of the Unit Owners. The Declaration may be amended only by a vote of 67% or more of the Unit Owners, subject, in certain instances, to the concurrence of all Unit Owners affected thereby or the holders of mortgages encumbering the Units.

The Declaration is captioned "amended and restated" because of the election of the Declarant to submit the condominium to the provisions of the Uniform Condominium Act. The previous owners, including architect Thomas Simons, filed a Declaration under the Unit Property Act prior to the adoption of the Uniform Condominium Act in 1980.

The By-laws are the governing document setting forth the method of management of the Condominium. The Condominium, including Common Elements, is to be managed by the Association of Unit Owners through an Executive Board.

Copies of the Declaration and the By-laws are attached for your review. Some of the significant features of the Declaration and By-laws are described in this booklet, but if there is any conflict between the description contained in this Public Offering Statement and the actual text of the Condominium Documents, the Condominium Documents will control.

Units may be used by the Unit Owners only for private residential purposes. Declarant has the right to use Units which it owns as sales or management offices or models. The Declaration, in Section 6.4, contains a right of first refusal applicable to any sale or transfer of Units. Units may be leased pursuant to a written lease, but no lease may be for a term of less than one (1) year or for less than an entire Unit. Units Owners are required to notify the Executive Board of any sale or lease of Units. Units may not be subdivided.

Under the Declaration, the Executive Board may promulgate Rules and Regulations governing the use of the Condominium. Copies of the Rules and Regulations must be delivered to the Unit Owners. The Rules and Regulations which will take effect upon recording of the Condominium Documents are attached hereto. Such Rules and Regulations govern, among other things, the ownership and enjoyment of pets in the Property.

Unit Owners may place mortgages on their Units. However, a mortgage is permitted only if it is given to the seller of the Unit, the Declarant or a financial institution. The Executive Board must be given notice of the name and address of each prospective mortgagee and the amount of the proposed mortgage.

Each Unit Owner is solely responsible for the proper care and maintenance of his Unit. Maintenance of the Common Elements is the responsibility of the Association.

The Association is comprised of all of the Unit Owners. The daily affairs of the Association are to be managed by the Executive Board, which will initially consist of three persons but can later be expanded to five members. All members of the Executive Board shall be appointed by Declarant until 60 days after 4 Units have been conveyed by Declarant to others, at which time the Unit Owners other than Declarant shall hold a meeting to elect one member of the Executive Board to replace one appointee of Declarant. Declarant will also have the right to remove any of its appointees at any time. Within 180 days after 12 of the Units have been conveyed to persons other than the Declarant, but not later than five years after the date of recording of the Declaration, a meeting of Unit Owners will take place, and the Unit Owners (including Declarant) will then elect the entire Executive Board. After such meeting of Unit Owners, all

members of the Executive Board must be either Unit Owners or partners, shareholders, or officers of entities that are Unit Owners or designees of Declarant. Annual meetings of Unit Owners will take place in the month of September of each year. Votes of Unit Owners will be allocated to Unit Owners in the same proportions as are the Percentage Interests appurtenant to the Units. The Declarant will be entitled to vote all votes allocated to Units which it owns.

The Executive Board is required to meet at least once every four months. Its responsibilities include the approval of capital expenditures, the establishment of a budget for each fiscal year and the assessment against each Unit and Unit Owner of a portion of the funds necessary to operate under such budget. A majority of all Unit Owners may, however, reject any budget or capital expenditure approved by the Executive Board, within 30 days after such approval.

Each Unit's assessment for Common Expenses shall be in proportion to its Percentage Interest. Assessments for Common Expenses are made by the Executive Board and payable by the Unit Owners. If the amount assessed and collected by the Executive Board during any year is not sufficient to cover the actual Common Expenses of the Condominium, the Executive Board may make additional assessments for the fiscal year. Any assessment which a Unit Owner does not pay, when due, becomes a lien against such Unit Owner's Unit enforceable under the Act and in accordance with the By-laws, which provide for a late charge of 5% of each overdue assessment as well as interest at the rate of 15% per annum or such other rate as the Executive Board may determine. In addition, if the Executive Board wishes to expend or borrow monies or incur expenses in an amount greater than 5% of the aggregate of all budgeted expenses for the fiscal year, such expenditures must have the prior approval of two-thirds of all Unit Owners, at either a regular meeting or a meeting called for such purpose.

The Executive Board elects its own officers and may employ a professional management agent for the Condominium on terms which the Executive Board may determine.

Management Agreement

The initial management for the Howe Court Condominium will be performed by Century II Real Estate. At the termination of the initial Management Agreement period (i.e., one (1) year), or upon mutual consent of both parties, the Condominium Association may select another Management Agent. This agreement is also subject to cancellation by the Association under Section 3305 of the Act.

A copy of the Management Agreement for the Howe Court Condominium is attached as Exhibit V. A summary of some of the more significant portions of this Management Agreement is as follows:

- (a) The Management Agent will have complete authority to manage, maintain and operate the Condominium on a day-to-day basis, including engaging and obtaining janitorial and maintenance persons, in accordance with

the By-Laws and the policies of the Condominium Association.

- (b) The Management Agent will establish a checking account in the name of the Condominium Association, will collect all monthly Condominium Assessment Fees and will pay the expenses of operating the Condominium. The Management Agent will not pay any unbudgeted expense in excess of \$500 nor incur any liability in excess of \$1,000 without the prior written approval of the Condominium Association.
- (c) The Management Agent will prepare an Annual Budget for the Condominium at least sixty (60) days prior to the beginning of each fiscal year for approval and adoption by the Condominium Association.
- (d) The Management Agent will maintain accounting and office records and will provide monthly statements of income and expense to the Condominium Association.
- (e) The Management Agent's initial compensation for providing its services will be a fee of \$1,800.00 per year.

Association Budget

Since the Association has not been in existence for any previous period of time there is no balance sheet or history of expenses available at the present time. The projected budget for the Association for one year following the date of the first conveyance to a purchaser is attached as Exhibit VI. This budget was prepared by the Declarant, and is based upon the assumption that each owner will contribute his assessed share and that costs will remain as set forth in the budget for the coming year. This is only an estimated budget and is broken down into the categories of expenditures for the Association and arrives at a projected monthly common expense assessment for each type of Unit.

At the time the unit owners take over operation of the Association they will have the right to determine the quantity and quality of building services to be provided and budget for those services accordingly. Declarant will pay Common Expense assessments for each Unit owned by Declarant, commencing after completion and occupancy of any such Unit. Any expenses paid or provided by the Declarant which may later constitute Common Expenses are identified on the Projected Budget as such.

Fees Due From Purchasers at Closing

At the closing of each unit, the Purchaser will be required to provide, in addition to payment for the condominium unit purchased, sufficient funds to pay for one-half (1/2) of the real estate transfer tax stamps; a pro-rata share of property taxes; title insurance, if any; settlement and recording fees; an amount equal to three (3) months' common charges to establish

a reserve fund; and any charges relating to the Purchaser's financing of the unit.

Liens and Encumbrances

The Condominium is subject to an easement for construction and sales activities in favor of Declarant (as set forth in the Declaration) and to easements for utility services as set forth in the Declaration and in the specimen title report attached hereto as Exhibit VIII. Upon the conveyance of a Unit to a purchaser, the Unit and its proportionate share of the common elements will be released from the mortgages.

Description of Financing

Each purchaser will be responsible for obtaining financing for the full Purchase Price of the unit.

Building Improvements

The Declarant intends to make certain improvements to the Building in connection with this offering. These improvements are briefly described in Exhibit IX. The Plans for these improvements will be available for inspection at the office of the Declarant, 5739 Walnut Street, Pittsburgh, Pennsylvania, and will not be changed so as to materially adversely affect any purchaser. The Declarant reserves the right to substitute materials, fixtures, appliances and equipment of substantially equal quality for any of those set forth in the Plans.

Warranties

A. Declarant shall assign (to the extent assignable) and deliver to each purchaser at settlement all guarantees and warranties Declarant has received on the systems and appliances contained in the Units.

B. In addition to the foregoing and as required by the Act, Declarant warrants against structural defects in components installed by the Declarant, work done or improvements made by the Declarant. For the purpose of this paragraph, "structural defects" means those defects in components constituting any Unit or Common Element which require repair, renovation, alteration or replacement and either (A) reduce the stability or safety of the structure below acceptable standards, or (B) restrict the normal intended use of all or any part of the structure.

The foregoing structural warranty shall not be construed to make Declarant responsible for any items of maintenance relating to the Unit or the Common Elements. The warranty described above will expire as follows:

(i) as to Units, this warranty begins on the date that the Unit is conveyed to the purchaser and continues for a period of two years thereafter; and

(ii) as to each Common Element as to which the Declarant makes this warranty, the warranty begins on the date of completion of such Common Element and continues for a period of two (2) years thereafter.

C. Declarant warrants that the Unit and the Common Elements have been inspected for structural and mechanical defects and that any such defects found have been repaired.

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

Judgments and Lawsuits

There are no judgments against the Association and there are no lawsuits pending against or material to the Condominium of which the Declarant has any knowledge.

Deposits

Any deposits made in connection with the purchase of a Unit shall be held in a non-interest-bearing escrow account in accordance with the provisions of Section 3408 of the Act. Any such deposit will be returned to the purchaser if he cancels an Agreement of Sale pursuant to Section 3406 of the Act.

Restraints on Alienation

The Association has a right of first refusal on all resales of Units in the Condominium, as described in Section 6.4 of the Declaration. In addition, a Unit Owner may not lease or sublease his Unit except as provided in the Declaration or give a mortgage on his Unit except as permitted by the Declaration.

Insurance Coverage

The Act requires that the Executive Board and the Association obtain and maintain insurance coverage for the Condominium as follows:

(1) Hazard insurance against all risks of physical loss commonly insured against. Such insurance shall cover both the Units and Common Elements, but not improvements and betterments installed by Unit Owners. SUCH IMPROVEMENTS AND BETTERMENTS ARE NOT COVERED BY THIS INSURANCE AND EACH UNIT OWNER SHOULD MAINTAIN SEPARATE INSURANCE FOR SUCH PROPERTY AS WELL AS THE CONTENTS OF THE UNIT. The Association's hazard insurance must be in an amount equal to 80% of the actual cash value of the property insured, exclusive of land, excavations, foundations and similar items. All proceeds of this policy will be payable to the Association.

(2) Comprehensive liability insurance insuring Unit Owners (in their capacity as Unit Owners), members of the Executive Board and any management agent against any liability to the public or to the Unit Owners, their tenants or invitees. The initial limits of liability shall be \$500,000.00 for death or personal injury to any one person, \$1,000,000.00 for death or personal injury in any single occurrence and \$100,000.00 for property damage in any single occurrence. EACH UNIT OWNER SHOULD MAINTAIN HIS OWN LIABILITY INSURANCE FOR HIS OWN UNIT AND INSURANCE ON HIS OWN PERSONAL PROPERTY.

The Association may carry such other policies of insurance it deems appropriate to protect the Association or Unit Owners.

In the event that any building is damaged or destroyed, such damage or destruction shall be repaired by the Association, using the available proceeds of insurance, unless 80% of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild, as provided in Section 3312(g) of the Act.

Fees and Charges

Except for the Common Expense assessments referred to above (and described in the Budget), Declarant does not expect to cause or have any other charges imposed upon the Unit Owners for the use of Common Elements or other facilities related to the Condominium. The Executive Board may, however, impose charges for the use of the parking lot and other facilities upon those Unit Owners utilizing such facilities.

Unusual Circumstances

To the best of the Declarant's knowledge and information there are no unusual circumstances or characteristics affecting the Condominium or the Units therein.

Reserves

A combined working capital and capital reserve fund is being started by collecting a fee at each closing which will be placed in an interest-bearing account in the name of the condominium association in an amount equal to three months' common charges for the unit sold.

Structural Components

Attached as Exhibit IX is a report prepared by James Arthur Sheehan, an independent architect. Based on this report, Declarant represents that the age and present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the Condominium are as set forth in Exhibit IX and that said exhibit contains its best estimate of the estimated useful life of and current replacement cost of each item. For example, the useful life of the roof is 10 to 15 years and the cost of replacement would be approximately \$12,000 at current prices; the estimated life of the parking lot is 15 years and the cost of repaving would be \$3,000 at current prices.

Parking Arrangements

Open parking spaces and carport spaces are located in the lot behind the building and will be assigned by the Declarant to Unit Owners on payment of the designated fee. The right to use a parking space will run with the Unit as a Limited Common Element.