

# PUBLIC OFFERING STATEMENT

July 9, 2002

## FAIR PROSPECT CONDOMINIUM Shrewsbury Township, York County, Pennsylvania

- Exhibit 1 - Declaration (recorded 07/22/02; LRB 1506, Page 8414)
- Exhibit 2 - By Laws (recorded 07/22/02; LRB 1506, Page 8450)
- Exhibit 3 - Rules and Regulations
- Exhibit 4 - Sample Purchase Agreement w/Addendum
- Exhibit 5 - Budget

PUBLIC OFFERING STATEMENT

NAME OF CONDOMINIUM: FAIR PROSPECT CONDOMINIUM

ADDRESS OF CONDOMINIUM: Shrewsbury Township,  
York County, PA

NAME AND MAILING ADDRESS  
OF DECLARANT: Fair Prospect LLC  
212 Washington Avenue  
Towson, Maryland 21204

EFFECTIVE DATE OF PUBLIC  
OFFERING STATEMENT: July 9, 2002

**IMPORTANT NOTICE:**

- A. UNDER PENNSYLVANIA LAW, A PURCHASER OF A CONDOMINIUM UNIT HAS FIFTEEN (15) DAYS AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT, OR AN AMENDMENT TO THE PUBLIC OFFERING STATEMENT THAT MATERIALLY AND ADVERSELY AFFECTS THE RIGHTS OR OBLIGATIONS OF THE PURCHASER, DURING WHICH THE PURCHASER MAY CANCEL, BEFORE CONVEYANCE, ANY CONTRACT FOR PURCHASE OF A UNIT AND OBTAIN FULL REFUND OF ANY SUMS DEPOSITED IN CONNECTION WITH THE CONTRACT. THE PURCHASER SHOULD REVIEW THIS PUBLIC OFFERING STATEMENT AND ALL AMENDMENTS CAREFULLY. IF THE PURCHASER ELECTS TO CANCEL, THE PURCHASER MUST DELIVER NOTICE OF CANCELLATION TO THE DECLARANT BY HAND (IN WHICH CASE EVIDENCE OF RECEIPT SHOULD BE OBTAINED) OR BY UNITED STATES MAIL, RETURN RECEIPT REQUESTED. THIS CANCELLATION OF THE CONTRACT FOR PURCHASE IS WITHOUT PENALTY, AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE THE CANCELLATION WILL BE REFUNDED PROMPTLY BY THE DECLARANT.
- B. IF THE DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT (AND ANY AMENDMENTS THERETO) TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM THE DECLARANT, IN ADDITION TO ANY OTHER RELIEF, AN AMOUNT EQUAL TO 5% OF THE SALE PRICE OF THE UNIT UP TO A MAXIMUM OF \$2,000, OR PURCHASER'S ACTUAL DAMAGES, WHICHEVER IS GREATER. A MINOR OMISSION OR ERROR IN THE PUBLIC OFFERING STATEMENT, OR ANY AMENDMENT THERETO, THAT IS NOT WILLFUL SHALL ENTITLE THE PURCHASER TO RECOVER ONLY ACTUAL DAMAGES, IF ANY.
- C. IF A PURCHASER RECEIVES THE PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN (15) DAYS BEFORE SIGNING A CONTRACT FOR THE PURCHASE, THE PURCHASER CANNOT CANCEL THE CONTRACT, EXCEPT THAT A PURCHASER SHALL HAVE THE RIGHT TO CANCEL THE CONTRACT BEFORE CONVEYANCE WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF ANY AMENDMENT THAT

The name and principal address of the Declarant of Fair Prospect Condominium is Fair Prospect LLC, having offices located at 212 Washington Avenue, Towson, Maryland 21204.

Fair Prospect Condominium is a residential condominium to be fully completed as to its buildings, condominium units and amenities, as more particularly described in the Declaration Plan, Declaration, By-Laws, Rules and Regulations and Agreement of Sale attached hereto and incorporated herein by reference.

The intended total number of units in Fair Prospect Condominium is ninety (90). The Declarant has no present intention to market blocks or groups of units to investors. The units shall be substantially completed as defined in the Condominium Act prior to conveyance to unit owners.

Declarant intends to transfer and assign all Special Declarant Rights as they relate to the Units (except the right to appoint officers of the Condominium Association and Executive Board members) to NVR, Inc., t/d/b/a Ryan Homes, for the purpose of construction and sale of the Units.

Declarant, notwithstanding any of the foregoing, however, retains the unqualified right, at any time prior to the first closing of a unit to rescind all offers made pursuant to this Public Offering Statement and withdraw the Declaration and all related condominium documents.

The Declaration of Fair Prospect Condominium, (copy attached as Exhibit 1), is the basic document which commits or subjects the property to the condominium form of ownership. It contains the fundamental provisions which cannot be changed easily and is analogous to the Articles of Incorporation of a corporation in its purpose. It is also similar

to a Declaration of Reciprocal Covenants, Easements or Restrictions running with the land often used in residential developments. The Declaration contains descriptions of the land, the units and common elements. It is executed, acknowledged and recorded like a deed. The Declaration provides that the ownership of an undivided share of the common elements cannot be separated from ownership of a Unit. It establishes an association of Unit Owners (The Association), the method of sharing common expenses, voting powers and procedures respecting management of the condominium. It sets forth the powers and purposes of the association of Unit Owners and restrictions upon partition and alienability and mortgaging.

The By-Laws, (copy attached as Exhibit 2), serves a dual purpose. It is similar to corporate By-Laws and provides for the mechanics and procedures of day-to-day internal administration and operation of Fair Prospect Condominium. It is a recorded document containing some of the Covenants and Restrictions and, with the Declaration, serves to form the scheme of planning. Each Unit Owner is required to comply with the By-Laws and the Rules and Regulations adopted pursuant to the By-Laws.

The Rules and Regulations of Fair Prospect Condominium, (copy attached as Exhibit 3), have been adopted by the Association and deal primarily with the use by Unit Owners of the condominium property, complaints and the posting of signs. It should be noted that the Rules and Regulations can be more easily amended by the Association than the other condominium documents by the Unit Owners.

There are no contracts or leases to be signed by Purchasers of the condominium units at the closing except certain affidavits more particularly set forth in the Agreement of Sale.

(form copy attached as Exhibit 4). The Agreement of Sale describes the terms and conditions for the sale of a unit, including purchase price, initial common assessment, warranties, and time of possession and settlement, which when signed, form a binding agreement between Declarant and Purchaser.

The condominium and its association is not presently subject to any management or employment contracts or leases relating to any of the condominium facilities, nor are there any contracts or leases to which the Declarant is a party. Notwithstanding any of the foregoing, it is the Declarant's intent, in the future, to retain the services of a professional management company. The terms of any contract to be entered into will require that the term of the contract be for a reasonable length (not more than one (1) year in length) and the Declarant/Association shall have the right to terminate the contract, without cause, subsequent to ninety (90) days written notice.

Declarant believes that, when appropriate, all governmental approvals and permits will be obtained for the use and occupancy of the condominium. Declarant believes there are not outstanding or uncured notices of violations of government requirements. Declarant has no knowledge of any hazardous conditions including contamination affecting the condominium site by hazardous substances, hazardous wastes or the like or the existence of underground storage tanks for petroleum products or other hazardous substances, none having been disclosed in the Phase I Environmental Report prepared by Gordon L. Brown and Associates, of 2238 South Queen Street, York, Pennsylvania 17402, dated April, 1999, as updated April, 2001. Information concerning environmental conditions affecting the

condominium site may be obtained from the **Pennsylvania Department of Environmental Protection, Southcentral Regional Office, One Ararat Boulevard, Harrisburg, Pennsylvania 17110, (717) 657-4585, and the United States Environmental Protection Agency, 841 Chestnut Street, Philadelphia, Pennsylvania 19107, (215) 597-9800.**

There is no current balance sheet or budget for the Association. Attached hereto as Exhibit 5 and incorporated herein is a proforma projected budget for the Association for one year after the date of the first conveyance to a Purchaser that has been prepared by Declarant. The budget assumes 100% occupancy and no inflation factors. There are no services that are not reflected in the budget that the Declarant provides, or expense that he pays, and that he expects may become at any subsequent time a common expense of the Association and the projected common expenses. There are no initial or special fees due from a Purchaser of a unit at closing, except that a Purchaser shall deposit with the Association **Two Hundred and Fifty (\$250.00) Dollars** for the purpose of reserving for expenses (including initial operating expenses). This non-refundable \$250 initial assessment shall apply to all sales of new units, as well as all subsequent resales.

The general purpose of the aforementioned contribution is to provide for certain prepaid items (e.g. insurance premiums, organizational equipment and supply costs). This payment is not to be credited as an advance payment of common expenses. The budget will cover all anticipated common expenses for the upcoming fiscal year. The budget will also include whatever amount the Executive Board considers necessary as an adequate reserve to provide for unforeseen contingencies, working capital and repair or replacement of common

elements. The budget prepared by Declarant contains figures which are, of course, estimates and the Declarant cannot be certain that sufficient funds have been budgeted to cover all common expenses that may be incurred. However, the Declarant believes that the figures represent the best estimates obtainable.

A Unit Owner must pay directly all of the costs of maintenance and repair for his own Unit and all costs for maintenance and repair of any Limited Common Elements assigned to his Unit as provided for in the Declaration. The charges for utilities for common elements or common expenses will be apportioned among all Unit Owners. Real property taxes are levied separately against individual condominium units and each Unit Owner will be responsible for the payment of the taxes on his unit. Likewise, each Unit Owner shall be responsible for payment of sewer charges, as well as water service to his own particular unit.

Attached to the Declaration as an Exhibit is a list of all liens, defects or encumbrances affecting title to the Fair Prospect Condominium.

The mortgages as they affect each Unit will be paid, satisfied or released prior to the first conveyance of any unit.

The Declarant offers no financing to prospective Purchasers of condominium units.

Declarant warrants against structural defects in each of the Units for two (2) years from the date each is conveyed to a bona fide purchaser or subsequent purchaser within the two (2) year period. Declarant warrants against structural defects to a bona fide purchaser or subsequent purchaser within the two (2) year period, in common elements for two (2) years following completion of each common element. Declarant shall complete construction of all

common elements and common areas as shown on the Plans in a good and workmanlike manner. No other warranties, other than those set forth hereinabove or those expressly provided in Section 3411, either express or implied, are hereby created or provided for.

There are no judgments entered against the Association, and the Association is not a party to any pending suits or litigation.

All deposits made in connection with the purchase of a Unit will be held in an escrow account by a licensed real estate Broker, financial institution or attorney, in an account designated solely for that purpose until:

1. Delivered to the Declarant or its assignees at closing; or
2. Delivered to the Declarant or its assignees because of Purchaser's default under a contract to purchase the unit; or
3. Refunded to the Purchaser.

The escrow account will be maintained in accordance with the provisions of Section 3408 of the Uniform Condominium Act and deposits will be returned to the purchaser if the purchaser cancels the contract pursuant to Section 3406 of said Act.

There are no unusual restraints on the alienation of any portion of the condominium except to the extent that the same are required to comply with the laws of the Commonwealth of Pennsylvania. There are no restraints as to race, creed, national origin, age or sex. Lease of units, however, is subject to the following restrictions:

1. No unit may be leased initially for less than a one (1) year term.
2. No portion of a unit (less than the entire unit) may be leased for any period; and



3. All leases must be written and must provide that failure to comply with the Condominium Documents and Rules and Regulations constitutes a default under the lease. The Association may assess owners of leased units an extra charge for administration expenses.

The description of the insurance coverage provided for the benefit of the Condominium and the Unit Owners in their capacity as members of the Association and as owners of the common elements is as follows:

1. Property and hazard insurance protecting all of the buildings against all perils of physical damage not specifically excluded, subject to a \$1,000.00 deductible (including but not limited to, fire, lightning, wind storm, hail, damage by aircraft, smoke, riot, vandalism and malicious mischief, water damage from plumbing and heating fixtures, collapse and weight of ice or snow), in the amount of \$300,000.00.

2. General Liability - \$1,000,000.00 Bodily Injury and Property Damage. For liability to a third party arising from the existence of the premises and operation of the condominium (including personal injury, libel, slander, false arrest, wrongful detention and wrongful eviction).

3. Non-Owned Automobile. In the event that an employee is hired, Non-Owned Automobile insurance will be carried to protect the Condominium from liability arising out of the operation of his or her personal auto on Condominium business.

4. Crime - \$25,000.00 Fidelity Bond. A Schedule Position Bond covering the Treasurer and President of the Association to protect the Condominium owners from loss

arising from dishonesty.

5. Workmen's Compensation. In the event that an employee is hired by the Condominium, Workmen's Compensation, by law, must be carried to pay medical bills and loss of income arising out of an injury sustained on the job.

6. Executive Board's Coverage. Limit \$1,000,000.00. This coverage provides for wrongful acts such as mismanagement, breach of duty, neglect, misleading statements, omissions and improper management of property.

The Units Owners Association and Unit Owners will be insured against liability arising from ownership or use of the Common Elements. This coverage will not insure Unit Owners against liability arising from the Act or negligence of the Unit Owner. THE DECLARANT STRONGLY RECOMMENDS THAT EACH UNIT OWNER OBTAIN INSURANCE COVERAGE ON HIS PERSONAL PROPERTY AND LIABILITY EXPOSURE NOT COVERED BY THE UNIT OWNERS' ASSOCIATION POLICY.

The Unit Owners Association will not provide <sup>Personal</sup> property and hazard insurance for Units (as defined in the Declaration). UNIT OWNERS ARE SOLELY RESPONSIBLE FOR OBTAINING THEIR OWN PROPERTY AND CASUALTY INSURANCE FOR THEIR RESPECTIVE UNITS.

There are no current or expected fees or charges to be paid by Unit Owners for the use of the common elements and other facilities relating to the condominium except those anticipated and described as common expenses as more particularly defined in the Declaration.

A \$4,050.00 annual reserve has been established in the Proforma Budget. This

figure has been arbitrarily selected.

All structural components and utility installations in the condominium have been and/or will be constructed in accordance with good construction practices.

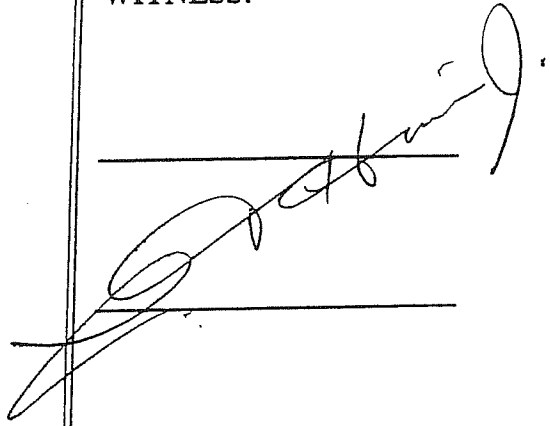
The present condition of all structural components and mechanical and electrical installations is good.

The following is the estimated useful life and current replacement cost of major components (per unit based upon year 2002 costs):

<u>Item</u>	<u>Useful Life</u>	<u>Replacement Cost Per Unit</u>
Roofs	25 years	\$ 3,000.00
Bearing walls	100 years	\$25,000.00
Plumbing system	50 years	\$15,000.00
Electrical system	50 years	\$15,000.00
HVAC systems	20 years	\$10,000.00
For duct work	100 years	\$10,000.00
For heat pump	15 years	\$ 5,000.00

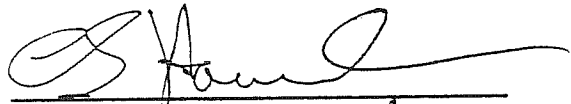
There is no present need for pest control.

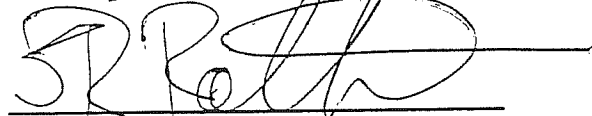
WITNESS:



A large, handwritten signature in black ink is written over two horizontal lines. The signature is cursive and appears to be "C. Howell".

DECLARANT  
FAIR PROSPECT LLC

By:   
\_\_\_\_\_  
Christopher S. Howell, Member

By:   
\_\_\_\_\_  
Samuel R. Rothblum, Member