

THE MADISON HOUSE CONDOMINIUM
2324 Madison Road
Cincinnati, Ohio 45208

DISCLOSURE STATEMENT

THIS STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 5311.26 OF THE OHIO REVISED CODE; IT IS A SUMMARY OF THE MATERIAL CIRCUMSTANCES AFFECTING THE MADISON HOUSE CONDOMINIUM DEVELOPMENT. THIS IS NOT INTENDED TO BE A COMPLETE STATEMENT OF ALL PROVISIONS CONTAINED IN THE CONDOMINIUM INSTRUMENTS WHICH ESTABLISH OWNERSHIP OF OR EXERT CONTROL OVER THE MADISON HOUSE CONDOMINIUM OR AN INDIVIDUAL UNIT THEREIN. FOR A COMPLETE DESCRIPTION OF ALL COVENANTS, CONDITIONS, RESTRICTIONS AND PROVISIONS APPLICABLE TO THE MADISON HOUSE, REFERENCE MUST BE MADE TO THE FULL TEXT OF THOSE DOCUMENTS.

The Developer of
The Madison House Condominium
is
AUTO-VEHICLE PARTS CO.
1032 Saratoga Street
Newport, Kentucky 41071
(606) 431-0400

The Manager for
The Madison House Condominium
is
CHELSEA MOORE COMPANY
Suite 200
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Cincinnati, Ohio 45202
(513) 621-1161

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1. General Description of the Madison House Condominium.

The Madison House Condominium ("The Madison House") is located at 2324 Madison Road, in the area of Cincinnati, Ohio commonly known as Hyde Park. The Madison House was originally constructed in 1963 as a residential apartment development and the property has been used as such until its conversion to the condominium form of Ownership.

The Owner and developer of The Madison House is Auto-Vehicle Parts Co., a Kentucky corporation, (the "Developer") with its principal office at 1032 Saratoga Street, Newport, Kentucky 41071. The Developer acquired The Madison House in 1977.

Chelsea Moore Company, an Ohio corporation, (the "Manager") with its principal office located at Suite 200, 105 W. Fourth Street, Cincinnati, Ohio 45202, is responsible for the management of The Madison House under the provisions of a management agreement with The Madison House Condominium Owners' Association, Inc. (the "Association"). Chelsea Moore Company also represents the Developer in the sale of the condominium units by the Developer. The Manager has no relationship with the Developer other than the contractual agency relationship in connection with the sale of the Units.

The real property upon which The Madison House is situated (the "Condominium Property") has located thereon one nineteen-story building which has a basement level, one lobby floor, and eighteen additional floors (the "Building"). The Building is constructed principally of brick, concrete, stucco, concrete block, wood, glass, steel, drywall and asphalt covering the flat concrete roof. Two (2) commercial units (the "Commercial Units") are located on the lobby floor and one hundred seventy-three (173) residential units (the "Residential Units") are situated on floors two through twenty; there is no floor numbered "13". The one hundred seventy-five (175) separate units (the "Units" or, when referred to individually, "Unit") are divided into one hundred seventy-five (175) separately designated and legally described freehold estates, composed of two (2) Commercial Units, twenty-five (25) efficiency apartments, fifty (50) one-bedroom apartments, seventy-two (72) two-bedroom apartments, twenty-five (25) three-bedroom apartments, and one (1) four-bedroom apartment.

The balance of the Condominium Property (the "Common Areas and Facilities") includes, without limitation thereto, a garage, two apartments numbered 201 and 210, hallways, stairwells, an exercise club, a party room, the lobby of the

Building, the basement of the Building, an outdoor swimming pool, roadways, driveways, sidewalks, unenclosed parking spaces, and all land, all of which collectively is one freehold estate owned in common by all of the Unit Owners (the "Unit Owners" or "Owners").

The garage is a three-level, detached parking facility constructed principally of brick, concrete, stucco, asphalt, concrete block, wood, glass and steel. The garage has enclosed parking spaces for a maximum of 81 automobiles; all garage parking spaces will be leased to Unit Owners on a first-come, first-serve basis. There are insufficient spaces for each Owner of a Unit to have one garage space. However there are also 77 unenclosed parking spaces located on the Condominium Property in designated paved parking areas.

The Building is heated with low pressure steam and cooled through the use of chilled water; both systems are centrally located in the basement area of the Building and piped throughout the Building to the various individual Units. Each of the individual Units can be thermostatically controlled within a limited range of temperatures. The Building is equipped with a manual coded fire alarm system, which sounds a local alarm on the floor involved, and an automatic ionized detector system with an annunciator panel in the lobby of the Building, which sounds a general alarm throughout the Building. Each Unit is equipped with an automatic smoke detector which is owned by and is the responsibility of the Unit Owner. Each Unit is connected to a central television antenna system and an intercom system between the Unit and the front lobby. A three-channel closed circuit television security monitoring system has been installed in the lobby area of the Building. Two automatic passenger elevators and one freight elevator service the building.

Included in the Common Areas and Facilities, but restricted to the use of the Owners of the Units to which such areas and facilities are adjacent, are certain Limited Common Areas and Facilities (the "Limited Common Areas and Facilities"), which include all balconies which are designated as Limited Common Areas and Facilities on the drawings attached to the Declaration of Condominium Ownership for The Madison House Condominium (the "Declaration") and all parking spaces designated as being solely for the use of one or more of such Units to the exclusion of other Units pursuant to rules and regulations adopted by the Association, as well as any electrical, plumbing, utility pipes and lines, and other connections or fixtures which are a part of or are located in the Common Areas and Facilities but which are entirely for the benefit of or to serve one Unit. Each Commercial Unit is entitled to at least nine (9) unenclosed parking spaces as part of its Limited Common Areas and Facilities.

The boundaries for each Unit are the top side of any unfinished surface and the underside of any finished surface of the floor of the Unit, the interior surface of the perimeter walls and the interior surface of the ceiling of the Unit, with all of the surfaces projected, if necessary, by reason of structural divisions such as interior walls, floors, ceilings and other partitions as may be necessary to form a complete enclosure of space with respect to any such Unit.

The locations, together with the particulars of the Building and the garage, and the layout, location, designation, dimensions, area and number of rooms of each of the Units, the Common Areas and Facilities, and the Limited Common Areas and Facilities are shown graphically on the set of drawings attached to the Declaration as Exhibits C-1 to C-10.

The Condominium Property, including the Residential and Commercial Units, is being submitted to the condominium form of Ownership under the provisions of Chapter 5311 of the Ohio Revised Code and pursuant to the provisions of the Declaration, the By-Laws of The Madison House Condominium Owners' Association, Inc. (the "By-Laws"), all drawings, plans and other exhibits to the Declaration, the Articles of Incorporation of The Madison House Condominium Owners' Association, Inc., the Management Agreement between the Association and the Manager, and all other documents, contracts or instrument establishing Ownership of or exerting control over the Condominium Property or any Unit ("Condominium Instruments"). The Condominium Instruments are legal documents binding on all Owners, mortgagees, and occupants of any Unit in The Madison House and any other party having any interest in the Condominium Property. The Declaration, By-Laws and all drawings, plans and other exhibits to the Declaration are recorded or will be recorded in the Office of the Hamilton County, Ohio Recorder.

All of the Units are being offered for sale on a fee simple Ownership basis at the base sales prices listed in Exhibit A attached hereto and made a part hereof. The prices listed in said Exhibit may be changed by the Developer without notice. Each Unit includes an undivided interest in the Common Areas and Facilities (see Section 5 herein), and the title to each Unit is subject to the provisions of the Declaration and the By-Laws, easements and restrictions of record in the Hamilton County Recorder's Office (see Section 10 herein), governmental regulations and restrictions including applicable zoning ordinances, and real estate taxes and assessments a lien upon the Unit but not yet due and payable. Certain Units are presently occupied by tenants under pre-conversion lease agreements, and the purchase of any such Unit would be subject to any tenant's right of possession.

No kitchen appliances, including refrigerators, disposers, stoves, and dishwashers, are being installed in or sold with or as a part of any Unit. Any such appliances presently located in any Unit were installed during the time the Units were rented as apartments. A purchaser of a Unit may retain any such appliances in the Unit purchased, without cost and without warranty by the Developer, or, upon request, the appliances will be removed from the Unit by the Developer.

All tenants of The Madison House at the time of conversion have been or will be offered an option to purchase an Ownership interest in The Madison House. Each tenant will have the first right to purchase the Unit which is occupied by such tenant. The option period commenced on March 1, 1980 and will expire or did expire on May 29, 1980. Any tenant not opting to purchase the Unit which he occupies will be given a written notice of not less than one hundred twenty (120) days prior to the date he is required to vacate the Unit to facilitate the conversion process.

2. Status of Construction in Compliance with Governmental Regulations.

Construction of the Building, the garage and all the other parts of the Condominium Property comprising The Madison House was completed in 1963 by Turner Construction Company of Cincinnati, Ohio. All original construction of the Building, the garage, the recreation facilities, and all other Common Areas and Facilities has been completed and no further construction is contemplated by the Developer.

The Developer has been advised by Bosch and LaTour, P.A., Inc., of Cincinnati, Ohio in their report dated November 30, 1979, which is attached hereto as Exhibit B and made a part hereof, that all mechanical and electrical systems in The Madison House are in good condition. Further, the Developer represents that, all structural elements of the Building are in good condition and the Developer estimates that the remaining useful life, together with the estimated repair and replacement cost during the five year period commencing with the date the Declaration was recorded in the Hamilton County Recorder's Office, for all of the various structural, mechanical and supporting systems of the Building will be as stated in Exhibit B hereto. All of the repair and replacement costs stated in Exhibit B are strictly the Developer's estimates, and are not based upon any figures provided to the Developer by Bosch and LaTour, P.A., Inc. The report made by Bosch and LaTour was based upon their inspection of relevant drawings and records and upon personal inspection of the property.

Conversion of The Madison House to a condominium form of Ownership does not require any federal, state or local

governmental approval beyond that obtained when The Madison House was originally constructed.

3. Financing.

The Developer is making a limited offering of financing for the purchase of Units in The Madison House to those persons who are tenants in The Madison House at the time of conversion to the condominium form of Ownership. Such financing, and the rates, terms, conditions and closing costs thereof, are as further described in Exhibit C attached hereto and made a part hereof, and are subject to change without notice. Financing will be approved on a case by case basis. No financing will be approved and given by the Developer unless and until the tenant/purchaser has supplied such financial information as may be required by the Developer to verify the purchaser's credit-worthiness. This Limited offering is subject to change and may be withdrawn without notice.

Notwithstanding the Developer's limited offer of financing, any purchaser may seek financing for the acquisition of a Unit in The Madison House from any lending institution of his choice. The rates and terms of such financing are available from the individual lending institutions.

4. Warranties.

At the closing of each purchase of a Unit in The Madison House, the Developer shall give the purchaser of that Unit written warranties in the form attached as Exhibit D hereto and made a part hereof.

5. Projection of Annual Operation and Maintenance Expenses.

The table in Exhibit E, attached hereto and made a part hereof, shows the Developer's projections for a two year period of the necessary expenditures for the operation and maintenance of the Common Areas and Facilities of The Madison House. Such projections are shown on a total basis for the entire project and on an average per Unit basis.

Each Unit's actual share of the estimated common expenses which are listed in Exhibit E hereto is determined by multiplying the total of such expenses in any category for the entire project by that Unit's percentage of interest in the Common Areas and Facilities as stated in Exhibit A, which also appears in the Declaration. The Developer's projected monthly assessment for each Unit for the first budgetary period is listed in Exhibit A.

The percentages of interest were determined by dividing the square feet of floor space in each Unit by the total square feet of floor space in all of the Units.

In addition to the regular assessments, the Association has reserved the right to separately meter utility usage by the occupants of a Commercial Unit, and to charge a special assessment for excessive use.

No Unit Owner may avoid payment of the condominium assessments by waiver of the use or enjoyment of the Common Areas and Facilities or by abandonment of his Unit.

The projections listed in Exhibit E hereto are based on the assumption that the Developer's actual operating experience with this property as an apartment project will be quite similar to the operating experience in operating this same property as a condominium, and on the experience of the Manager in operating similar condominium projects in the Cincinnati, Ohio area. The amount shown for insurance expenses is based on an actual quotation given by an insurance agent. The amount projected for real estate taxes is based on the current tax rate and valuation of the Condominium Property as an apartment project. This tax rate should be in effect until the December, 1981 installment of taxes. The Declarant cannot and does not warrant this level of real estate taxation. The real estate taxes may increase if the Hamilton County Auditor revalues the property after it's conversion to the condominium form of Ownership. It is assumed that The Madison House Condominium Owners' Association, Inc. will not have any real estate or income tax liability in the two year period covered by Exhibit E. Also, personal income taxes, personal property tax and other assessments against an individual Owner are not included in the tax projections. Therefore, the figure shown for taxes is limited to the estimated real estate taxes payable by each individual Unit Owner on his Unit and it's undivided percentage of interest in the Common Areas and Facilities.

Real estate taxes shall be prorated between the Developer and the Unit purchaser as of the date of closing of the purchase. Until the Unit is separately listed on the auditor's tax duplicate, the Association shall collect from each Owner his Unit's proportionate share of the real estate taxes on the entire Condominium Property.

At the closing of the purchase of a Unit, the purchaser is required to pay a prorata share of the Unit's condominium assessments due in the month of closing.

6. Operation of Owner's Association.

The Association is an Ohio corporation not for profit. Every Owner of a Unit in The Madison House is automatically a member of the Association, and no other persons may become members. When an Owner transfers his Ownership of a Unit to

another party, his membership will automatically terminate, and the other party will then become a member of the Association.

Each member has one vote for each Unit owned by him. Members of the Association may vote in person, by proxy or by mail if the mailed ballot is submitted not earlier than seven (7) days prior to the date of a meeting and not later than seven (7) days after the date of such meeting. Any proxy must be designated in writing, and that designation must be given to the Board of Managers.

The first annual membership meeting will be held not later than March 31, 1981, and all annual meetings thereafter shall be held on such date in March of each year as shall be designated by the Board of Managers. Special membership meetings may be held upon call by the President of the Association, by the Board of Managers or by members entitled to exercise at least 25% of the voting power of the Association. Written notice stating the time, place and purpose of all membership meetings must be given not less than seven (7) days nor more than thirty (30) days before the meeting date.

Twenty-five (25%) percent of the voting power in the Association present in person or by proxy shall constitute a quorum at any membership meeting. This quorum requirement must also be met at the time of completion of a vote on any matter for such vote to be valid. No vote cast by mail shall be counted in establishing a quorum, but such votes shall be counted in determining the Association's decision on any matter. A majority of the voting power in the Association may take action by written consent without a meeting if greater than a simple majority vote is not required for that action under any other provisions of the Declaration or under Ohio law.

Unless otherwise provided in the Declaration or the By-Laws, or otherwise required by Ohio law, the Association may act on any matter properly before it by the affirmative vote of a majority of the total voting power represented at a meeting in which a quorum is present. Amendments to the Declaration and By-Laws, which require a greater percentage of membership approval, are explained in Section 7 herein.

The initial Board of Managers shall consist of three persons who shall all be appointed by the Developer until a special membership meeting to be called by the President of the Association as soon as possible after the date when parties to whom the Developer has conveyed Units first hold twenty-five percent (25%) of the total interests in the Common Areas and Facilities. At such meeting the Unit Owners other than the Developer shall elect a fourth member to the Board of Managers who shall be a Unit Owner or the spouse of a Unit Owner. At a special meeting of the members to be called by the President

of the Association as soon as possible after the date when parties to whom the Developer has conveyed Units first hold fifty percent (50%) of the total interests in the Common Areas and Facilities, the Unit Owners other than the Developer shall elect a fifth member to the Board who shall be a Unit Owner or the spouse of a Unit Owner. None of the Developer's appointees need be Owners or occupiers of Units.

Not more than thirty days after the earlier of the date which is three (3) years after the date of incorporation of the Association or the date which is thirty days after the date when parties to whom the Developer has conveyed Units first hold seventy-five percent (75%) of the total interests in the Common Areas and Facilities, the President of the Association shall call a special meeting of the members of the Association. At that meeting all members of the Board of Managers and all officers of the Association shall be elected. All persons so elected shall be Unit Owners or spouses of Unit Owners, and shall take office immediately upon election. Members of the Board not appointed or elected under the above provisions applicable to the period of time before the Developer turns over control of the Board of Managers shall be elected at each annual meeting of the membership. Vacancies on the Board of Managers in any elected position shall be filled by election of a new person at a special membership meeting. Any vacancy in a position occupied by a person appointed by the Developer shall be filled by the Developer.

Notwithstanding anything to the contrary, if the Owner of a Unit is not a natural person, such Owner may nominate for election to the Board of Managers a person who is not an Owner or spouse of an Owner.

After the deed has been recorded for the first sale by the Developer of a Unit in The Madison House, the Declaration may not be amended to increase the period or scope of control by the Developer.

The Board of Managers shall meet at least four times during each fiscal year of the Association. Special meetings may be held at any time upon call by the President or any two managers. Action may be taken by the Board of Managers by unanimous written consent without a meeting. A simple majority of the managers then in office shall constitute a quorum, and that quorum requirement must be met at the time of completion of a vote on any matter in order for that vote to be valid. The Board of Managers may act on any matter properly before it by the affirmative vote of a majority of those present at a meeting at which a quorum is present. Any manager, other than a manager appointed by the Developer, may be removed at any time with or without cause by a vote of members entitled to exercise at least 75% of the total voting power of the

Association. Such a manager must be given an opportunity to be heard before such removal at a regular or special meeting of the membership. Any manager appointed by the Developer may be removed by the Developer at any time.

The officers of the Association will be elected by and from the Board of Managers starting with the first Board meeting immediately following the first annual meeting of the Association's membership after the special meeting described in the seventh paragraph of this Section 6. The officers shall consist of a President, Vice President, Secretary, Treasurer and any other officers deemed necessary by the Board. Any Board member may hold two or more offices at the same time except that no person shall execute any document in more than one capacity on behalf of the Association if Ohio law, the Declaration, the By-Laws or any other document related to The Madison House requires the signatures of two or more officers.

No officer or member of the Board is liable to any Unit Owner for mistakes of judgment or for negligence other than individual willful misconduct or bad faith. The Association shall indemnify every Board member and officer against such liability other than willful misconduct or bad faith with insurance coverage which shall be paid for by the Association.

The Board of Managers shall be responsible for enforcing the covenants contained in the Declaration and By-Laws which are to be fulfilled by individual Owners. The Association, acting through its Board of Managers, shall also establish an annual budget and the assessments to be paid by each member. The Association shall be responsible for collecting those assessments and for taking appropriate action against any party who is delinquent in his payment of those assessments.

The Board of Managers may not pay for out of the maintenance fund, borrow nor authorize for any capital additions or improvements or structural alterations the expenditure of more than \$2,000.00 per each alteration, nor more than \$10,000.00 in the aggregate for any such expenditures in any one calendar year without the prior approval of at least 75% of the total voting power of the Association membership unless such expenditures are expressly included in the Association's annual budget.

The first mortgagees of the individual Units have been given certain protections to assure the value of the mortgaged Unit. Therefore, unless specifically controlled by more restrictive provisions, the Association shall not, without the consent of at least two-thirds (2/3) of all first mortgagees (based on one vote for each first mortgagee) or of all Unit Owners, do any of the following: (1) abandon or terminate the Condominium Property; (2) change individual Unit percentage

interests in the Common Areas and Facilities; (3) partition or subdivide any Unit; (4) abandon, partition, subdivide, encumber, sell or transfer the Common Areas and Facilities; or (5) use hazard insurance proceeds for any purpose other than repair, replacement or reconstruction of the Condominium Property, except as provided in the case of substantial loss (see Section 12 herein).

The Association currently maintains all risk coverage (excepting normal exclusions) insurance on all of the Condominium Property in an agreed amount equal to 100% of the replacement value exclusive of the cost of foundations, footings and excavation with a \$1,000.00 deductible on any loss. Any proceeds of the policies described in this paragraph payable as the result of a casualty loss shall be payable to the Association. If such proceeds are sufficient, the Association shall undertake the repair, restoration or reconstruction of the casualty loss. If the proceeds are insufficient to pay the cost of such repair, restoration or reconstruction, the Association shall undertake such work, the expense of which to be treated as a common expense, collectable by special assessment. The Unit Owners may however, by unanimous affirmative vote, elect not to repair or restore the damage in the event of damage to or destruction of more than fifty percent (50%) of the Building. This election is described in Section 12 herein. The Declaration requires liability coverage of at least \$500,000 for bodily injury, illness, disease or death suffered by any one person; \$5,000,000 for any one occurrence; and \$100,000 property damage per accident. The Association will carry at least these levels of liability coverages with respect to the Common Areas and Facilities insuring itself, the Board of Managers and all Unit Owners.

Each Owner will be responsible for his own liability insurance coverage within his Unit and Limited Common Areas and Facilities reserved for the exclusive use of his Unit, and for fire and extended coverage insurance on the contents of his Unit. An Owner should consult with his own insurance company to determine the proper type and level of insurance required to protect his individual interests.

Each Owner will be responsible for all maintenance, care, repair and replacement of all Units owned by him and of the Limited Common Areas and Facilities (excluding those items which are the Association's responsibility as stated in the next paragraph) reserved for the exclusive use of those Units. The Owner of a Unit which has a balcony included in its Limited Common Areas and Facilities will be responsible for the care, maintenance, repair and replacement of the finished floor surfaces of that balcony. Each Owner is also responsible for the repair of damage caused by him or by any of his invitees, lessees, licensees, guests or family members to any part of the Common Areas and Facilities.

Except as stated in the immediately preceding paragraph, the Association shall manage, maintain, repair, alter, replace and improve the Common Areas and Facilities, the exterior of all buildings, doors, window and door trim (except glass which is a part of a Unit), and those parts of the Limited Common Areas and Facilities and Units which contribute to the support of any building excluding interior wall, ceiling and floor surfaces, but including all balconies.

The Declaration requires that the Association shall fulfill the responsibilities described in the immediately preceding paragraph by contracting with a competent professional management company which is managing at least 500 residential Units other than Units in The Madison House, which has been in operation at least five years and which has in its employ at least one person certified by the National Association of Real Estate Boards as a Certified Property Manager or who has equivalent qualifications if that title or certification is discontinued. The requirement that the manager have in its employ a Certified Property Manager may be waived by the Board of Managers if it is not possible to employ such a manager on a basis reasonable for the Association. The other management requirements may not be waived by the Association.

The Association has contracted with Chelsea Moore Company to provide professional management and to provide for all of the services necessary to maintain the Common Areas and Facilities and all other property which is required to be maintained by the Association in a good state of repair. This includes such services as trash removal; lawn and private roadway maintenance; swimming pool maintenance; snow removal and other services related to the Common Areas and Facilities. The estimated charges to be rendered for these services from March 1, 1980 through December 31, 1982 are set forth in Exhibit E hereto. The contract terminates one year after execution, and provides that unless renewed or extended by the Board of Managers, the automatic one year renewal provisions will not cause the contract to continue for more than one year after the Developer turns over control of the Board of Managers as described in the seventh paragraph of Section 6 hereof. A copy of this contract is attached hereto as Exhibit F and made a part hereof.

7. Amendments to Condominium Documents.

For most types of amendments, the Declaration and By-Laws may be amended only by a vote of 75% or more of the total voting power in the Association. No amendment can have any effect upon the Developer or upon any first mortgagee of a Unit or upon any of their respective rights unless they have consented in writing thereto. Any amendment which alters any Owner's percentage of interest in the Common Areas and Facilities must be consented to by each affected Owner. Any amendment

which would limit the leasing of Units in any way different from the original provisions contained in the Declaration shall require the approval of 90% of the total voting power of the Association.

The Articles of Incorporation may be amended by a simple majority of the total voting power of the Association.

The Developer reserves the right in the Declaration to amend the Declaration at any time prior to the seventh anniversary of the recording date of the Declaration to correct clerical or typographical errors in the Declaration, Drawings or By-Laws; to make nominal changes in those documents; to clarify the Developer's original intent; to make any changes necessary or desirable to meet the requirements of any institutional lender, the Veteran's Administration, the F.H.A. or any other agency which insures loans on condominium Units; to make any change necessitated by any alteration, modification, addition, improvement or reapportionment of percentage interests in Common Areas and Facilities of any Units owned by the Developer made pursuant to Developer's right to make such changes as reserved in the Declaration; or to make any changes or modifications in any unsold Unit covered by the Declaration and to reapportion the percentage interests appurtenant to such Units to assist the Developer in its marketing of that Unit, provided that the value or size of that Unit shall not be materially decreased. No such amendment may change any Owner's percentage of interest in the Common Areas and Facilities or adversely affect such Owner's rights without his and his first mortgagee's written consent. Each Owner designates the Developer as his proxy and Attorney-in-Fact to make any of the above-described amendments without obtaining the Owner's consent at the time of such amendment. Each purchaser shall at the time of closing execute a formal power of attorney for such purpose.

8. Right of Rescission and Other Rights of Purchaser.

ANY PURCHASER OF A UNIT IN THE MADISON HOUSE HAS THE RIGHT TO REVIEW THE DECLARATION, THE DRAWINGS FOR THE MADISON HOUSE AND OF HIS INDIVIDUAL UNIT, THE BY-LAWS, THE ARTICLES OF INCORPORATION AND ANY CONTRACTS PERTAINING TO MANAGEMENT OR THE PROVISION OF OTHER SERVICES TO THE ASSOCIATION TOGETHER WITH ANY OTHER DOCUMENTS OR INSTRUMENTS ESTABLISHING THE OWNERSHIP OF OR EXERTING CONTROL OVER THE MADISON HOUSE PROPERTY OR ANY UNIT THEREIN BEFORE HE EXECUTES A CONTRACT FOR THE PURCHASE OF THAT UNIT FROM THE DEVELOPER. IN ADDITION TO ANY OTHER REMEDIES AVAILABLE TO A PURCHASER, EACH SUCH PURCHASER HAS THE RIGHT TO VOID HIS PURCHASE CONTRACT FOR A PERIOD OF FIFTEEN (15) DAYS AFTER THE DATE WHEN HE EXECUTES THE PURCHASE CONTRACT OR FIFTEEN (15) DAYS AFTER THE DATE UPON WHICH HE EXECUTES A DOCUMENT EVIDENCING HIS RECEIPT OF ALL OF THE INFORMATION REQUIRED BY SECTION 5311.26 OF THE OHIO REVISED

CODE, WHICHEVER IS LATER, IF THAT CONTRACT HAS BEEN EXECUTED IN VIOLATION OF SECTION 5311.25 OR SECTION 5311.26 OF THE OHIO REVISED CODE. IMMEDIATELY UPON THE PROPER EXERCISE OF THIS RIGHT OF RESCISSION, THE DEVELOPER SHALL REFUND TO THE PURCHASER ANY AMOUNTS WHICH THE PURCHASER HAS PAID ON THE PURCHASE PRICE AND ANY DEPOSIT, OTHER PREPAID FEE OR OTHER ITEM GIVEN TO THE DEVELOPER IN CONNECTION WITH THE PURCHASE, TOGETHER WITH ANY INTEREST ACCRUED THEREON AS MORE FULLY DESCRIBED IN SECTION 11 HEREOF. IN ADDITION, THE DEVELOPER SHALL PAY ALL CLOSING COSTS ACTUALLY PAID BY THE PURCHASER OR FOR WHICH THE PURCHASER IS LIABLE.

IF THE DEVELOPER OR ITS AGENT SELLS ANY CONDOMINIUM OWNERSHIP INTEREST IN THE MADISON HOUSE IN VIOLATION OF SECTIONS 5311.25 OR 5311.26 OF THE OHIO REVISED CODE, THE DEVELOPER OR ITS AGENT SHALL BE LIABLE TO THE PURCHASER IN SUCH TRANSACTION IN AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT PAID BY THE PURCHASER FOR HIS INTEREST AND THE LEAST OF THE FOLLOWING AMOUNTS:

- (1) THE FAIR MARKET VALUE OF THE INTEREST AS OF THE TIME THE SUIT IS BROUGHT BY THE PURCHASER.
- (2) THE PRICE AT WHICH THE INTEREST IS DISPOSED OF IN A BONA FIDE MARKET TRANSACTION BEFORE SUCH SUIT.
- (3) THE PRICE AT WHICH THE UNIT IS DISPOSED OF AFTER SUIT IN A BONA FIDE MARKET TRANSACTION, BUT BEFORE JUDGMENT IN THAT SUIT.

IN NO CASE SHALL THE AMOUNT RECOVERABLE BY THE PURCHASER BE LESS THAN \$500 FOR EACH VIOLATION, TOGETHER WITH COURT COSTS AND REASONABLE ATTORNEYS' FEES. ANY PURCHASER COMPLAINING OF A VIOLATION OF SECTION 5311.25 OR 5311.26 OF THE OHIO REVISED CODE WHO HAS BROUGHT OR MAINTAINED A SUIT IN BAD FAITH OR A SUIT WHICH HE KNEW TO BE GROUNDLESS SHALL BE LIABLE TO THE DEVELOPER OR ITS AGENT FOR REASONABLE ATTORNEYS' FEES IF THE DEVELOPER OR ITS AGENT PREVAILS IN SUCH SUIT.

IF THE OHIO ATTORNEY GENERAL BELIEVES THAT SUBSTANTIAL NUMBERS OF PERSONS ARE AFFECTED AND THAT SUBSTANTIAL HARM IS EITHER OCCURRING OR IS ABOUT TO OCCUR TO SUCH PERSONS, OR IF HE BELIEVES THAT THE CASE IS OTHERWISE OF SUBSTANTIAL PUBLIC INTEREST, HE MAY BRING AN ACTION AGAINST THE DEVELOPER TO OBTAIN A DECLARATORY JUDGMENT STATING THAT AN ACT OR PRACTICE OF THE DEVELOPER VIOLATES SECTION 5311.25 OR SECTION 5311.26 OF THE OHIO REVISED CODE OR VIOLATES PROVISIONS CONTAINED IN THE CONDOMINIUM INSTRUMENTS. SUCH ACTION MAY ALSO BE BROUGHT TO ENJOIN THE DEVELOPER IF IT IS VIOLATING OR IS THREATENING TO VIOLATE SUCH STATUTORY SECTIONS OR SUCH CONDOMINIUM INSTRUMENTS.

THE ATTORNEY GENERAL MAY ALSO BRING A CLASS ACTION IN THE ABOVE-DESCRIBED SITUATIONS FOR DAMAGES ON BEHALF OF OR SECTION 5311.26 OF THE OHIO REVISED CODE OR BY THE DEVELOPER'S VIOLATIONS OF ANY OF THE CONDOMINIUM INSTRUMENTS.

In accordance with Section 5311.26(J) of the Ohio Revised Code, a statement of purchasers' rights as described in this Section 8 has been printed in twenty-point, bold face type and has been attached hereto as Exhibit G and made a part hereof.

See Exhibit H attached hereto and made a part hereof, for a description of the Developer's right to rescind.

9. Reserve Fund.

The Declaration and By-Laws of the Madison House require the establishment and maintenance of a reserve fund for contingencies and replacements. Money from the fund can be used to finance the cost of repair or replacement of improvements included within the Common Areas and Facilities of The Madison House and any other necessary extraordinary expenditures to the extent that such costs and expenditures are not covered by the annual budget of the Association.

10. Liens and Other Items Affecting Title to Condominium Property.

Each Unit is subject to various easements described in the Declaration for the right of access to maintain and operate the Condominium Property. There are various easements on the Condominium Property for telephone lines and cables, sewer lines, electric and gas lines and other utility services. The Condominium Property is also subject to an easement for a private roadway known as Garden Place. Easements also cover any possible encroachments of a Unit upon the Common Areas and Facilities or an encroachment of the Common Areas and Facilities upon a Unit which might occur as a result of the construction, settlement or shifting of the Building or by reason of the partial or total destruction and rebuilding of such Building. The Developer has reserved the right to enter upon the Condominium Property to install, maintain, repair, replace and use various utility lines, pipes and facilities to provide water, sanitary sewer, storm sewer, electrical, gas, telephone, television and other utility or quasi-utility services to The Madison House. However, the use of any of such rights shall not unreasonably interfere with the use and enjoyment of The Madison House. The Developer must restore any property damaged as a result of its use of such easement rights to the condition which existed immediately prior to such use.

Each tenant of The Madison House has been offered an option to purchase a Unit in The Madison House which must be exercised, if at all, not later than May 30, 1980. Each

tenant who does not so exercise this option can be required to vacate his Unit on the later of 120 days written notice or the termination date of his lease. None of the existing leases expire later than September 30, 1982.

11. Escrow for Deposit or Down Payment.

Any deposit or down payment made by any purchaser in connection with his purchase of a Unit in The Madison House will be held by the Developer in trust or in escrow until such money is delivered at the closing to the Developer or returned to or otherwise credited to the purchaser or forfeited to the Developer in the event of a default by the purchaser. If such deposits or down payments by any single purchaser total \$2,000 or more, and if that total amount is held for more than ninety (90) days by the Developer, the Developer will pay interest at the rate of four percent (4%) per annum on such amount for the period exceeding ninety (90) days during which that amount is held by the Developer. This interest shall either be credited to the purchase price at the closing, refunded to the purchaser with any other refund or added to any amount forfeited to the Developer in the event of a default by the purchaser. Such amounts held in trust or escrow by the Developer will not be subject to attachment by any creditor either of the Developer or of the purchaser.

12. Restraints on Sale, Leasing or Other Alienation and on Use of Any Part of the Condominium Property.

Any Unit Owner in The Madison House other than the Developer who wishes to sell or lease his Unit Ownership must first give to the Board of Managers not less than thirty (30) days' written notice of the terms of any contemplated sale or lease, together with all social and financial information on the proposed purchaser or lessee which as may be requested by the Association. For a period of thirty (30) days after receipt of such notice, the Board of Managers, acting on behalf of all consenting Unit Owners in the Association, shall have the exclusive right either to produce another purchaser or lessee or to purchase or lease such Unit Ownership itself on behalf of all consenting Unit Owners upon the same terms of purchase or lease outlined in the notice given by the Unit Owner. If the Board deems the terms of such purchase or lease stated in the notice to be inconsistent with the bona fide fair market value of such Unit Ownership, the Board and the Unit Owner in question shall have the right each to appoint, not more than 15 days after the Board's receipt of such notice, a qualified real estate appraiser to act as an arbitrator on the value of the Unit. These two arbitrators shall appoint a third arbitrator, within not more than 10 days after their appointment, and the three arbitrators by a majority vote shall then determine within not more than 15 days the fair market value of the Unit

Ownership or interest therein. The Board shall then have the option for a period of 10 days after receipt of such decision by the arbitrators to purchase the Unit Ownership or interest therein for the value stated by the arbitrators.

If the Board does not exercise the options stated above, the Owner may then contract to sell or lease the Unit Ownership on the terms specified in the notice which he gave to the Board. If the Board does exercise one of the above-stated options, the Owner proposing the sale or lease shall then be obligated to close that sale or lease either with the Association or with the purchaser or lessee produced by the Board.

Similar procedures for arbitration exist on behalf of the Board acting for all consenting Unit Owners in any situation where an Owner other than the Developer wishes to make a gift of his Unit Ownership or any interest therein to any party who would not be his heir at law under the Ohio statute of descent and distribution if he died within ninety (90) days prior to the contemplated date of the gift. Such provisions also apply in the event an Owner devises his Unit Ownership or any interest therein by will to any such party.

None of the options described above may be exercised by the Board unless two-thirds (2/3) of the total voting power in the Association has approved such exercise. Any such option may be waived upon the written consent of three (3) members of the Board of Managers.

Notwithstanding anything to the contrary, the Developer shall have the right, so long as it owns any Unit, to lease or sell any such Unit for and upon such terms, conditions, consideration and agreements as Developer shall, in its sole discretion, determine and deem appropriate.

No partition of the Common Areas and Facilities is possible until The Madison House Condominium itself is terminated. Except for the situation described in the next following paragraph, such a termination requires the unanimous affirmative vote of all Unit Owners. A Unit Owner may partition his Ownership between co-Owners with the prior written consent of his first mortgagee. No Owner may sever his Ownership interest from the percentage of Ownership in the Common Areas and Facilities which is appurtenant to his Unit.

By unanimous affirmative vote of the total voting power in the Association, the Unit Owners may elect not to restore or repair substantial damage or destruction to 50% or more of the Building. Immediately after such an election, all of the Condominium Property shall be offered for sale to the Developer by written notice to it, so long as the Developer owns at least one Unit in the Condominium Property. The

Developer shall have thirty (30) days after it receives such a notice to make an offer for the purchase of the Condominium Property. The offer shall be made in writing to the President of the Association. If the Unit Owners and the Developer cannot agree on a purchase price for the Condominium Property, they shall, within ten (10) days after the Developer's offer is received by the President of the Association, each appoint a qualified real estate appraiser to act as an arbitrator. These two arbitrators shall select a third arbitrator, and these three arbitrators shall notify the Association and the Developer in writing within thirty (30) days after said third arbitrator is selected of their determination of the fair market value of the Condominium Property. Within ten (10) days after receiving such determination of value, the Developer shall notify the President of the Association if it elects to buy the Condominium Property at that fair market value. If the Developer does not elect to buy the Condominium Property, the Condominium Property shall be subject to an action for sale as upon partition at the suit of any Unit Owner. If the Developer elects to buy the Condominium Property, it shall be conveyed to the Developer by a general warranty deed or deeds from all of the Unit Owners, subject to the provisions of the Declaration, By-Laws and Chapter 5311 of the Ohio Revised Code; to easements and restrictions of record; and to real estate taxes and assessments not yet due and payable.

No Residential Unit Owner other than the Developer or a first mortgagee in possession of a Residential Unit may lease less than the entire Residential Unit, and no Owner other than the Developer or a first mortgagee in possession of a Unit may rent his Residential Unit for any period of less than one year. All leases must be in writing and must state that the lease is subject to all provisions of the Declaration, the By-Laws and the Rules and Regulations adopted by the Board of Managers. A copy of each such lease must be given to the President of the Association not more than 7 days after it is executed.

Except with regard to Commercial Units and except as otherwise provided in the Declaration, no business, trade, industry, occupation or profession of any kind whether for profit or not for profit may be conducted, maintained or permitted on any part of the Condominium Property unless permitted by the Board of Managers. To the extent permitted by law, an Owner may use a portion of his Unit for an office or studio (other than a music studio) if the activities conducted therein do not interfere with the quiet enjoyment or comfort of any other Owner or occupant and if such activities do not increase the normal flow of vehicular traffic or individuals in and out of the Condominium Property or in and out of said Unit.

Commercial Units may be used for any retail business, commercial or professional purpose permitted by the applicable zoning codes or regulations affecting the Condominium Property.

The Owners of the Commercial Units, and their family members, lessees, employees, invitees, business patrons and guests shall have the right to use and enjoy the Common Areas and Facilities, subject to the Rules and Regulations promulgated by the Board of Managers, including any special rules and regulations affecting only such Commercial Unit Owners and those who claim under them.

No "for sale" or "for rent" sign may be placed on any part of the Condominium Property other than such signs placed by the Developer on any unsold or unoccupied Units and other than such signs placed by the Association for the purpose of facilitating the disposal of a Unit by any Unit Owner, mortgagee or the Association.

The Developer may use any unsold or unoccupied Units, the garage, the management office, the two apartments which are a part of the Common Areas and Facilities, the recreational facilities, and the other Common Areas and Facilities as models and/or offices in connection with the sale or rental of Units.

The Developer has reserved the right without the consent of the Board of Managers or the Owners to make alterations, additions or improvements to any Developer-owned Unit; to change the room layout, size or number of Developer-owned Units by combining or subdividing such Units, or by altering boundary walls between such Units; and to reapportion among the Developer-owned Units affected by any such change their respective appurtenant percentage interests in the Common Areas and Facilities. However, the Developer shall not alter any Unit or the percentage interest thereto owned by someone other than the Developer without that Owner's consent.

No uncovered parking spaces may be used for parking of any trailer coaches, house trailers, mobile homes, automobile trailers, campcars, recreational vehicles, campers, trucks, motorcycles, mopeds, scooters, boats, boat trailers or any other similar vehicles, except as permitted by the Board of Managers. Operative automobiles may be parked in either covered or uncovered parking spaces. No inoperative motor vehicle may be parked anywhere on the Condominium Property for more than 48 hours.

The Board of Managers shall designate 9 uncovered parking spaces for the use of each of the Commercial Unit Owners and their respective employees, patrons, invitees and licensees.

No pets or animals of any kind are permitted to be kept in any Unit or in the Common Areas and Facilities.

Nothing may be hung or displayed on the outside of windows or walls of the Building other than directional signs concerning the use of the Common Areas and Facilities and other than the signs permitted as described above in this Section 12. No Owner may paint or otherwise decorate or change the exterior appearance of any doors, windows or other items not within his Unit without the prior written consent of the Association. No clothes, laundry or other articles shall be hung out or exposed on any part of the Common Areas and Facilities. All trash, garbage or other rubbish must be disposed of by each Unit Owner strictly in accordance with the Rules and Regulations.

The Association reserves the right to retain a pass key to any Unit, and no lock or other device may be placed on the door of any Unit that would prevent entry by the use of such a key.

No noxious or offensive activity, nor anything which may be an annoyance or nuisance to other Owners or occupants, shall be carried on in any Unit or the Common Areas and Facilities.

No one shall use the Common Areas and Facilities except in accordance with the Declaration, the By-Laws, and the Rules and Regulations established by the Board of Managers.

Nothing shall be done or kept in the Condominium Property which would increase the insurance rate of the Condominium Property, or the cancellation thereof. No waste shall be committed in the Common Areas and Facilities. Nothing shall be done on the Condominium Property which would structurally impair or change the buildings on the property. No one shall connect any machines, appliances, accessories or equipment to the heating or plumbing system, or overload the electrical system so as to cause disturbance to others without the prior written consent of the Board. No washing machines or clothes dryers may be installed by an Owner upon the Condominium Property.

The garage parking spaces will be available to Unit Owners on a monthly rental basis, allocated on a first-come, first-serve basis. The cost of such garage spaces shall be determined by the Board, based on the total expense of operating the garage. All garage parking shall be valet (also known as attendant) parking; vehicles may be parked in the garage only by such attendants and not by the Owner of the vehicle, unless otherwise approved by the Board.

No Owner, including the Developer, or any employee, agent or representative thereof shall discriminate in the sale, lease, or rental of any Unit nor in the use of the Common Areas and Facilities upon the basis of sex, race, age, color, creed or national origin.

No portion of the Common Areas or Facilities may be sold or mortgaged without the unanimous written consent of all Unit Owners in The Madison House. However, a Unit Owner may sell or mortgage his undivided percentage of interest in the Common Areas and Facilities in connection with a sale or a mortgage of his Unit pursuant to the requirements of the Declaration and the By-Laws.

No more than two (2) persons will be permitted to use and occupy any efficiency or one-bedroom Unit at any time and no more than three (3) persons will be permitted to use and occupy any two-bedroom residential Unit at any one time. No more than four (4) persons will be permitted to use and occupy any three-bedroom or larger residential Unit at any one time unless the Board of Managers has granted express written permission for an exception to such requirements.

13. Enforcement of Covenants.

If any Unit Owner is delinquent in the payment of the monthly assessments for ten (10) days after such assessments are due and payable, the President of the Association may execute a certificate of lien which will then be recorded in the Hamilton County, Ohio Recorder's office as a lien against that Unit for the amount of such unpaid assessment and for any late charges imposed by the Association. Late charges may be imposed by the Board up to the amount of Ten Dollars (\$10) plus One Dollar (\$1) per day for every day after the assessment is ten (10) days delinquent. Additionally, upon default of an Owner in the payment of assessments, the Board may accelerate the remaining installments of assessments for the calendar year. The lien can be foreclosed in the same manner as Ohio law provides for the foreclosure of mortgages. In addition to these lien rights, each Owner will be personally liable for all assessments levied by the Association against his Unit while he is an Owner.

However, any person who acquires title to a Unit as a result of foreclosure of the first mortgage or by acceptance of a deed in lieu of foreclosure shall not be liable for any common expenses or assessments by the Association which became due prior to the acquisition of the title by such person. Such unpaid expenses or assessments shall be deemed to be common expenses of all Units, including the Unit of such acquirer.

If an Owner believes that an amount has been improperly charged as an assessment against his Unit, he may either bring an action under Section 5311.18(C) of the Ohio Revised Code in the Common Pleas Court of Hamilton County, Ohio seeking a discharge of that lien, or he may submit the matter to a panel of three arbitrators, one of whom shall be selected by him, one by the Board of Managers and the third by the other two arbitrators.

No Owner who is in default in the performance of any of his obligations as an Owner, including, without limitation thereto, his obligation to pay all assessments levied against his Unit, three (3) days prior to the date fixed for written consent in lieu of a meeting or for any annual or special meeting of the Association may vote at that meeting, or by mail or by written proxy.

The Board of Managers may withdraw an Owner's right to use community and recreational facilities or Limited Common Areas and Facilities and the right of any of his tenants, guests or members of his family to use any of such facilities if such Owner violates any of the covenants and conditions contained in the Declaration, By-Laws or Rules and Regulations of the Association.

An action seeking damages, a declaratory judgment or injunctive relief against such a defaulting Owner or against the Developer, its agents or any person who has the right to occupy a Unit who has caused or may cause damage by his failure to comply or his threat not to comply with any lawful provision of the condominium documents may also be maintained by any interested party. In the case of flagrant or repeated violations by an Owner, the Board may require him to provide sufficient surety or sureties for his future compliance.

In addition to the above rights, the Board of Managers may also enter into a Unit in which a violation exists to remove at the expense of the defaulting Owner any structure, thing or condition that exists thereon contrary to the intent and meaning of the provisions of the Declaration and By-Laws. The Board may also serve a ten (10) day notice in writing terminating the rights of a defaulting Owner to continue as an Owner and occupant of his Unit if he has failed to cure a violation of any of the provisions of the Declaration, By-Laws or Rules and Regulations within thirty (30) days after receiving notice of such violation from the Board. After serving such termination notice on the Owner, and after obtaining the written consent of any mortgagee on such Unit (which consent shall not be unreasonably withheld), the Board may file an action in the Common Pleas Court of Hamilton County, Ohio seeking a decree of mandatory injunction to terminate the Owner's Ownership and his right to occupy, use or control his Unit. If the court

grants such an injunction, it will order a judicial sale of such Unit, and the defaulting Owner may be restrained by the court from reacquiring his interest at such judicial sale.

14. Litigation Affecting the Condominium Development.

There is no litigation pending at this time which affects The Madison House.

15. Limits on Developer's Liability.

Except as otherwise expressly provided in the Declaration or under the provisions of Chapter 5311 of the Ohio Revised Code, and except for claims arising from gross negligence, neither the Developer nor any of its representatives, successors or assigns shall be liable for any claim arising from any actions performed pursuant to the authorities granted or delegated to it or to them pursuant to the Declaration or By-Laws in its or their capacity as Owner, Developer, manager or seller of The Madison House. The Developer shall have no liability for any improvements made or provided by it in The Madison House other than as expressly stated in the warranties attached as Exhibit D hereto.

16. Reference to Other Condominium Documents.

THIS STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 5311.26 OF THE OHIO REVISED CODE; IT IS A SUMMARY OF THE MATERIAL CIRCUMSTANCES AFFECTING THE MADISON HOUSE CONDOMINIUM DEVELOPMENT. THIS IS NOT INTENDED TO BE A COMPLETE STATEMENT OF ALL PROVISIONS CONTAINED IN THE CONDOMINIUM INSTRUMENTS WHICH ESTABLISH OWNERSHIP OF OR EXERT CONTROL OVER THE MADISON HOUSE CONDOMINIUM OR AN INDIVIDUAL UNIT THEREIN. FOR A COMPLETE DESCRIPTION OF ALL COVENANTS, CONDITIONS, RESTRICTIONS AND PROVISIONS APPLICABLE TO THE MADISON HOUSE, REFERENCE MUST BE MADE TO THE FULL TEXT OF THOSE DOCUMENTS.