

NORTH EAST ISLES CONDOMINIUM
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TO
PUBLIC OFFERING STATEMENT

P.O.S.

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**OFFICE OF THE SECRETARY OF STATE
APPLICATION FOR THE REGISTRATION OF A
CONDOMINIUM IN THE STATE OF MARYLAND**

Type all information

Section 1.

Name of Condominium

See Attached
Street Address

City or Town and Zip Code

County(ies) in which Condo is located

Section 2.

Name of Developer

Names of all Officers or Partners if Developer is a
Corporation or Partner- ship. If Partner is a
Corporation, submit names of Officers for the
Corporation

Street Address

City or Town and Zip Code

Area Code and Telephone Number

Section 3.

Name of Person to Contact Regarding the Application

Area Code and Telephone Number of Contact Person

Section 4.

Name of Real Estate Broker Listing Condo

Name of Person to Contact re: Listing

Area Code and Telephone Number of Real Estate
Broker

Section 5.

Units are hereby submitted for registration,
consisting of (check 1):

- _____ New Construction
- _____ Existing Structure(s)
- _____ Combination
- _____ As Fully Expanded

Section 6.

Name of Resident Agent for Condo

Street Address

City or Town and Zip Code

Area Code and Telephone Number

Section 7.

Are documents for project recorded?

Yes _____ Date _____
No _____ Anticipated

Recordation
Date _____
Liber No. _____ Folio No. _____

**TO BE COMPLETED BY THE OFFICE OF THE
SECRETARY OF STATE**

Date Received

Fee Received

Date Acknowledged

Date Registered

Date Rejected

Review Period

NORTH EAST ISLES CONDOMINIUM

Section 1

North East Isles Condominium
Maryland Route 7 and North East Isles Drive
North East, Cecil County, Maryland 21901

Section 2

As to Phases 8, 10, 11, 12, 13, 17, 21, 22, 23, and 26:

Tri-Financial, LLC, a Maryland limited liability company
3601 Concord Road
York, Pennsylvania 17402
(717) 840-0087

Sole Member - Tri-Financial General Partnership, a Pennsylvania general partnership

General Partners:

McGreevy Associates L.P., a Pennsylvania limited partnership
Adicus Family Limited Partnership, a Pennsylvania limited partnership
Richard F. Defluri Money Purchase Pension Plan Rollover
Richard F. Defluri Money Purchase Pension Plan
Robert Szeyller

As to Phases 5 and 7:

PFG Capital Corporation, a Pennsylvania corporation
3601 Concord Road
York, Pennsylvania 17402
(717) 840-0087
John C. McGreevy, Chief Executive Officer
Daniel U. Dygert, President
Michael W. Rhoads, Vice President
Robert Szeyller, Secretary

As to Phases 4, 6, 9, 14, 15, 16, 18, 19, 20, 24 and 25:

Chesapeake Land Investment Associates, a Pennsylvania limited partnership
3601 Concord Road
York, Pennsylvania 17402
(717) 840-0087

PFG Capital Corporation, a Pennsylvania corporation, General Partner
John C. McGreevy, Chief Executive Officer
Daniel U. Dygert, President
Michael W. Rhoads, Vice President
Robert Szeyller, Secretary

Section 3

Emerson L. Dorsey, Jr, Attorney for the Developer
Blum, Yumkas, Mailman, Gutman & Denick, P.A.
(410) 385-4007

Section 4

N/A

Section 5

178 Units are hereby submitted for Registration
178 Units New Construction
0 Units Existing Structures
0 Units Combination
as fully expanded Units

Section 6

Doris P. Scott, Esquire
109 East Main Street
Elkton, Maryland 21921
(410) 398-0611

Section 7

Are the documents for this project recorded?

Yes X Date December 11, 1996
No Anticipated Recordation Date - N/A
Liber No. WLB 628 Folio No. 073, *et seq.*

OFFICE OF THE SECRETARY OF STATE
APPLICATION FOR THE REGISTRATION OF A
CONDOMINIUM IN THE STATE OF MARYLAND

PUBLIC OFFERING STATEMENT

For: NORTH EAST ISLES CONDOMINIUM
Name of Condominium

Part 1. Sales Contract

Insert this sheet immediately before a copy of the actual or proposed Contract of Sale which is to be used. If more than one contract format is to be used, include a copy of each, including those to be used by real estate brokers who have been granted a listing for the project.

Applicant's comments, if any:

The notice required by Section 11-126(a)(2) of the Act is set forth in the Contract.

See Attached

**STANDARD CONTRACT OF SALE
OF A UNIT IN
NORTH EAST ISLES CONDOMINIUM**

THIS CONTRACT OF SALE is made this ___ day of _____, 199_, by and between **NORTH EAST ISLES ASSOCIATES**, a Pennsylvania limited partnership, having its principal office at 3601 Concord Road, York, Pennsylvania 17402, as "Seller," and _____ and _____, residing at _____ (Telephone: _____ - Business; _____ - Residence), as "Buyer," herein designated by the singular pronoun of the masculine gender.

BACKGROUND STATEMENT OF FACTS

This Background Statement of Facts is not merely prefatory, but is expressly made a part of this Contract of Sale.

The Condominium Declaration, Condominium By-Laws, and Condominium Plat of North East Isles Condominium, all as amended from time to time, have been or will be recorded among the Land Records of Cecil County, Maryland for the purpose of subjecting one or more phases of the property described in the Condominium Declaration to a condominium regime under the Maryland Condominium Act, Title 11 of the Real Property Article, Annotated Code of Maryland (the "Regime"). The Condominium Declaration and Condominium By-Laws are contained in the Public Offering Statement delivered to Buyer by Seller at or before the execution by Buyer of this Contract. The Public Offering Statement may be amended from time to time at the sole discretion of Seller, subject to the provisions of Paragraph 11 of this Contract. The Condominium Plat is on file at the principal office of Seller, and by reference thereto, is made a part hereof, as fully and to the same extent as though set forth in full herein.

The condominium unit sold under this Contract consists of a two-story unit that has been or will be erected at Seller's cost and expense. Except to the extent otherwise expressly provided herein, the two-story unit shall conform substantially to the specifications, plans and drawings prepared for the two-story unit by _____, Architects, AIA, copies of which are on file at the Seller's sales office (which specifications, plans and drawings are collectively, the "construction plans"). Seller shall have the right, however, to vary and depart from the construction plans by the substitution of materials and/or equipment of comparable kind and quality. The two-story unit may be built as a standard or reverse floor plan at Seller's sole discretion. Further, Seller may remove such trees from the property as it deems necessary to construct the two-story unit and shall not be responsible for any damage to or destruction of remaining trees during or resulting from the process of construction. If the required grading causes the removal of all trees on the property, Seller shall not be held responsible.

The Regime became or shall become effective immediately upon recordation among the Land Records of Cecil County, Maryland, of the Condominium Declaration, the Condominium By-Laws, and the Condominium Plat. Thereupon, the Council of Unit Owners of North East Isles Condominium, an association comprised of all unit owners (the "Council"), was or shall be established for the purpose of governing the affairs of the

Regime, and has or shall have those powers, rights, duties and authority as are set forth in the Condominium By-Laws.

Subject to the establishment of the Regime for the property in the manner set forth in the preceding paragraphs, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the hereinafter described two-story unit, all upon the terms, conditions and provisions set forth in this Contract.

NOW, THEREFORE, THIS CONTRACT OF SALE WITNESSETH: That for and in consideration of the above stated facts and the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **UNIT SOLD.** The Seller does hereby bargain and sell unto the Buyer, and the Buyer does hereby purchase from the Seller, the two-story unit known as "Unit ___" (the "Unit"), in North East Isles Condominium, as the Unit is shown on the Condominium Plat, in fee simple, together with an undivided fee simple interest in the common elements, common profits and common expenses equal to the percentage interest thereof provided for the Unit in the Condominium Declaration (the "Unit" and the undivided interest appurtenant thereto is herein collectively called the "Property"). The two-story unit is located at _____, North East, Cecil County, Maryland.

2. **PURCHASE PRICE AND PAYMENT.** (a) The purchase price for the Property, the deposit having been paid by the Buyer upon signing this Contract, receipt of which by Seller is hereby acknowledged, and an additional deposit to be paid by Buyer at the time hereinafter set forth, are as follows:

Base Purchase Price:		\$ _____
Options:		\$ _____
Deposit:		
Paid with this Contract	\$ _____	
Additional Deposit Due on _____, 199_	\$ _____	\$ _____
Balance Due Seller at Settlement		\$ _____

The balance of the purchase price shall be paid by Buyer to Seller, in the form of cash, certified check or title company check at the time of settlement.

(b) Section 17-506 of the Business Occupations Article, Annotated Code of Maryland requires the following disclosures:

(1) IF THE BUYER AND SELLER DO NOT INSTRUCT OTHERWISE, DEPOSIT MONEY OF \$5,000.00 OR MORE SHALL BE PLACED, AT THE SOLE DISCRETION OF THE REAL ESTATE BROKER RECEIVING SUCH DEPOSIT MONEY, IN A NON-INTEREST BEARING ACCOUNT OR AN INTEREST BEARING ACCOUNT THAT PAYS ALL INTEREST TO THE MARYLAND HOUSING RESOURCE CORPORATION.

(2) IF THE BUYER AND SELLER DO NOT INSTRUCT OTHERWISE, DEPOSIT MONEY OF LESS THAN \$5,000.00 SHALL BE PLACED IN AN INTEREST BEARING ACCOUNT THAT PAYS ALL INTEREST TO THE MARYLAND HOUSING RESOURCE CORPORATION.

(c) Buyer and Seller hereby agree that all deposit money shall be placed in a non-interest bearing escrow account maintained by Seller pursuant to Section 10-301 of the Real Property Article of the Annotated Code of Maryland at First Capital Bank, York, Pennsylvania, Acct. No. 0250001617.

3. FINANCING. (a) This purchase (is) (is not) to be financed by means of a loan secured by a mortgage or deed of trust. If this purchase is to be financed by means of a loan secured by a mortgage or deed of trust, then this Contract is contingent upon Buyer obtaining a commitment for a first mortgage or first deed of trust purchase money loan from a responsible financial institution for an amount of not more than _____ Dollars (\$ _____) at an interest rate not to exceed _____ percent (___%) per annum. Seller shall not be required to pay any loan origination fees ("points"). Buyer will complete and submit to lender the lender's regular form of loan application within five (5) calendar days after the date hereof, and if not submitted this Contract shall, at the election of the Seller, either be declared void, in which event Seller shall retain the above deposit as liquidated damages for its expense in connection herewith, or Seller shall be entitled to specific performance of this Contract by Buyer. If Buyer makes said timely application but is unable to obtain a written loan commitment from a responsible financial institution within _____ (___) calendar days thereafter, then Seller shall have the right, at Buyer's expense, to seek such a commitment for Buyer, and Buyer agrees to execute such documents and provide such information as may be required by a financial institution to which Seller may apply on buyer's behalf. If Buyer notifies Seller, in writing, that Buyer has not obtained a written loan commitment as aforesaid within _____ (___) calendar days from the date hereof, this Contract may, at Buyer's option, be cancelled and Seller shall promptly return the Buyer's deposit. Buyer shall be required to accept a commitment for financing which complies with the terms of this paragraph. If (1) such written loan commitment is offered but not accepted by Buyer, or (2) Buyer fails to notify Seller that it has not received such written loan commitment within _____ (___) calendar days from the date hereof, then, in any such event, this Contract shall not be subject to any contingencies with respect to financing arrangements of Buyer. Under no circumstances shall this Contract be contingent upon Buyer's sale of any real property.

(b) DISCLOSURE AS TO OWNER-OCCUPANCY. (1) Buyer acknowledges that a large proportion of the Units in the Condominium must be sold to persons intending to occupy the Units as their principal residence in order to (i) preserve the availability of Federal National Mortgage Association ("FNMA")-approved financing to the unit owners in the Regime, and (ii) preserve the Regime as a stable, high quality residential community composed of owners strongly committed to the long run success of the community.

(2) For the purposes of this Contract, the Buyer shall be an "Owner-Occupant" if and only if Buyer occupies the Unit as Buyer's principal residence during at least eleven (11) months of the twelve (12) month period immediately following the settlement. Buyer represents and warrants to Seller that Buyer does/does not intend to

be an Owner-Occupant. (Circle one of the alternatives and have each Buyer initial it.)
Buyer's Initials: Buyer #1 _____ Buyer #2 _____

(3) If Buyer represents and warrants that Buyer does intend to be an Owner-Occupant and at any time prior to the settlement decides that Buyer no longer intends to be an Owner-Occupant, Buyer shall immediately give Seller written notice of such change of intention. If Buyer so notifies Seller of such change of intention or if Seller otherwise discovers that Buyer, although having represented and warranted that Buyer does intend to be an Owner-Occupant, actually does not intend to be an Owner-Occupant, Seller may, in its sole discretion, terminate this Contract by giving Buyer written notice of such termination at any time prior to the consummation of the settlement, together with a refund of one-half of all monies therefor deposited by Buyer on account of the purchase price. Upon the giving of such notice by Seller and the return of such portion of the deposit, this Contract shall be null and void and of no further force and effect, and neither party shall have any further liability hereunder.

(4) The provisions of this Paragraph 3(b) shall not limit in any way the terms of any financing obtained by Buyer with respect to the Unit or in no way extend the time allowed to secure the Mortgage commitment as provided above.

4. **SELECTIONS.** Buyer agrees to complete a "House Specification Sheet" within seven (7) days after being contacted by Seller's construction coordinator, and Buyer acknowledges that Seller shall not honor requests from Buyer to make any changes after completion of said specification sheet. If Buyer chooses to upgrade carpet, padding, or tile, or to purchase other optional items offered by Seller at selection time, the costs of such upgrades are due and payable by Buyer, at Seller's option, at time of completion of the "House Specification Sheet". In the event Seller is unable to obtain materials or other items so specified through reasonable sources of supply, Seller shall notify Buyer of the inability to obtain such items, and unless Buyer makes alternate selections within ten (10) days after receipt of notice from Seller, Seller shall have the right to substitute materials or other items of comparable kind and quality.

5. **TITLE.** Upon payment of the unpaid purchase money at the time of settlement as above provided, a special warranty deed with covenants of further assurances shall be executed and delivered to Buyer by Seller at Buyer's expense. The deed shall convey a good and merchantable title in the Property to Buyer, in fee simple, free and clear of liens and other encumbrances, except as follows: (a) the terms, covenants, conditions and restrictions set forth in the Condominium Declaration and Condominium By-Laws, or shown on the Condominium Plat, for the Regime, all as may be amended from time to time, including rights of the unit owners, other than Buyer, in the common elements; (b) the terms, covenants, conditions and restrictions set forth in the Declaration of Rights, Easements, Covenants, Conditions, Affirmative Obligations and Restrictions Applicable to North East Isles, Town of North East, Cecil County, Maryland (the "Homeowners Association"), as recorded among the Land Records of Cecil County, Maryland in Liber NDS 399, Folio 088, as may be amended and/or supplemented from time to time, including the obligation to pay assessments thereunder; (c) the terms, covenants, conditions and restrictions set forth in the Declaration of Protective Covenants, Restrictions and Maintenance Obligations, as recorded among the Land Records of Cecil County, Maryland in Liber NDS 354, Folio 99, as may be amended and/or supplemented from time to time; (d) rights-of-ways and easements for public utilities servicing the property and the subdivision in which it is situate; (e) rights, rights-of-ways, easements and other encumbrances itemized in the Condominium Declaration and in any amendment to the

Condominium Declaration; (f) any encroachment that a correct survey of the Unit would disclose; (g) any matter disclosed in the Public Offering Statement, as it may be amended from time to time; and (h) all laws, ordinances, regulations, public charges, taxes and assessments applicable or relating to the Unit, the Property, the Regime and/or the Homeowners Association. In addition, at the time of settlement, Seller shall deliver to Buyer possession of the Unit, and Buyer shall have no right to enter or occupy the Unit prior thereto without the written approval of Seller, which approval may be withheld in Seller's sole and arbitrary subjective discretion.

6. CLOSING ADJUSTMENTS. Regime assessments, Homeowners Association assessments, and the real property taxes, water and water service charges, sewer and sewer service charges, and all other public charges and assessments against the Property (or temporarily, the Regime, but allocated among all of the units in accordance with the percentage interest factor of each in the common elements), and charges for electricity and gas, shall be adjusted at and to the time of settlement, and shall be assumed thereafter by Buyer. Additionally, at settlement, a working capital fee of _____ Dollars (\$_____), which equals two (2) months of assessments for the Council, shall be paid by Buyer to the Council, and a working capital fee of _____ Dollars (\$_____), which equals two (2) months of assessments for the Homeowners Association, shall be paid by Buyer to the Homeowners Association. Such fees are payable in addition to, and is not a prepayment of, the first two monthly installments of the assessment imposed by the Council and the Homeowners Association. The cost of all lien reports, notary fees, recording fees, and State and County transfer taxes, recordation taxes, and documentary stamps, whether now or hereafter imposed, shall be paid by Buyer.

7. RISK OF LOSS. The Unit is to be held at the risk of Seller until legal title has passed or possession is given to Buyer. However, if, at any time before settlement, the Unit sustains damage (from act of God, fire or other casualty) necessitating repairs or replacements, Seller shall have the right to cancel this Contract. Such cancellation shall be effected by notice thereof, accompanied by refund of all monies paid by Buyer hereunder, sent by Seller to Buyer within thirty (30) days after the damage occurs. If need be, Seller shall have the right to defer settlement under this Contract for not more than thirty (30) days to decide whether to exercise its right to cancel this Contract.

8. SUBORDINATION. Until settlement, this Contract shall be subordinate to the lien of any financing heretofore or hereafter made by the Seller, and any advances heretofore made or hereafter to be made thereunder, to the full extent thereof, all without the execution of any further legal document by Buyer.

9. SETTLEMENT. (a) Settlement (meaning payment of the balance of the purchase price by Buyer and delivery of an executed deed by Seller) shall occur on or before _____, 199_, except that Seller may postpone the settlement for a reasonable period if delay in completing the Unit or appurtenant facilities, such as roads or utilities, ensues by reason of a strike, material shortage, casualty, inclement weather, or other cause beyond Seller's reasonable control, provided, however, that in no event shall settlement be delayed by Seller until more than twelve (12) months after the date hereof. However, at any time prior to settlement, Seller may, at its discretion, cancel this Contract upon the occurrence of any of the following events: (1) imposition by any governmental

authority of any material restriction on the manufacture, sale, distribution, installation or use of any material needed by Seller in construction of the Unit, or on the installation of or connection with any public utility; or (2) Seller's inability to obtain any labor or material from its usual source of supply, because of labor dispute, governmental control, abnormal price or requirement, or any other cause beyond Seller's reasonable control. Such cancellation shall be effected by a notice thereof to Buyer, accompanied by refund of the Deposit, and thereafter neither party shall have any right, remedy, obligation or liability under this Contract.

(b) After substantial completion of construction of the Unit in accordance with this Contract, settlement shall take place on a date and at a place to be specified by Seller on not less than five (5) days notice to Buyer. If any presettlement inspection by Seller and Buyer discloses any incomplete work, faulty construction, faulty material or faulty installation, requiring completion, repair, adjustment, or replacement, whether attributable to Seller or Buyer, or to any subcontractor or material supplier of either, but not rendering the Unit unfit for habitation, or any items such as landscaping, exterior concrete, final grading, seeding and exterior paint cannot be completed by reason of weather conditions, in Seller's sole opinion, settlement shall take place at the time fixed by Seller in its notice to Buyer of the availability of the Unit. Nevertheless, Seller shall promptly complete its work and make any repairs, adjustments or replacements to the Unit for which it is obligated, despite prior settlement, its obligation therefor in no way to be merged in the settlement or by any deed or other paper executed at settlement. In no event shall any portion of the purchase price be withheld or shall Seller be required to escrow or otherwise deposit any funds at settlement to assure performance of its obligation hereunder, which obligation shall continue, as above set forth.

10. DELAYS IN SETTLEMENT. Seller shall use its best efforts to complete construction and hold settlement on or before _____, subject to the notice procedure provided in Paragraph 9 hereof. Settlement may be postponed by Seller for a reasonable period if one or more delays in completing the Property or appurtenant facilities, such as streets or utilities, ensues by reason of any of the following causes, said extensions to be equal to the time of the delays: (a) acts or defaults of Buyer; (b) acts or defaults of any developer or contractor engaged in constructing or installing streets or utilities; (c) adverse weather conditions; (d) damage caused by fire, storm, earthquake, or other casualty; (e) any form of act of God or force majeure; (f) strike, lockout or other labor trouble of any kind; (g) governmental controls or procedures, regulations or restrictions, or moratoriums; (h) allocation of labor, supplies or materials by or under the authority of any government or government agency; (i) acts of suppliers of labor or materials; (j) acts of subcontractors or their employees; (k) Seller's failure to satisfy the presale requirements established by the FNMA for the phase or subphase in which the Unit is located (the "Subject Phase"); or (l) any other cause beyond Seller's reasonable control. In no event shall settlement be delayed past the date that is twenty-four (24) months after the date hereof, notwithstanding any delay ensuing by reason of a cause beyond Seller's reasonable control. However, at any time prior to settlement, Seller may, at its discretion, cancel this Contract in the event (i) the Unit cannot be completed by Seller within one year from the date hereof for any reason listed in items (a) through (j), or item (l), of this Paragraph 10, or (ii) the FNMA presale requirement for the Subject Phase is not satisfied within one hundred sixty-five (165) days after _____ (the date the first buyer signed a contract of sale for a unit in the Subject Phase), provided (with respect to this item (ii)) that Seller exercises such right of

cancellation within fifteen (15) days thereafter. Any such cancellation shall be effected by a notice thereof to Buyer, and, unless the cancellation results from acts or defaults of Buyer, (iii) such notice shall be accompanied by a refund of any monies paid by Buyer on account of the purchase price and (iv) thereafter neither party shall have any right, remedy, obligation or liability under this Contract.

11. NOTICE TO BUYER: THIS CONTRACT OF SALE IS NOT ENFORCEABLE BY THE SELLER UNLESS THE SELLER FURNISHES TO YOU (THE BUYER) AT OR PRIOR TO THE TIME THIS CONTRACT OF SALE IS ENTERED INTO, A PUBLIC OFFERING STATEMENT CONTAINING ALL OF THE INFORMATION SET FORTH IN SECTION 11-126(b) OF THE MARYLAND CONDOMINIUM ACT. YOU MAY, AT ANY TIME (a) WITHIN FIFTEEN (15) DAYS FOLLOWING RECEIPT OF ALL OF THE INFORMATION OR THE DATE THIS CONTRACT OF SALE IS SIGNED, WHICHEVER IS LATER, OR (b) WITHIN FIVE (5) DAYS FOLLOWING YOUR RECEIPT OF ANY AMENDMENT TO THE PUBLIC OFFERING STATEMENT WHICH YOU HAVE THE RIGHT TO APPROVE PURSUANT TO SECTION 11-126(d) OF THE MARYLAND CONDOMINIUM ACT, CANCEL THIS CONTRACT OF SALE BY SENDING WRITTEN NOTICE OF SUCH CANCELLATION TO SELLER. IF SUCH RIGHT OF CANCELLATION APPLIES AND YOU ELECT TO EXERCISE SUCH RIGHT, (i) YOU WILL NOT BE REQUIRED TO STATE ANY REASON FOR SUCH CANCELLATION, (ii) YOU WILL NOT INCUR ANY LIABILITY TO SELLER AS A RESULT OF SUCH CANCELLATION, AND (iii) YOU WILL BE ENTITLED TO THE RETURN OF ANY DEPOSITS MADE ON ACCOUNT OF THE PURCHASE PRICE.

NOTICE OF PUBLIC OFFERING STATEMENT

This Public Offering Statement must include at least the following:

- (1) A copy of the proposed Contract of Sale for the Unit;
- (2) A copy of the proposed Declaration, By-Laws, and Rules and Regulations;
- (3) A copy of the proposed Articles of Incorporation of the Council of Unit Owners, if it is to be incorporated;
- (4) A copy of any proposed management contract, employment contract, or other contract affecting the use of, maintenance of, or access to all or part of the Condominium to which it is anticipated the Unit Owners or the Council of Unit Owners will be a party, and a statement of the right of the Council of Unit Owners to terminate contracts entered into during the developer control period under Section 11-133 of the Act;
- (5) A copy of the actual annual operating budget for the Condominium or, if no actual operating budget exists, a copy of the projected annual operating budget for the Condominium, including reasonable details concerning: (i) the estimated monthly payments by the purchaser for assessments, (ii) monthly charges for the use, rental, or lease of any facilities not part of the Condominium, (iii) the amount of the reserve fund for repair and replacement and its intended use, and (iv) any initial capital contribution or similar fee, other than assessments for common expenses to be paid by the Unit Owners to the Council of Unit Owners or Vender, and a statement of how the fees will be used;

(6) A copy of any lease to which it is anticipated the Unit Owners or the Council of Unit Owners will be a party following closing;

(7) A description of any contemplated expansion of the Condominium with a general description of each stage of expansion and the maximum number of units that can be added to the Condominium;

(8) A copy of the floor plan of the Unit or the proposed Condominium plats;

(9) A description of any recreational or other facilities which are to be used by the Unit Owners or maintained by them or by the Council of Unit Owners and a statement as to whether or not they are to be part of the common elements;

(10) A statement as to whether streets within the Condominium are to be dedicated to public use or maintained by the Council of Unit Owners;

(11) A statement of any judgments against the Council of Unit Owners and the existence of any pending suits to which the Council of Unit Owners is a part;

(12) In the case of a Condominium containing buildings substantially completed more than five (5) years prior to the filing of the application for Registration under Section 11-127, a statement of physical condition and state of repair of the major structural, mechanical, electrical, and plumbing components of the improvements, to the extent reasonably ascertainable, and estimated cost of repairs for which a present need is disclosed in the statement, and a statement of repairs which the vendor intends to make. The vendor is entitled to rely on the reports of architects or engineers authorized to practice their profession in this state;

(13) A description of any provision in the Declaration or By-Law limiting the duration of developer control or requiring the phasing-in of Unit Owner participation, or a statement that there is no such provision;

(14) If the Condominium is one which will be created by the conversion of a rental facility, a copy of the notice and materials required by Sections 11-102.1 and 11-137 of the Real Property Article, Annotated Code of Maryland;

(15) A statement of whether the Unit being purchase is subject to an extended lease under Section 11-137 of the Maryland Condominium Act, or local law, and a copy of any extended lease; and

(16) Any other information required by regulation duly adopted and issued by the Secretary of State.

12. MARYLAND HOMEOWNERS ASSOCIATION ACT.

THIS SALE IS SUBJECT TO THE REQUIREMENTS OF THE MARYLAND HOMEOWNERS ASSOCIATION ACT (THE "ACT"). THE ACT REQUIRES THAT THE SELLER DISCLOSE TO YOU (THE BUYER) AT OR BEFORE THE TIME THE CONTRACT IS

ENTERED INTO, OR WITHIN 7 CALENDAR DAYS OF ENTERING INTO THE CONTRACT, CERTAIN INFORMATION CONCERNING THE DEVELOPMENT (THE HOMEOWNERS ASSOCIATION) IN WHICH THE PROPERTY YOU ARE PURCHASING IS LOCATED. THE CONTENT OF THE INFORMATION TO BE DISCLOSED IS SET FORTH IN SECTION 11B-105(B) OF THE ACT (THE "MHA INFORMATION") AS FOLLOWS:

- (1) (i) The name, principal address, and telephone number of the vendor and of the declarant, if the declarant is not the vendor; or
(ii) If the vendor is a corporation or partnership, the names and addresses of the principal officers of the corporation, or general partners of the partnership;
- (2) (i) The name, if any, of the homeowners association; and
(ii) If incorporated, the state in which the homeowners association is incorporated and the name of the Maryland resident agent;
- (3) A description of:
 - (i) The location and size of the development, including the minimum and maximum number of lots currently planned or permitted, if applicable, which may be contained within the development; and
 - (ii) Any property owned by the declarant or the vendor contiguous to the development which is to be dedicated to public use;
- (4) If the development is or will be within or a part of another development, a general description of the other development;
- (5) If the declarant has reserved in the declaration the right to annex additional property to the development, a description of the size and location of the additional property and the approximate number of lots currently planned to be contained in the development, as well as any time limits within which the declarant may annex such property;
- (6) A copy of:
 - (i) The articles of incorporation, the declaration, and all recorded covenants and restrictions of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable; and
 - (ii) The bylaws and rules of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable;

(7) A description or statement of any property which is currently planned to be owned, leased, or maintained by the homeowners association;

(8) A copy of the estimated proposed or actual annual budget for the homeowners association for the current fiscal year, including a description of the replacement reserves for common area improvements, if any, and a copy of the current projected budget for the homeowners association based upon the development fully expanded in accordance with expansion rights contained in the declaration;

(9) A statement of current or anticipated mandatory fees or assessments to be paid by owners of lots within the development for the use, maintenance, and operation of common areas and for other purposes related to the homeowners association and whether the declarant or vendor will be obligated to pay the fees in whole or in part;

(10) (i) A brief description of zoning and other land use requirements affecting the development; or

(ii) A written disclosure of where the information is available for inspection;

(11) A statement regarding:

(i) When mandatory homeowners association fees or assessments will first be levied against owners of lots;

(ii) The procedure for increasing or decreasing such fees or assessments;

(iii) How fees or assessments and delinquent charges will be collected;

(iv) Whether unpaid fees or assessments are a personal obligation of owners of lots;

(v) Whether unpaid fees or assessments bear interest and if so, the rate of interest;

(vi) Whether unpaid fees or assessments may be enforced by imposing a lien on a lot under the terms of the Maryland Contract Lien Act; and

(vii) Whether lot owners will be assessed late charges or attorneys' fees for collecting unpaid fees or assessments and any other consequences for the nonpayment of the fees or assessments;

(12) If any sums of money are to be collected at settlement for contribution to the homeowners association other than prorated fees or assessments, a statement of the amount to be collected and the intended use of such funds; and

(13) A description of special rights or exemptions reserved by or for the benefit of the declarant or the vendor, including:

- (i) The right to conduct construction activities within the development;
- (ii) The right to pay a reduced homeowners association fee or assessment; and
- (iii) Exemptions from use restrictions or architectural control provisions contained in the declaration or provisions by which the declarant or the vendor intends to maintain control over the homeowners association.

IF YOU HAVE NOT RECEIVED ALL OF THE MHAA INFORMATION 5 CALENDAR DAYS OR MORE BEFORE ENTERING INTO THE CONTRACT, YOU HAVE 5 CALENDAR DAYS TO CANCEL THIS CONTRACT AFTER RECEIVING ALL OF THE MHAA INFORMATION. YOU MUST CANCEL THE CONTRACT IN WRITING, BUT YOU DO NOT HAVE TO STATE A REASON, THE SELLER MUST ALSO PROVIDE YOU WITH NOTICE OF ANY CHANGES IN MANDATORY FEES EXCEEDING 10% OF THE AMOUNT PREVIOUSLY STATED TO EXIST AND COPIES OF ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENT TO THE INFORMATION PROVIDED TO YOU. YOU HAVE 3 CALENDAR DAYS TO CANCEL THIS CONTRACT AFTER RECEIVING NOTICE OF ANY CHANGES IN MANDATORY FEES, OR COPIES OF ANY OTHER SUBSTANTIAL AND MATERIAL AMENDMENT TO THE MHAA INFORMATION WHICH ADVERSELY AFFECTS YOU. IF YOU DO CANCEL THE CONTRACT YOU WILL BE ENTITLED TO A REFUND OF ANY DEPOSIT YOU MADE ON ACCOUNT OF THE CONTRACT. HOWEVER, UNLESS YOU RETURN THE MHAA INFORMATION TO THE SELLER WHEN YOU CANCEL THE CONTRACT, THE SELLER MAY KEEP OUT OF YOUR DEPOSIT THE COST OF REPRODUCING THE MHAA INFORMATION, OR \$100, WHICHEVER AMOUNT IS LESS.

BY PURCHASING A LOT WITHIN THIS DEVELOPMENT, YOU WILL AUTOMATICALLY BE SUBJECT TO VARIOUS RIGHTS, RESPONSIBILITIES, AND OBLIGATIONS, INCLUDING THE OBLIGATION TO PAY CERTAIN ASSESSMENTS TO THE HOMEOWNERS ASSOCIATION WITHIN THE DEVELOPMENT. THE LOT YOU ARE PURCHASING MAY HAVE RESTRICTIONS ON:

- (1) ARCHITECTURAL CHANGES, DESIGN, COLOR, LANDSCAPING, OR APPEARANCE;
- (2) OCCUPANCY DENSITY;
- (3) KIND, NUMBER, OR USE OF VEHICLES;
- (4) RENTING, LEASING, MORTGAGING, OR CONVEYING PROPERTY;
- (5) COMMERCIAL ACTIVITY; OR
- (6) OTHER MATTERS.

YOU SHOULD REVIEW THE MHAA INFORMATION CAREFULLY TO ASCERTAIN YOUR RIGHTS, RESPONSIBILITIES, AND OBLIGATIONS WITHIN THE DEVELOPMENT.

13. **CANCELLATION OR DEFAULTS BY BUYER.** If Buyer exercises any right of cancellation set forth in the Contract, Buyer shall be entitled to the return of any monies paid by Buyer on account of the purchase price. If Buyer fails for any other reason to consummate this Contract at settlement, when and as required hereunder, or otherwise breaches this Contract, including any Rider, Addendum or amendment hereto, Seller shall have the right, but not the obligation, to terminate this Contract and to retain all sums theretofore paid by Buyer on account of the purchase price (including any sums paid for upgrades or options), not as a penalty, but as liquidated damages fixed by the parties in view of the difficulty in quantifying the damages actually sustained by Seller. If Seller engages the services of an attorney to enforce its rights hereunder or to represent it in connection with any legal proceedings instituted by Buyer, Buyer agrees to be liable to Seller for any such costs and/or legal fees incurred by Seller.

14. **METROPOLITAN DISTRICT CHARGES.** This Paragraph 14 is designed to disclose to Buyer the estimated cost of any deferred water and sewer assessments for which Buyer may become liable, as required by Section 14-117(b) of the Real Property Article of the Annotated Code of Maryland.

(a) Assessments for connections with the water supply and sewerage systems of the County are made upon the front foot basis, with the first installment payment collectible during the year that construction is started. For the purpose of assessing these benefits, the County has established the following annual assessments: _____ (\$ _____) per assessable front foot for sewer benefits and _____ (\$ _____) per assessable front foot for water benefits. These annual front foot benefit assessments run for a term of _____ consecutive years.

(b) The foregoing annual assessments are billed as of the first day of July in each year, and are collected by the Treasurer of the County in the same manner and at the same time as State and County taxes are collected. If any annual front foot benefit assessment is not paid when due, interest thereon, beginning on the first day of October of such year, is added, presently at the rate of _____ percent per month until paid.

(c) Specifically, it is estimated that the cost of the deferred water and sewer assessments against the Subject Unit, to which _____ (____) assessable front feet have been allocated, will be as follows:

\$ _____ Annual front foot assessment for sewer benefits

\$ _____ Annual front foot assessment for water benefits

(d) The disclosure made in this Paragraph 14, which reflects information furnished to Seller by the County, may be verified by Buyer with the Cecil County Bureau of Utilities at (410) _____-_____.

15. **WARRANTIES.** There are no warranties, express or implied, provided by the Seller with respect to the Unit, the Property or any personal property sold hereunder, except as hereinafter set forth and except for the implied warranties imposed upon Seller under the Real Property Article of the Annotated Code of Maryland as of the time of settlement. The parties agree as follows:

(a) That as of the date of this Contract, Seller warrants that it is registered with and is a member in the Home Owners Warranty Program of the Home Buyers Warranty.

(b) That Seller will furnish to Buyer a warranty from the Home Buyers Warranty in such form as may be issued by such Corporation, at the time of settlement for the purchase of the Property, if Seller is a member of the Home Owners Warranty Program on the date of settlement.

(c) That if Seller is not a member in the Home Buyers Warranty program on the date of settlement, it shall have no obligation to furnish any warranty other than such implied warranties as are then contained in the applicable provisions of the Annotated Code of Maryland.

(d) That in the event Seller is not a member of the Home Buyers Warranty program on the date of settlement, there shall be no price reduction in the purchase price for the Property.

(e) Seller furnishes no warranty or guaranty on any consumer product sold hereunder, whether the consumer product is (i) a fixture or item of personal property, or (ii) part of the Unit. As to each such consumer product, Buyer must look solely to the manufacturer's warranty, if any, to the extent it may extend to him. For the purpose of this Contract, the term "consumer product" means and includes each item of property covered, for warranty purposes, by the Magnuson - Moss Warranty Act (Public Law 93-637), as amended, or any rule or regulation relating thereto.

16. **BROKERS.** Seller recognizes _____, which is also a real estate broker licensed in the State of Maryland (collectively (if more than one), the "Broker") as the Broker negotiating this Contract and agrees to pay Broker a brokerage fee for services rendered in the amount provided for in the listing contract. Buyer represents and warrants to Seller that Buyer has not dealt with any broker other than the broker, if any, named in this Paragraph 16 in connection with the purchase of the Property, and agrees to indemnify and hold Seller harmless from any claims, damages and expenses, including attorneys fees, incurred by Seller as a result of any breach of such representation and warranty.

17. **NOTICES.** All notices required or authorized to be delivered by either party to the other under any provision of this Contract shall be in writing, and shall be deemed to be properly served if sent by U.S. first class mail, postage prepaid, to Seller or Buyer at their respective addresses, specified in the first paragraph on page 1 of this Contract, or if actually received, regardless of the manner in which, or address to which, delivered. Either party may, by written notice to the other, change the address to which notices may be sent. A notice shall be deemed given three (3) postal days after deposited

in the United States mail, addressed to the party at the address herein specified for it, or in all other events, when actually received.

18. **ASSIGNMENT.** The parties hereto bind themselves, their respective personal representatives, heirs, successors and assigns, for the faithful performance of this Contract. This Contract, however, shall not be assignable by Buyer without Seller's written consent, which consent may be granted or withheld in Seller's sole discretion. Any party to whom an assignment is made in contravention of this provision shall have no claim, right or remedy whatsoever against Seller, and Seller shall not be required to recognize any such assignment by Buyer or to recognize or deal with any such assignee of this Contract.

19. **POWER OF ATTORNEY.** Buyer hereby grants to Seller a limited power of attorney for the purpose of consenting to any and all amendments to the Association documents or development plans which may be reasonably required by any lending institution having an interest in the Property or the Association, any title company insuring title to same at Seller's request, or any governmental authority having or exercising jurisdiction with respect to the Property, all without the necessity of the execution of any further documents by Buyer. This Paragraph 19 shall expressly survive settlement and the delivery of the deed to the Property to Buyer. This limited power of attorney is specifically limited to amendments reasonably required by a lending institution, title company insuring title at Seller's request and/or governmental authority, shall be coupled with an interest, shall survive settlement and the delivery of the deed to the Property, and shall be irrevocable.

20. **CONDITION OF CONDOMINIUM SUBMISSION.** Seller reserves the right not to submit the property to the Regime if Seller does not have binding Contracts of Sale for more than _____ (___) residential condominium units in the Condominium by _____, 199_. If Seller elects not to subject the Property to the Regime on the basis hereof, Seller shall notify Buyer and tender to Buyer refund of the Deposit and Additional Deposit paid hereunder, and this Contract shall thereupon be null and void, and Seller and Buyer shall be released of all further obligations and liabilities hereunder.

21. **FIRPTA.** Seller warrants and represents to Buyer that the transaction contemplated hereunder is not subject to withholding requirements of the Foreign Investment In Real Property Tax Act (FIRPTA), as amended, or the regulations promulgated thereunder, and agrees to indemnify and hold harmless Buyer from any breach of such warranty and representation. At closing, Seller shall deliver to Buyer an affidavit, executed under penalty of perjury, stating that Seller is not a foreign person (a transferor as to whom withholding is required under FIRPTA) and setting forth Seller's taxpayer identification number.

22. **ENTIRE AGREEMENT.** THIS CONTRACT OF SALE (TOGETHER WITH THE FOUR (4) ATTACHED RIDERS AND THE ATTACHED _____ ADDENDUM, ALL, IF SIGNED BY THE PARTIES HERETO, AND THE IMPLIED WARRANTIES PROVIDED TO BUYER BY SECTION 11-131 OF THE CONDOMINIUM ACT) CONTAINS THE FINAL AND ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO. No statement, term, condition, provision, promise, representation, certification or warranty not herein written or expressly incorporated herein by reference shall be binding upon any party hereto. Further, Buyer hereby acknowledges that all newspaper and other advertisements, advertising literature,

brochures, floor plans, renderings and the like, placed or displayed by the Seller, were based on Seller's estimates only, and same (a) are superseded by and merged in the terms, conditions and provisions contained in this Contract, and (b) have no further force or effect. Further, model homes, if any, are for display purposes only and are not the basis of this Contract.

23. **INTERPRETATION.** This Contract shall not be modified, changed or supplemented, nor shall any obligation hereunder be waived, except by a written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. No reliance upon or waiver of one or more provisions of this Contract shall constitute a waiver of any other provision hereof. As used herein, each gender shall include all other genders, and the singular shall include the plural, and vice versa. If any provision of this Contract or the application thereof to any person or circumstance shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Contract, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Contract shall be valid and enforceable to the fullest extent permitted by law. This Contract shall be governed in all respects by the laws of Maryland. The captions of the paragraphs in this Contract are for convenience only and shall not affect the meanings or interpretations of the contents hereof.

24. **NO ENTRY DURING CONSTRUCTION OF UNIT.** In order to comply with insurance requirements and to assure the safety of Seller's personnel, **BUYER WILL NOT HAVE ANY ACCESS OR ENTRY TO THE UNIT OR THE CONSTRUCTION SITE DURING CONSTRUCTION, NOR SHALL BUYER STORE ANY OF ITS POSSESSIONS IN OR ABOUT THE PROPERTY PRIOR TO SETTLEMENT AND DELIVERY OF POSSESSION OF THE UNIT TO BUYER HEREUNDER.** Any violation of this Paragraph 24 may, at Seller's election, be considered a material breach of this Contract and, in addition to any other remedies available to Seller hereunder, Seller may declare this Contract void and all amounts paid toward the purchase price may be retained by Seller as liquidated damages and not a penalty. Notwithstanding the provisions of this Paragraph 24, should Buyer enter upon the Property or the construction site in violation of this Paragraph 24, Seller assumes no liability or responsibility for any injury to person or property suffered by Buyer or Buyer's guests or invitees, and agrees to indemnify, defend and hold Seller harmless against the same. The indemnification contained in this Paragraph 24 shall survive settlement or termination of this Contract, and shall not be merged into the deed for the Property.

25. NOTICES AND AGREEMENTS

(a) CHOICE OF SETTLEMENT PROFESSIONALS

NOTICE TO BUYER: YOU HAVE THE RIGHT TO SELECT YOUR OWN TITLE INSURANCE COMPANY, SETTLEMENT COMPANY OR ESCROW COMPANY, MORTGAGE LENDER OR FINANCIAL INSTITUTION AS DEFINED IN THE FINANCIAL INSTITUTION ARTICLE, OR TITLE LAWYER, TO THE EXTENT PROVIDED IN SECTION 16-607 OF THE MARYLAND REAL ESTATE BROKERS ACT. SELLER MAY NOT BE PROHIBITED FROM OFFERING OWNER FINANCING AS A CONDITION OF SETTLEMENT.

(b) ALLOCATION OF RECORDATION AND TRANSFER TAXES

NOTICE TO BUYER: SECTION 14-104 OF THE REAL PROPERTY ARTICLE OF THE ANNOTATED CODE OF MARYLAND PROVIDES THAT, UNLESS OTHERWISE NEGOTIATED IN THE CONTRACT OR PROVIDED BY LOCAL LAW, THE COST OF ANY RECORDATION TAX OR ANY STATE OR LOCAL TRANSFER TAX SHALL BE SHARED EQUALLY BETWEEN BUYER AND SELLER; PROVIDED, HOWEVER, THE ENTIRE AMOUNT OF RECORDATION AND LOCAL (NOT STATE) TRANSFER TAX SHALL BE PAID BY THE SELLER OF IMPROVED, RESIDENTIAL REAL PROPERTY THAT IS SOLD TO A FIRST-TIME MARYLAND HOME BUYER WHO WILL OCCUPY THE PROPERTY AS A PRINCIPAL RESIDENCE, UNLESS THERE IS AN EXPRESS AGREEMENT BETWEEN THE PARTIES TO THE AGREEMENT THAT THE RECORDATION TAX AND LOCAL TRANSFER TAX WILL NOT BE PAID ENTIRELY BY THE SELLER. "FIRST TIME MARYLAND HOME BUYER" MEANS AN INDIVIDUAL WHO HAS NEVER OWNED IN THE STATE OF MARYLAND RESIDENTIAL REAL PROPERTY THAT HAS BEEN THE INDIVIDUAL'S PRINCIPAL RESIDENCE. IF BUYER IS MORE THAN ONE INDIVIDUAL, EACH INDIVIDUAL MUST QUALIFY AS A FIRST TIME MARYLAND HOME BUYER IN ORDER FOR BUYER TO BE CONSIDERED A FIRST TIME MARYLAND HOME BUYER. IN PARAGRAPH 6 OF THIS CONTRACT OF SALE, BUYER HAS AGREED TO PAY THE ENTIRE COST OF ALL STATE AND LOCAL TRANSFER AND RECORDATION TAXES IMPOSED UPON THIS TRANSACTION; PROVIDED, HOWEVER, IF BUYER QUALIFIES AS A FIRST TIME MARYLAND HOME BUYER WHO WILL OCCUPY THE PROPERTY AS THE BUYER'S PRINCIPAL RESIDENCE, SELLER WILL PAY THE STATE TRANSFER TAX ONLY AND BUYER SHALL TO PAY THE ENTIRE COST OF THE LOCAL TRANSFER TAX AND ALL RECORDATION TAXES IMPOSED UPON THIS TRANSACTION. NOTICE TO BUYER: SECTION 14-104 OF THE REAL PROPERTY ARTICLE OF THE ANNOTATED CODE OF MARYLAND PROVIDES THAT, UNLESS OTHERWISE NEGOTIATED IN THE CONTRACT OR PROVIDED BY LOCAL LAW, THE COST OF ANY RECORDATION TAX OR ANY STATE OR LOCAL TRANSFER TAX SHALL BE SHARED EQUALLY BETWEEN BUYER AND SELLER. IN PARAGRAPH 6 OF THIS CONTRACT OF SALE, BUYER HAS AGREED TO PAY THE ENTIRE COST OF ALL STATE AND LOCAL TRANSFER AND RECORDATION TAXES IMPOSED UPON THIS TRANSACTION.

(c) MARYLAND REAL ESTATE GUARANTY FUND

NOTICE TO BUYER AND ALL OTHER PARTIES: ANY PERSON AGGRIEVED IN ACCORDANCE WITH SECTION 16-404 OF THE MARYLAND REAL ESTATE BROKERS ACT MAY BE ENTITLED TO RECOVER COMPENSATION FROM THE MARYLAND REAL ESTATE GUARANTY FUND FOR HIS OR HER ACTUAL LOSS, AS PROVEN BEFORE THE MARYLAND REAL ESTATE COMMISSION, IN AN AMOUNT NOT

EXCEEDING \$25,000 IN CONSIDERATION OF ANY CLAIM. A BUYER OR OTHER AGGRIEVED PERSON IS NOT PROTECTED BY THE GUARANTY FUND IN AN AMOUNT IN EXCESS OF \$25,000 FOR ANY CLAIM.

WITNESS the hands and seals of the parties on the day and year first above written.

WITNESS:

NORTH EAST ISLES ASSOCIATES, a
Pennsylvania limited partnership, Seller

By: _____ (SEAL)

(Name Printed) _____

Title: _____

_____ (SEAL)
Buyer

_____ (SEAL)
Buyer

ATTACHMENTS:

Riders:

- Rider #1: Price Summary Sheet
- Rider #2: Insulation Specifications
- Rider #3: New Home Warranty Security Plan Disclosure Form.01
- Rider #4: Radon Notice and Disclaimer

Addenda:

- Addendum #: _____
- Addendum #: _____
- Addendum #: _____

ACKNOWLEDGMENT

I/We, the Buyer, have received a copy of the Public Offering Statement required under Section 11-126 of the Maryland Condominium Act, Real Property Article, Annotated Code of Maryland, and a copy of the Disclosure Statement containing disclosures required under Section 11B-105 of the Maryland Homeowners Association Act, Real Property Article, Annotated Code of Maryland.

WITNESS the hands and seals of the Buyer.

WITNESS:

_____ (SEAL)
Buyer

_____ (SEAL)
Buyer

DATE:

RIDER #1

This Rider is dated this ___ day of _____, 199__ is hereby attached to and made part of the Contract of Sale dated _____, 199__ between North East Isles Associates, Seller, and _____, Buyer, for the property known as _____.

PRICE SUMMARY SHEET

LOCATION: _____ UNIT # _____ SECTION: _____

STREET ADDRESS: _____

MODEL: _____

BASE PRICE: _____

BUYER SELECTED
OPTIONS:

TOTAL PRICE: _____

If Buyer chooses to upgrade carpet, padding, or tile, or to purchase other optional items offered by Seller at selection time, the costs of such upgrades are due and payable by Buyer, at Seller's option, at time of completion of the "House Specification Sheet". In the event Seller is unable to obtain materials or other items so specified through reasonable sources of supply, Seller shall notify Buyer of the inability to obtain such items, and unless Buyer makes alternate selections within ten (10) days after receipt of notice from Seller, Seller shall have the right to substitute materials or other items of comparable kind and quality.

WITNESS the hands and seals of the parties on the day and year first above written.

WITNESS:

NORTH EAST ISLES ASSOCIATES, a
Pennsylvania limited partnership, Seller

By: _____ (SEAL)
(Name Printed) _____

Title: _____

_____ (SEAL)
Buyer

_____ (SEAL)
Buyer

RIDER #2

This Rider dated this ___ day of _____, 199__ is hereby attached to and made part of the Contract of Sale dated _____, 199__ between North East Isles Associates, Seller, and _____, Buyer, for the property known as _____.

INSULATION SPECIFICATIONS

This Rider is designed to disclose to Buyer following types and thicknesses of insulation will be installed in the Unit which is the subject of the attached Contract. Seller has the right to make substitutions as to the type, thickness and R-value of insulation installed in the Unit without the prior consent of Buyer, so long as there is no substantial changes to the R-value of the substitute insulation. The insulation will be installed in the areas specified below. Each type and thickness of insulation has the R-value listed below, although the R-values listed are based upon the representations of the manufacturer, and Seller does not represent or warrant that the R-values are correct.

AREA	TYPE	R-VALUE	THICKNESS
Roof/Exterior Ceilings	Batt or Blown	R-30	12 inches
Exterior Walls	Batt	R-13	3-1/2 inches
Block Party Walls	Lower Level Only		

WITNESS the hands and seals of the parties on this ___ day of _____, 199_.

WITNESS:

NORTH EAST ISLES ASSOCIATES, a
Pennsylvania limited partnership, Seller

By: _____ (SEAL)
(Name Printed) _____
Title: _____

_____ (SEAL)
Buyer

_____ (SEAL)
Buyer

RIDER # 3

This Rider dated this _____ day of _____, _____ is hereby attached to and
made part of the Contract of Sale dated _____, _____ between Tri Financial LLC,
Seller and _____ and _____
Buyer, for the property known as _____

NOTICE TO BUYER

MARYLAND LAW REQUIRES A BUILDER WHO DOES NOT PARTICIPATE IN A NEW HOME WARRANTY SECURITY PLAN TO MAKE THE FOLLOWING DISCLOSURE AS PART OF THE CONTRACT FOR SALE OR CONSTRUCTION OF A NEW HOME.

BUILDERS OF NEW HOMES IN THE STATE OF MARYLAND ARE NOT REQUIRED TO BE LICENSED BY THE STATE NOR BY MOST LOCAL JURISDICTIONS.

THE SELLER DOES NOT PARTICIPATE IN A NEW HOME WARRANTY SECURITY PLAN. THEREFORE, THE BUYER MAY BE AFFORDED ONLY CERTAIN LIMITED IMPLIED WARRANTIES AS ARE PROVIDED BY LAW.

THE BUYER HAS THE RIGHT TO CHANGE THE BUYER'S MIND AND TO RESCIND THIS CONTRACT. IF THE BUYER DECIDES TO DISCONTINUE THIS CONTRACT, THE BUYER MUST NOTIFY THE SELLER IN WRITING WITHIN 5 WORKING DAYS FROM THE DATE THE BUYER SIGNS THE CONTRACT. UPON RESCISSION, THE BUYER IS ENTITLED TO A REFUND OF ANY MONIES PAID TO THE BUILDER FOR THE NEW HOME.

THE BUYER ACKNOWLEDGES THAT THE SELLER DOES NOT PARTICIPATE IN A NEW HOME WARRANTY SECURITY PLAN AND THAT THE BUYER HAS READ AND UNDERSTANDS THE ABOVE DISCLOSURE.

SIGNATURE OF BUYER # 1

DATE

SIGNATURE OF BUYER # 2

DATE

THIS ADDENDUM IS HEREBY ACKNOWLEDGED BY THE SELLER.

TRI FINANCIAL LLC.

By: _____
Name Printed: _____
Title _____

DATE

RIDER #4

This Rider dated this ___ day of _____, 199_ is hereby attached to and made part of the Contract of Sale dated _____, 199_ between North East Isles Associates, Seller, and _____, Buyer, for the property known as _____.

RADON NOTICE AND DISCLAIMER

The United States Environmental Protection Agency and the Maryland Department of Health and Mental Hygiene have expressed concern over the presence of radon gas in homes. Prolonged exposure to high levels of indoor radon gas may affect the health of residents. Seller has not and will not make any investigation to determine whether there is radon gas or other environmental pollutants in or affecting the two-story unit sold hereunder, although such conditions may exist. Seller makes no representation or warranty as to the presence or lack of radon gas, environmental pollutants or any other environmental conditions or as to the general effect of any such conditions. Buyer further agrees that this Contract is not contingent on radon testing results or the presence or lack of radon gas in the Unit. For additional information concerning radon gas, Seller suggests that Buyer contact the United States Environmental Protection Agency and/or the Maryland Department of Health and Mental Hygiene. Seller will provide the following items to assist the Buyer in minimizing the possible infiltration of radon gas and environmental pollutants (but makes no representations or warranties, expressed or implied, as to the effect of such items):

1. _____.
2. _____.

WITNESS the hands and seals of the parties on this ___ day of _____, 199_.

WITNESS:

NORTH EAST ISLES ASSOCIATES, a
Pennsylvania limited partnership, Seller

By: _____(SEAL)
(Name Printed) _____
Title: _____

_____ (SEAL)
Buyer

_____ (SEAL)
Buyer

ADDENDUM # _____ TO STANDARD CONTRACT OF SALE

Paragraphs checked or marked with an "X" are and form a part of the Contract of Sale by and between North East Isles Associates, a Pennsylvania limited partnership, "Seller," and _____ and _____, "Buyer," dated _____, 199_.

VA/FHA Mortgage Loan. The terms and conditions of the Veterans Administration ("VA") financing contingency or the Federal Housing Administration ("FHA") financing contingency which are contained in this Addendum shall be controlling and shall be substituted in lieu of the provisions of Paragraph 3 of the Contract of Sale, which Paragraph 3 shall have no force or effect.

FHA/VA Contingency. Buyer acknowledges that the two-story units to be constructed within the Association and the Two-story unit purchased by Buyer have not been approved by the VA or FHA, for VA or FHA approved or sponsored loans, and, therefore, at the time of the signing of this Addendum, the Two-story unit being sold by Seller to Buyer does not qualify for FHA or VA financing. In the event that Seller does not obtain VA or FHA approval and qualification of the Association and the Two-story unit being sold within sixty (60) days from the date of this Contract, Seller shall have the right to terminate this Contract by so notifying Buyer. In the event of termination, Seller shall return to Buyer the Deposit, without interest, and neither party shall have any further liability to the other under the Contract. By signing this Addendum, Buyer consents to Seller's sole right of termination.

FHA/VA Rider.

Veterans Administration (VA) Loans

Federal Housing Administration (FHA) Loans

As used herein, reference to FHA or VA shall apply as checked or marked with an "X".

A. The Buyer will promptly and diligently apply for and seek to procure, from an institutional lender approved by the Seller the mortgage loan specified below (the "Mortgage Loan"). The Buyer will execute such documents and furnish such information as may be required by the lender or any governmental agency, including but not limited to the VA or FHA, in connection with the Mortgage Loan, and will keep the Seller advised of the Buyer's progress in obtaining the Mortgage Loan.

B. The Buyer acknowledges that the Seller **will not** be required to pay any costs in connection with the Mortgage Loan except those costs which are set forth below, which the Seller agrees to pay. The Mortgage Loan is to be purchase money secured by a mortgage or a deed of trust on the Property. The Mortgage Loan shall be in the principal amount of \$_____, which is to be either guaranteed by VA or insured by FHA. The form of the mortgage or deed of trust shall be the form approved for use in the State of Maryland by the VA or FHA and shall be for a term of _____ years or for such a period as shall be agreed upon by the Buyer, the lender and the VA or FHA, with interest at the rate prevailing for such loans at the time of settlement or at the rate prevailing for such loans as of the date of mortgage commitment, whichever is higher.

(i) (For VA Loans). Notwithstanding any other provisions of the Contract, the Buyer shall not incur any penalty by forfeiture of the Deposit or otherwise be obligated to complete the purchase of the Property if the purchase price set forth in Paragraph 1 of the Contract plus any additional items agreed to in writing by Buyer and Seller (the "Total Purchase Price") exceeds the reasonable value of the Property established by the VA or if Buyer is not approved by the VA and Buyer's lender. In the event that the reasonable value of the Property established by the Certificate of Reasonable Value issued by the VA is less than the amount of the Total Purchase Price, the Buyer shall have the privilege and option, exercisable within five (5) days after the Buyer's receipt of the Certificate of Reasonable Value, to give to the Seller written notice of the Buyer's election to proceed with the consummation of this Contract without regard to the amount of reasonable value established by the VA.

(ii) (For FHA Loans). Notwithstanding any other provisions of this Contract, the Buyer shall not incur any penalty by forfeiture of the Deposit or otherwise be obligated to complete the purchase of the Property unless the Seller has delivered to the Buyer a written statement issued by the FHA setting forth the appraised value of the Property (exclusive of closing costs) of not less than \$_____. The Seller shall deliver the statement to the Buyer promptly after it is received by the Seller. The Buyer shall have the privilege and option, exercisable within five (5) days after the Buyer's receipt of the written statement setting forth the appraised value of the Property, to give the Seller written notice of the Buyer's election to proceed with the consummation of this Contract without regard to the amount of appraised valuation established by the FHA.

C. The appraisal establishing the reasonable value of the Property is solely for the purpose of determining the maximum mortgage the VA will guarantee, or FHA will insure. Neither VA or FHA warrants the value or condition of the Property. Buyer should satisfy itself that the Total Purchase Price and the condition of the Property are acceptable.

D. This Contract is contingent upon the approval of the Property and the Buyer by the VA or FHA and the Lender. If the aforesaid approval is not obtained, it is expressly agreed that the Buyer shall be refunded its Deposit (without interest) and the Contract shall be null and void.

E. The Buyer agrees to pay to the lender a loan origination fee of _____ percent (___%) of the principal amount of the Mortgage Loan.

F. The sums set forth in Paragraphs 2 shall be deposited in a Special Trust Account as required by Section 1806, Title 38, U.S. Code, until settlement hereunder, until they are returned to the Buyer or until forfeiture pursuant to the Contract.

G. The Two-story unit is to be constructed or has been constructed as shown on plans and specifications which are referred to in the Contract and which are on file for the Buyer's examination in the office of the Seller and are also on file at the Office of the Veterans Administration.

WITNESS the hands and seals of the parties on this ____ day of _____,
199_.

WITNESS:

NORTH EAST ISLES ASSOCIATES,
a Pennsylvania limited partnership, Seller

By: _____ (SEAL)

(Name Printed) _____

Title: _____

_____ (SEAL)
Buyer

_____ (SEAL)
Buyer

ADDENDUM # TO STANDARD CONTRACT OF SALE

This Addendum # _____ is dated this ___ day of _____, 199__ and is hereby attached to and made part of the Contract of Sale dated _____, 199__ between North East Isles Associates, Seller, and _____, Buyer, for the property known as _____.

WITNESS the hands and seals of the parties on the day and year first above written.

WITNESS:

NORTH EAST ISLES ASSOCIATES,
a Pennsylvania limited partnership, Seller

By: _____ (SEAL)

(Name Printed) _____

Title: _____

_____ (SEAL)

Buyer

_____ (SEAL)

Buyer

OFFICE OF THE SECRETARY OF STATE
APPLICATION FOR THE REGISTRATION OF A
CONDOMINIUM IN THE STATE OF MARYLAND

PUBLIC OFFERING STATEMENT

Part 2. Declaration and Bylaws

Insert this sheet immediately before a copy of the actual or proposed declaration, bylaws, and rules and regulations.

Applicant's comments, if any:

See the Declaration and By-Laws following this page. The Condominium Plats will be made available for review by prospective purchasers.
