

**THIRD AMENDED  
AND  
COMPLETELY RESTATED  
PUBLIC OFFERING STATEMENT  
FOR  
THE COTTON MILL CONDOMINIUMS  
NEW ORLEANS, LOUISIANA**

PRU - HRI COTTON MILL ASSOCIATES, L.L.C. ("PRU-HRI" or sometimes "Developer") presents this Third Amended and Completely Restated Public Offering Statement (the "Statement") in compliance with La. R.S. 9:1124.102 and 9:1124.104 and Article III, Units, Section 4(e) of the Amended and Restated Act of Declaration (the "Declaration") dated February 12, 1998, registered in Conveyance Instrument Number 155932 of the Conveyance Records of Orleans Parish, Louisiana, with respect to Phase II of the condominium units of the Cotton Mill Condominiums, situated in the Parish of Orleans, State of Louisiana described in the Declaration, established by Declaration Creating and Establishing a Condominium Regime by act date and effective as of September 30, 1996, registered as Notarial Archives No. 96-47068, Conveyance Instrument Number 129219, COB 956, folio 293, as amended and restated by Amended and Restated Act of Declaration Creating and Establishing a Condominium Regime for The Cotton Mill Condominiums, effective February 12, 1998, before Randy Opotowsky, Notary Public, registered in Notarial Archives No. 98-13073, Conveyance Instrument Number 155932 of the conveyance records of Orleans Parish, Louisiana, and the First Amendment to Amended and Restated Act of Declaration, dated October 20, 1998, recorded on November 4, 1998, in Conveyance Instrument Number 168266 of the conveyance records of Orleans Parish, Louisiana, and the Second Amended and Completely Restated Declaration Creating and Establishing A Condominium Property Regime for The Cotton Mill Condominiums (the "Restated Declaration"), dated June 30, 2004, recorded on July 1, 2004 in Conveyance Instrument Number 286768 of the conveyance records of Orleans Parish, Louisiana, a copy of which is annexed hereto, pursuant to which the Condominium continues its existence, together with the exhibits identified therein, consisting of:

<b>EXHIBIT A</b>	Partnership Certificate for Cotton Mill Limited Partnership
<b>EXHIBIT B</b>	Description of the Land
<b>EXHIBIT C</b>	Articles of Incorporation of Cotton Mill Condominium
<b>EXHIBIT D</b>	By-Laws of Cotton Mill Condominium Association, Inc. and First Amended By-Laws of Cotton Mill Condominium Association, Inc.
<b>EXHIBIT E</b>	Completely Revised Building Plans
<b>EXHIBIT F</b>	Survey
<b>EXHIBIT G</b>	Unit Owners Common Element Percentage of Ownership Interest and Monthly Condominium Association Assessment
<b>EXHIBIT H</b>	Current Budget
<b>EXHIBIT I</b>	Rules and Regulations
<b>EXHIBIT J</b>	Description of Parcel II and Parcel

all of which are adopted as exhibits to this Statement.

### **I. CERTAIN DEFINITIONS**

For convenience of presentation, general definitions of certain of the terms used in the Statement are set forth below, which definitions are subject in most cases to the more extensive definitions of such terms set forth in the Declaration.

**Articles:** The Articles of Incorporation for the Association, as recorded with the Secretary of State of Louisiana, including all amendments. A copy of the filed Articles and amendments are annexed to the Restated Declaration as **EXHIBIT C**.

**Association:** The Cotton Mill Condominium Association, Inc., a Louisiana non-profit corporation, or any successor entity, composed of all the Unit Owners, which entity is responsible for the administration, management and operation of the Condominium.

**Board:** The board of directors of the Association.

**Buildings:** The improvements within which are located the Units of the Condominium.

**By-Laws:** The By-Laws of the Association adopted for the governance of the Association. The By-Laws and all amendments are annexed to the Restated Declaration as **EXHIBIT D**.

**Common Charges:** Assessments payable to the Association by the Unit Owners for the purpose of meeting Common Expenses.

**Common Elements:** The Land and the Buildings, together with all accessory and appurtenant rights and interests, excluding the Units.

**Common Expenses:** The costs and expenses of the Association incurred in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements.

**Common Interest:** The proportionate undivided interest, expressed as a numerical percentage, of each Unit Owner in the Common Elements, as determined in accordance with The Restated Declaration. The total of all Common Interest percentages of all Unit Owners equals 100%. The Common Interest is the basis of determining, among other things, a Unit Owner's (a) voting power, (b) liability for a share of the Common Expenses, and (c) share of any distributions upon termination of the Condominium. A schedule of the Common Interests attributable to each Unit and the monthly condominium dues is annexed to the Restated Declaration as **EXHIBIT G**.

**Condominium Property:** The Land and the Buildings, together with all accessory and appurtenant rights and interests.

**Developer:** PRU-HRI Cotton Mill Associates, LLC, a Delaware limited liability company, its successors and assigns, which is the entity that Cotton Mill Limited Partnership ("CMLP") transferred two hundred sixty-nine (269) residential Units, the UNIT CLOCK TOWER and UNIT COMMERCIAL created by virtue of the subdivision of Unit I on June 30, 2004, recorded July 1, 2004, in Conveyance Instrument Number 286769 of the conveyance records of Orleans Parish, Louisiana, together with all of CMLP's rights, title and interest in and to the Land, easements, servitudes and agreements related thereto.

**Penthouse Unit(s):** Individually, any one of the Units designated as Units PH 1, PH 2, PH 3, PH 4, PH 5, PH 6, PH 7, PH 8, PH 9, PH 10, PH 11, PH 12A, PH 14, PH 15, PH 16, PH 17 and PH 18, inclusive, and collectively, all of such Units.

**Phase I:** The first phase of the development in which there are sixty-three (63) Units located in Buildings C and D and the UNIT CLOCK TOWER.

**Phase II:** The second phase of the development whereby Developer has sold the sixty-two (62) Units located in Building B, the nine (9) Units located in Building E, the one (1) Unit located in Building F, and the three (3) Units located in Building H, for a total of seventy-five (75) Units in Phase II.

**Phase III.** The third phase of the development whereby Developer will sell the first seventy-nine (79) out of one hundred thirty-one (131) Units located in Building A. The remaining fifty-two (52) Units will be placed on the market at a later date.

**Restated Declaration:** The Second Amended and Completely Restated Act of Declaration by Cotton Mill Limited Partnership for the Cotton Mill Condominiums, which instrument amends and restates (i) the original Declaration; (ii) the Amended and Restated Declaration; and (iii) the First Amendment to the Amended and Restated Declaration, and any other amendments, to reflect the subdivision of Unit I of the Cotton Mill Condominiums as hereinafter set forth, as well as showing no change in the Penthouse Units as same currently exists, the form of which, with exhibits, is annexed hereto.

**Unit(s):** The Penthouse Units, as well as the two hundred sixty-nine (269) residential Units, one (1) of which Units, namely Unit 110, is currently used as a telecommunications space, the UNIT CLOCK TOWER, the UNIT COMMERCIAL, together with the appurtenant Common Interest, formerly designated as Unit I located in Buildings A, B, C, D, E, F, and H, and which by virtue of the Restated Declaration was subdivided into two hundred sixty-nine (269) residential Units (with the exception of Unit 110 as hereinafter provided), the UNIT CLOCK TOWER and the UNIT COMMERCIAL (sometimes referred to as the "Conversion"). All of such Units are collectively referred to as the "Units".

**Unit Owner:** An owner of any Unit. All of such owners are collectively called "Unit Owners".

**Unsold Units:** Any Units owned by Developer until such time as same have been sold.

All other capitalized terms used in this Statement which are not separately defined in this Section shall have the meanings ascribed thereto in the Restated Declaration or in any Exhibit thereto unless clearly indicated to the contrary by the context or usage in which they appear.

## **II. ESTABLISHMENT OF THE CONDOMINIUM**

The legal procedure by which the Condominium Property, which has been previously converted from the unified ownership acquired by CMLP to a condominium regime comprised of multiple, discrete parcels of immovable property, each consisting of the ownership

of an undivided interest in the Buildings and the other elements of the Condominium Property shared with each other Unit Owner, together with the exclusive right to occupy a certain space within the Buildings that is designated as a Unit, which was accomplished by the filing of the original Declaration, as amended. In its simplest terms, the effect of the imposition of a condominium regime upon the Condominium Property by the filing of the Declaration is analogous to the subdivision of a tract of land into individual lots which are each susceptible of separate ownership together with sidewalks, streets, parks and other public spaces typical of a subdivision which are owned in common, in undivided ownership interests, by the owners of all of the lots in the subdivision and the use and ownership of which is regulated by a set of restrictive covenants imposed by the subdivider. In a condominium regime, the space designated as the Unit is equivalent to the separately owned lot; the Common Elements, the structure of the Buildings and all of its component parts and the improvements and amenities to and within those areas of the Buildings are equivalent to the public facilities; and the Declaration itself is equivalent to the restrictive covenants.

The Declaration is the governing document of the Condominium and, as each Unit Owner acquires his Unit and agrees to be bound by its terms and conditions, becomes the agreement among all Unit Owners by which their relationships and the relationships of their respective Units within the Condominium will be governed so long as the Condominium exists.

To each Unit is assigned an undivided interest in the Condominium Property which is inseparable in ownership from the Unit and which is the basis for calculation of the Unit Owner's Common Interest. The Unit, together with its appurtenant interest in the Common Elements, is referred to in the Louisiana Condominium Act as a Condominium Parcel. Wherever the term Unit is used herein, it should be understood to include the appurtenant interest in the Common Elements assigned to that Unit unless it is clear that only the space identified as the location of the Unit is intended to be identified. Each Condominium Parcel, just as a lot in a subdivision, may be dealt with by its owner in the same manner as any other form of individually owned immovable property, subject only to the restrictions imposed by the Declaration or arising out of the matters affecting the Condominium Property recognized in the Declaration.

On June 30, 2004, Cotton Mill Limited Partnership ("CMLP") subdivided Unit I into two hundred sixty-nine (269) residential Units, except Unit 110 as hereinafter provided, a UNIT CLOCK TOWER (also residential) and one (1) commercial Unit designated as UNIT COMMERCIAL located on the ground floor in Building B. Further, contemporaneously with the subdivision of Unit I, CMLP transferred to Developer all of its rights, title and interest in and to the Units, Common Element interests and all other rights, agreements servitudes and easements, which transfer was recorded on July 1, 2004, in Conveyance Instrument Number 286769 in the conveyance records of Orleans Parish, Louisiana (the "Transfer").

Unit I was allocated 88.94% interest of the outstanding ownership in the Common Elements of the Cotton Mill Condominiums with the corresponding voting rights totaling 88.94%. The two hundred sixty-nine (269) residential Units', UNIT CLOCK TOWER's and UNIT COMMERCIAL's Common Element interests also equal 88.94%, regardless of the total square footage of the Units. Developer or any other Unit Owners of the subdivided Units, shall be responsible for their contribution to common expenses, as more fully set forth in this Third Amended and Completely Restated Public Offering Statement and as detailed in the Restated Declaration and exhibits.

### **III. THE CONDOMINIUM PROPERTY**

#### **A. LAND.**

**THAT CERTAIN PIECE OR PORTION OF GROUND**, together with all the buildings and improvements thereon, and all servitudes, rights, ways, and appurtenances thereunto belonging, or in anywise appertaining, situated in the First District of the City of New Orleans, State of Louisiana, composed of all lots, gaps, gores and alleys comprising a square of ground, designated as **Square 120**, bounded by Annunciation, Constance, John Churchill Chase and Poeyfarre Streets, and in accordance with a survey of Gandolfo, Kuhn L.L.C., dated June 28, 2004, Dwg. No. 572-1; T-181-4B, Square 120 is more particularly described as follows:

Begin at the northeast intersection of Constance and John Churchill Chase Streets;

Thence along the easterly right of way of Constance Street, N13°44'45"E a distance of 265 feet 5-4/8 inches to the southeast intersection of Constance and Poeyfarre Streets;

Thence along the southerly right of way of Poeyfarre Street S76°06'15"E a distance of 465 feet 4-7/8 inches to the southwest intersection of Annunciation and Poeyfarre Streets;

Thence along the westerly right of way of Annunciation Street S13°41'45"W a distance of 265 feet 5-4/8 inches to the northwest intersection of Annunciation and John Churchill Chase Streets;

Thence along the northerly right of way of John Churchill Chase Street N76°06'15"W a distance of 465 feet 7-6/8 inches to the Point of Beginning.

The improvements thereon bear Municipal No. 920 Poeyfarre Street.

## **B. THE BUILDINGS.**

The structures in which the Units are located ("Buildings") are the result of the renovation of the Cotton Mill facility that originally occupied the project site, which renovation, and new construction took place in 1996, 1997 and 1998. The Buildings consist of several buildings designated as "A", "B", "C", "D", "E", "F" and "H" on the Completely Revised Building Plans (**EXHIBIT E**). Unit I was subdivided into two hundred sixty-nine (269) Units located in Buildings A, B, C, D, E, F and H, the UNIT CLOCK TOWER and one (1) UNIT COMMERCIAL. There are also seventeen (17) Penthouse Units, located on the roofs of Buildings B, C, D, and E, previously created by the original and First Amended and Restated Declaration. Developer does not intend on building any improvements on the roof of Building A. The Penthouse Units were new construction.

The plumbing and electrical systems for the Penthouse Units were newly constructed in 1996, 1997 and 1998. The HVAC systems and assemblies for the two hundred sixty-nine (269) Units, the UNIT CLOCK TOWER and the UNIT COMMERCIAL were newly constructed in 1996, 1997 and 1998. The roofing systems for the two hundred sixty-nine (269) Units, the UNIT CLOCK TOWER (as yet has not been built out) and UNIT COMMERCIAL were repaired in 1996 and 1997, and the Penthouse Units were newly constructed in 1996, 1997 and 1998. Developer has now replaced all of the roofs of former Unit I. The roofing contractor is completing its punch list. The Developer has also reglazed, repainted and replaced the rotted wood of the windows of the Units and retucked the exterior walls as needed, except for a limited area of windows that are affected by electrical lines. Those windows will be repaired by the contractor in coordination with Entergy in the fall of 2005.

Developer has now sold all of the Units in Phase I and Phase II. Pursuant to this Third Amended and Completely Restated Public Offering Statement, Developer now intends to

offer for sale seventy-nine (79) out of one hundred thirty-one (131) Units in Phase III located in Building A.

#### **IV. SUMMARY OF SIGNIFICANT FEATURES OF THE DECLARATION AND OTHER DOCUMENTS**

The Declaration, by its terms, expresses its dual functions as the operative instrument in the imposition of the condominium form of ownership upon the Condominium Property and as the basis for governance of the relationship of the Unit Owners and the Units within the Condominium during its existence. A copy of the Second Amended and Completely Restated Act of Declaration (the "Restated Declaration") with all of its exhibits is annexed hereto as **EXHIBIT 1**. The most significant of the features of the Restated Declaration and the other principal documents establishing and regulating the Condominium are summarized hereafter:

1. Imposition of Condominium Regime. The Restated Declaration identifies the Condominium Property and then reaffirms the Condominium Property as a condominium form of ownership in conformity with the Louisiana Condominium Act.
2. The Units. A description of the horizontal and vertical boundaries of each Unit and Penthouse Unit is provided. Each Unit is identified by the designation assigned to it on the Condominium Plan and its upper and lower elevations are established. These procedures identify the discrete space within which each Unit Owner is entitled to exercise his exclusive rights of possession.
3. The Association and its By-Laws. Reference is made to the existing Association, which is the governing body of the affairs of the Condominium, and a copy of the initial Articles and all amendments (the "Articles") are annexed as **EXHIBIT C** to the Declaration. Membership in the Association is limited to Unit Owners, and their voting rights are correspondent to their respective ownership interests in the Common Elements. Subject to the requirements for approval of specified percentages of Unit Owners as contained in the Restated Declaration, authority for management of the Association is vested in its board of directors comprised of five (5) members, four (4) of whom have been appointed by Developer until control is turned over to the Association as provided for herein and in the Restated Declaration. The Penthouse Unit Owners' Director shall remain on the Board and the right of the Penthouse Unit Owners to have one (1) Directorship shall not be changed or altered. The



Board of Directors will ultimately be elected by the Unit Owners pursuant to the Restated Declaration, Articles and By-Laws.

The By-Laws of the Association and all amendments are annexed as **EXHIBIT D** to the Restated Declaration. In addition to establishing all basic procedures and schedules for the administration of the affairs of the Association, the Bylaws provide, most significantly, for the turnover of control of the Association from Developer to the Unit Owners according to the following schedule:

The responsibility for governance of the Condominium Property has been transferred to the Association. However, the Developer still controls the Association. Until a date which is the earlier of (i) one hundred twenty (120) days after the date the Developer shall have completed the sale of two hundred sixty (260) Units; or (ii) the fifth (5<sup>th</sup>) anniversary of the first sale of any of the two hundred sixty-nine (269) Units subdivided from Unit I, the Developer shall retain control over the Association. Thereafter, it will turn over governance of the Association to the Unit Owners, if not sooner relinquished. Notwithstanding the above, the Penthouse Units Owners' Director shall continue to serve on the Board.

Upon the resignation or replacement of any Director, election of said Director shall be conducted at the annual or a special members' meeting. Election shall be by a plurality of votes cast, each person voting being entitled to cast his votes for each vacancy to be filled. There shall be no cumulative voting.

Notwithstanding any provision in this Section, the By-Laws, Articles of Incorporation, or the Declaration, there shall be a total of one Director elected by the Penthouse Unit owners (the "Special Director"). From those candidates running for the position of Special Director, the one candidate who receives the most votes of the owners of the Penthouse Units shall be elected to the Board, regardless of the number of votes the other candidates receive.

Further, notwithstanding any provision of the By-Laws, Articles of Incorporation of the Cotton Mill Condominium Association, Inc. or the Declaration for the Cotton Mill Condominiums, the election of the Special Director provided for above as set forth in the By-Laws, may not be amended without the unanimous consent of the Penthouse Unit Owners.

4. Ownership and Use of the Common Elements. The ownership by the Unit Owners of their respective undivided interests in the Common Elements set forth on **EXHIBIT G** to the Restated Declaration is established and their right to the use of the Common Elements subject to the provisions of the Restated Declaration and the rights of the Association and other Unit Owners is recognized.

5. Voting by Members of the Association. When a quorum is present at any meeting, the holders of at least fifty-one (51%) percent of the total votes present or represented by written proxy shall decide any question brought before the meeting, unless the question is one upon which by express provision of the Louisiana Condominium Act, the Articles of Incorporation, the Restated Declaration, or the By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

The aggregate number of votes for all members of the Association shall be one hundred (100). In any meeting of members each Unit Owner shall be entitled to cast the percentage of total vote of one hundred (100) that is equal to the Share of Common Elements attributable to his Unit, as provided in the Condominium Declaration. If a Unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by all of the record owners of the Unit and filed with the Secretary of the Association. Such certificate shall be valid until revoked, or until a change in the ownership of said Unit occurs. A certificate designating the person entitled to cast the vote of a Unit or interest in a Unit may be revoked at any time by the person or persons who executed the same. Votes may be cast in person or by proxy. Proxies shall be in writing and may be made by any person entitled to vote. They shall be valid only for the time (not exceeding the term permitted by the Non-Profit Corporation Law) or for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting. Approval or disapproval of a Unit owner upon any matter, provided by law, or by the provisions of the Articles of Incorporation, the Restated Declaration or the By-Laws, or otherwise, whether or not the subject of an Association meeting, shall be by the same person or persons who would be entitled to cast the vote of such Unit Owner in an Association meeting.

6. Voting by Board of Directors of Association. A quorum at Directors' meetings shall consist of the Directors entitled to cast at least fifty one (51%) percent of the votes of the entire Board. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum. The acts of the Board of Directors approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the acts of the Association, except as specifically otherwise provided by the Louisiana Condominium Act or in

the Restated Declaration, Articles of Incorporation, or the By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At an adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7. Budget and Assessments for Common Expenses. The Association is charged with the responsibility of providing funds for the payment of the Common Expenses of the Condominium by the imposition upon each Unit and Unit Owner of assessments of their respective, proportionate shares of the amounts necessary to satisfy all of the Common Expenses anticipated by each year's Annual Budget and any other Common Expenses necessarily incurred by the Association, even though not anticipated by the Annual Budget.

The current Annual Budget of the Association runs from January 1<sup>st</sup> to December 31<sup>st</sup> (Association fiscal year) and is annexed as **EXHIBIT H** to the Restated Declaration. The Annual Budget for each year is adopted by a vote of the Board unless it reflects an increase in the assessments to the Unit Owners of more than twenty-five (25%) percent above the preceding year in which event a vote of a majority of Unit Owners is necessary for approval of the Annual Budget.

The Board has authority to make supplemental assessments for extraordinary, unbudgeted Common Expenses up to twenty five (25%) percent of the amount originally budgeted for Common Expenses for the budget year in force, and any such supplemental assessments beyond such limit requires the approval of a majority of the Unit owners.

The Board has authority to make special assessments for capital improvements up to twenty-five (25%) percent of the amount originally budgeted for Common Expenses for the budget year then in force.

In addition to the funds to be derived by assessment of Common Charges, the Association has a Two-Month Capital Reserve Account as of August 15, 2005 of \$143,729.75, and a Maintenance Reserve Account of \$94,618.22 as of August 15, 2005. Each purchaser of a Unit from Developer will pay an amount equivalent to two (2) months' of the current monthly assessment ("Capital Deposit") of the Common Charges assessed to his Unit under the Budget for the year in which his purchase of the Unit takes place. A portion of the Capital Deposit will

be paid to Historic Restoration Inc. (HRI) to reimburse it for reserves previously paid to the Association, and the difference remitted to the Association. The capital reserve fund deposit shall be non-refundable but may be transferred to the credit of any subsequent owner or owners of a Unit to which it is attributable.

The Association has the authority to preserve and enforce a privilege upon any Unit for unpaid Common Charges assessed to such Unit and/or may assert a personal action against the Unit Owner for unpaid Common Charges assessed to his Unit.

Developer currently pays its portion of the Common-Expenses, as provided in the Budget and will continue to do so on all unsold Units from the subdivided Unit I, the UNIT CLOCK TOWER and the UNIT COMMERCIAL.

8. Insurance. The Association currently maintains insurance in accordance with the Declaration, the following insurance: (a) against loss or damage by fire, water, lightning, windstorm, hail, explosion, riot, collapse and smoke damage, and such other risks, casualties and hazards as may from time to time be carried by prudent owners of similar buildings in The City of New Orleans with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building, including the fixtures, furniture and furnishings in the common areas, and to the extent reasonably available, the Units (exclusive of improvements and betterments installed in the Units by the Unit Owners, and any fixtures, furniture, furnishings or other personal property in the Units, as well as any wall coverings and finishes and other decorative components in the Units), together with all service machinery in the common areas and covering the interests of the Condominium, the Association, the members of the Board, all Unit Owners, and Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Buildings, without deduction of depreciation; (b) commercial general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Buildings, but not in any Unit. The commercial general liability insurance, property damage and all risk extended coverage insurance is more fully detailed on the attached declaration pages of the current insurance coverages for the Cotton Mill Condominiums.

All policies of insurance contain waivers of subrogation in favor of the Developer and the Unit Owners, and, if possible, at commercially reasonable rates, waivers of any defense

based on (i) co-insurance, or (ii) other insurance, or (iii) invalidity arising from any acts of the insured, or (iv) pro rata reduction of liability, and provide that such policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to all of the insureds, including Mortgagees.

The policies of insurance will provide that each Unit Owner is an insured person under the policy with respect to liability arising out of his ownership of an individual interest in the common elements or membership in the Association, that no act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery thereunder, and with respect to physical damage insurance that the policy is primary insurance not contributing with any other insurance covering the same property that may be carried by or in the name of a Unit Owner.

Any insurance maintained by the Association may provide for such deductible amounts as the Association determines. The premiums for all insurance referred to above shall be a Common Expense and shall be paid by the Association.

Unit Owners may (it is strongly recommended) carry other insurance (i.e. Unit coverage and liability) for their own benefit. The Association shall not be prohibited from carrying insurance for the benefit of the Unit Owners and itself, as it relates to the Common Elements, provided that all such policies shall contain waivers of subrogation for the benefit of other Unit Owners, and further provided that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

9. Maintenance of the Common Elements. The Association is charged with the responsibility of maintenance of the Common Elements but may recover from any Unit Owner the cost of repair or damage to the Common Elements caused by the negligence of a Unit Owner and any party for which the Unit Owner is legally responsible.

The Association has the right of reasonable access to the individual Units, Common Elements and Limited Common Elements as may be required in connection with maintenance and repair of the Common Elements.

10. Use and Occupancy Restrictions. All of the Units, except the UNIT COMMERCIAL and Unit 110, are restricted for the use of residential purposes only, except that

professional and quasi-professional individuals may use their Units as an ancillary or secondary facility to an office established elsewhere so long as their principal use of the Unit is for residential purposes. Unit 110 is currently leased and a portion of it is used as a telecommunications room. At such time as Unit 110 is no longer used as a telecommunications room, regardless of who the Unit Owner is at such time, the use of Unit 110 shall revert and shall be restricted to residential use and purposes only as provided for the other Units herein. Further, Developer has reserved the right to convert and/or subdivide UNIT COMMERCIAL into residential Units, upon satisfying the provisions of the Restated Declaration and the Act.

Pursuant to the Restated Declaration, Unit I was subdivided by CMLP into two hundred sixty-nine (269) residential Units, except Unit 110 as herein provided, the UNIT CLOCK TOWER and the UNIT COMMERCIAL located in Buildings A, B, C, D, E, F and H. Except for the UNIT COMMERCIAL and Unit 110, all residential Units are solely for residential purposes, but Unit Owners may utilize their space as an ancillary or secondary facility to an office established elsewhere, as long as their principal use of the space is for residential purposes. Developer reserves the right to restrict the use of the UNIT COMMERCIAL.

11. Restrictions on Lease.

(a) Lease. Any lease, assignment of lease or sublease of a Unit must be in writing, except for any Unit owned by Developer. Any lease, assignment of lease or sublease of a Unit shall include a provision that the lessee or sublessee agrees to abide by and comply with all of the terms and restrictions of the Restated Declaration, as amended, and the rules and regulations of the Association. An executed counterpart of any lease, assignment of lease or sublease shall be delivered to the Association prior to commencement of occupancy by any tenant or subtenant thereunder.

Every lease, assignment of lease or sublease of a Unit, and any renewal thereof, is subject to the prior approval of the Association, except for any lease, assignment of lease or sublease relating to any Unit owned by Developer. Such approval will not be unreasonably withheld or delayed. If a tenant has violated any of the Rules and Regulations of the Association, withholding of approval of any new lease, assignment of lease, sublease or renewal with such tenant or subtenant shall be deemed to be reasonable.

(b) Unauthorized Transaction. Any lease not authorized pursuant to the terms of the Restated Declaration shall be void unless subsequently approved by the Association.

12. Amendment. Unless otherwise particularly specified in the Restated Declaration, all amendments to the Restated Declaration require the vote of at least sixty-seven (67%) percent of the total ownership of Common Elements. An amendment changing the percentage ownership of the Common Elements may be amended or modified only with the consent of all Unit Owners and all Mortgagees of Units affected by such change.

Developer, however, has the right, acting alone, to make any amendment of the Restated Declaration necessary to clarify any apparently conflicting provisions of the Restated Declaration and/or to correct any mistakes or errors of a clerical nature, as well as the other enumerated rights to amend granted to Developer in Article XIV, Paragraph 1 of the Restated Declaration.

13. Protection of Mortgagees. Mortgagees are granted certain rights to receive notices of actions by the Association and rights of approval of amendments to the Restated Declaration. Mortgagees that acquire Units pursuant to the exercise of their security interests are not liable for assessments of Common Charges to those Units accruing prior to the dates of their acquisition or constructive seizure of the unit, whichever occurs first.

14. Possible Changes in Common Elements. As long as the Developer is the owner of a Unit, the Restated Declaration reserves to Developer the ability to make physical changes or improvements in or to the Common Elements, which may include (by way of illustration but without limitation) (a) establishing additional walls or partitions on balconies or terraces that are Limited Common Elements associated with one or more particular Unit(s) or (b) establishment of entirely new Common Areas or facilities such as storage lockers or areas, which may (but are not required to) be Limited Common Elements.

## V. THE UNITS

### A. UNIT BOUNDARIES.

(1) The horizontal and vertical boundaries for the two hundred sixty-nine (269) Units (subdivided Unit I), the UNIT CLOCK TOWER and the UNIT COMMERCIAL are as follows:

(a) **Vertical Boundaries.**

The vertical boundaries of the Unit shall be measured from the top of the unfinished, structural floor of the Unit to the underside of the unfinished structural floor or roof system of the building or Unit above the Unit.

(b) **Horizontal Boundaries.**

The horizontal boundaries shall be the planes corresponding to the inside face (i.e., of the studs or framing) of all exterior walls, doors and windows of the Buildings to the centerline of any demising wall or corridor wall.

(2) **Penthouse Units.**

(a) **Vertical Boundaries.**

- (i) The lower vertical boundary of each Penthouse Unit shall be the plane corresponding to the upper surface of the unfinished floor of the lowest level of each such Penthouse Unit, as shown on the Building Plan.
- (ii) The upper vertical boundary of each Penthouse Unit shall be the planes corresponding to the lower surface of the unfinished ceiling exposed to the inside of the upper floor of each such Penthouse Unit.

(b) **Horizontal Boundaries.**

The horizontal boundaries of each Penthouse Unit shall be the planes corresponding to the inside face of the steel frame of the exterior walls to the centerline of any demising wall or corridor wall. Where there is a window or door, the horizontal boundary shall be the plane corresponding to the inside face of the opening material (i.e., window, door, window frame, door frame, or glass).

The horizontal and vertical boundaries and approximate measurements of each of the Units are more particularly shown and described on the Completely Revised Building Plans. In the event of conflict between the Completely Revised Building Plans and the description of a Unit set forth in the Restated Declaration, the Restated Declaration shall control. In the event the actual horizontal and vertical boundaries and measurements of any Unit, as built, differ materially from that shown on the Completely Revised Building Plans, Developer shall file an amendment to the Restated Declaration containing revised building plans indicating the actual



horizontal and vertical boundaries and measurements of such Unit before Developer sells such Unit to a third party.

**B. INTERIOR IMPROVEMENTS**

There has been delivered to each recipient of this Statement, as part of this Statement, a floor plan (the "Floor Plan") of the particular Unit which such recipient has agreed to purchase, and said recipient acknowledged receipt thereof. Included as a part of the Unit and owned in their entirety by the Unit Owner will be all of the perimeter walls, partition walls, doors and other improvements contained within the horizontal and vertical boundaries of the Unit other than any structural elements of the Buildings or systems servicing the Buildings or another Unit exclusively which pass through or are situated within the Unit.

**C. INCLUDED MOVABLE PROPERTY AND FINISHES.**

Each Unit shall include, and accordingly the Unit Owner shall be responsible for, all space and improvements between the horizontal and vertical boundaries described above and as shown on the Completely Revised Building Plans, including all cabinetry, appliances, interior partitions and interior walls on each floor level, and stairways between levels within the same Unit, but the alteration of such interior partitions, ceiling, and floors of the Unit by Unit Owners and Occupants shall be subject to the restrictions contained in the Restated Declaration.

Each Unit shall also include all electrical, water, telephone, intercom, air-conditioning, heating, and other utility and service equipment not owned by third parties and serving the particular Unit exclusively.

**D. COMPLETION OF UNITS.**

Each Unit, as completed by Developer, will have all perimeter walls, partition walls and doors shown on the Floor Plan in place, with all building standard finishes and improvements in place and completed. All HVAC equipment and ducting will be installed and operable. All appliances will be installed and operable. All further decoration and finishing of the Unit will be the responsibility of the Unit Owner, unless such work is undertaken by Developer in an express, written agreement with the purchaser. In the event any Purchaser renovates an "As Is" Unit, said Purchaser shall comply with all of the Contractor's Rules for Unit Renovations as established by the Association now or hereafter.

## **E. REAL ESTATE TAXES.**

Taxes, assessments and other charges of any taxing or assessing authority shall be separately assessed to each Unit Owner for his Unit and his corresponding Share in the Common Elements. If at any time such taxes or assessments shall not be separately assessed to each Unit Owner, but rather, shall be assessed on the Condominium Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his Share in the Common Elements, and, in such event, such taxes or assessments shall be a Common Expense. There is no tax abatement in effect for the Property. Developer and its predecessor-in-title, CMLP, have applied for the renewal and/or transfer of the Restoration Tax Abatement ("RTA") for former Unit I. In the event the RTA is granted and/or transferred, no individual Unit Owner/purchaser shall be entitled to any transfer of any portion of the RTA. Any RTA granted and/or transferred shall terminate (proportionately) upon the sale of the individual Units created herein.

## **VI. RIGHTS AND OBLIGATIONS OF DEVELOPER**

### **A. CHANGES IN PRICES, EXPANSION OF BUILDINGS, LAYOUT AND SIZES OF RESIDENTIAL UNITS.**

Developer reserves the right, at any time and from time to time, after the recording of the Restated Declaration, without prior notice and without the consent of the Association, any Unit Owner, any Penthouse Unit Owner, or mortgagee, to change the offering price, including, without limitation, the manner of payment thereof, and other terms of sale of any Unit, except one with respect to any Unit for which there has been executed a binding purchase agreement between Developer and a prospective purchaser.

Developer, for itself, its designees and any lessee of any **Unsold Units**, reserves the right (except to the extent prohibited by law) at any time and from time to time, after the recording of the Restated Declaration, without prior notice and without the consent of the Association, any Unit Owner or mortgagee, to (i) change the layout of, or number of rooms in, any **Unsold Units**; (ii) change the size and/or number of **Unsold Units** by subdividing one or more such Units into two or more separate Units; (iii) combine separate **Unsold Units** (including those resulting from a permitted subdivision or otherwise) into one or more Units; (iv) alter any boundary walls between **Unsold Units**; (v) incorporate any interior portion of the Common Elements adjacent to such **Unsold Units** to the extent only that such Common Elements are not

required to be maintained as Common Elements for the benefit of the Owners; and (vi) if appropriate, reapportion among the **Unsold Units** affected by any such change, their Common Interests. In the event of any substantial change pursuant to subparagraphs (ii), (iii), (iv), (v) or (vi), such change will be disclosed in a supplement to this Statement. No such change will be made with respect to any Unit for which a purchase agreement is then in effect unless the purchaser consents thereto. If Developer makes a substantial change in a Unit or Units, as the case may be, an amendment to the Restated Declaration shall be duly recorded after such substantial change has been made. The Common Interest of a Unit may change if there is a change in the ratio of the floor area of such Unit to the total floor area of all Units, reflecting the substantially exclusive advantages, if any, enjoyed by one or more but not all Units in a part or parts of the Common Elements. The Common Interest of a Unit may change if there is a change in the total floor area of such Unit.

No change may be made in the number of Units nor may the size of any Unit be reduced by subdivision or alteration of boundary walls, or otherwise, nor may the Common Interest of any Unit be changed, unless in such event the Restated Declaration is amended and such amendment is duly recorded. However, no increase in a Unit's Common Interest after the recording of the Restated Declaration will be made without obtaining the prior consent of all Unit Owners affected by such change and all Unit Owners affected shall have consented to such amendment. As more particularly provided in the Restated Declaration, Developer will have the right to so amend the Restated Declaration, to the extent required, in order to reflect such change affecting **Unsold Units**. To the extent permitted by law, in no event shall the Common Interest of any Unit be changed solely as a result of the use of any Common Elements if such Common Elements are not required to be maintained as Common Elements based upon permitted alterations of the boundary walls between any Unit and any Common Elements adjacent to such Unit.

#### **B. INTERIM LEASES: LEASING OF UNSOLD UNITS**

Developer reserves the right to use or occupy for itself or for sales, model units or marketing, or to rent or lease, for such rent and term and on such other conditions as may be agreed to between Developer and such Tenant, any Unit not conveyed or with respect to which a purchase agreement is not then outstanding. Accordingly, a purchaser may be acquiring a Unit

that has been previously occupied, but such Unit will be delivered at the closing free and clear of all leases, tenancies and rights of occupancy, unless otherwise agreed to in writing by the purchaser.

### **C. DEVELOPER'S OBLIGATIONS WITH RESPECT TO THE BUILDINGS**

CMLP only, and not Developer, has caused to be delivered to the Association from HCI Architecture, Inc., dated July 16, 2004, an architect's report (annexed hereto as **EXHIBIT 2**) in compliance with the Act, which report contains sub-reports as follows: Jeffrey, Thomas, Avegno, Inc., dated January 28, 2004 (Structural), annexed hereto as **EXHIBIT 3**; Terminix Service Co., dated February 27, 2004 (Termite), annexed hereto as **EXHIBIT 4**; Redd Pest Control, dated July 1, 2003 (Pest Control), annexed hereto as **EXHIBIT 5**; Roof Inspections & Consultants, Inc. Final Inspection Report, dated August 3, 2005 (Roofing) annexed hereto as **EXHIBIT 6**; Schindler Elevator Company, dated January 23, 1998 and December 30, 2002 (Elevator), annexed hereto as **EXHIBIT 7**; Pontchartrain Mechanical, dated January 4, 2004 (Plumbing and HVAC), annexed hereto as **EXHIBIT 8**; I.T.S. Fire Alarm Security, LLC, dated January 14, 2004 (Fire Alarm), annexed hereto as **EXHIBIT 9**; and Northside Electric, Inc., dated January 15, 2004 (Electrical), annexed hereto as **EXHIBIT 10**. A description of the soundproofing for the Phase III Units, is contained in the Architect's Report. All of the reports in their totality state that the Buildings substantially comply with all applicable codes except as provided for therein. The reports in their entirety describe the present condition of all structural components, roof, and mechanical and electrical installations material to the use and enjoyment of the Condominium. Developer makes no representations as to the estimated remaining useful life of any of the items mentioned in the preceding sentence, and purchasers are referred to the reports with respect to such items.

The Roof Report recommends replacement of the Unit I roofs in all of the Buildings. CMLP, at its expense, and Developer has replaced all of the Unit I roofs on Buildings A, B, C, D, E, F and H. Developer makes no representation with respect to this matter, and purchasers are referred to the Final Roof Inspection Report with respect to this matter.

Developer has received and knows of no outstanding notices of incurred violations of building codes or other municipal regulations except as stated in the reports (**EXHIBITS 2 through 10**).

#### D. LEAD-BASED PAINT

Regarding lead-based paint, according to the reports generated by PSI for CMLP, lead-based paint was confirmed to be in the areas including but not limited to the following: 1.) interior side of masonry walls within the Units and common areas; 2.) the wood columns within the Units and in the corridors; 3.) the wood beams between columns; 4.) the underside of the wood ceiling deck on the top floor of all of the buildings within the Units; and 5.) the exterior of the masonry walls around the pool area. No action will be taken by Developer. Reference is made to the Lead-Based Paint Notice annexed hereto. Notwithstanding the foregoing, any Unit purchaser may elect to have the lead-based paint encapsulated in his/her Unit upon request and payment to Developer of the encapsulation charge.

On those Units containing the upgrade or renovation package, Developer agrees to warrant the refrigerator, dishwasher, stove/cooktop, and heating and air-conditioning system for a period of one (1) year from the date each Unit is sold to a first-time Unit purchaser. Any manufacturers warranties shall also be transferred at closing, however any manufacturers warranty that extends beyond one (1) year shall solely be the responsibility of the manufacturer, Developer hereby expressly limits the above warranty to one (1) year.

As to Units purchased in their current "AS IS" condition, Developer agrees to warrant the heating and air-conditioning system for a period of one (1) year from the date each Unit is sold to a first-time Unit purchaser. Developer hereby expressly limits the above warranty to one (1) year. Any renovations performed by the purchaser must be submitted to the Association for approval and must comply with the Association's Contractor's Rules For Renovations of a Unit now or hereafter established

**EXCEPT AS SET FORTH IN THE PRECEDING PARAGRAPHS, ALL UNITS AND THE CONDOMINIUM PARCEL ARE SOLD, AND THE CONDOMINIUM PROPERTY IN GENERAL IS PRESENTED TO ALL PROSPECTIVE PURCHASERS, AS IS, WITHOUT ANY WARRANTY WHATSOEVER, EXCEPT AS PROVIDED FOR IN THE PRECEDING PARAGRAPHS WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY SUCH WARRANTIES WITH RESPECT TO FITNESS FOR INTENDED PURPOSE OR ANY SUCH WARRANTIES AGAINST VICES AND DEFECTS, EVEN HIDDEN OR LATENT DEFECTS THAT COULD NOT**

BE DISCOVERED BY AN INSPECTION, INCLUDING, BUT NOT LIMITED TO, ANY MOLD OF ANY TYPE (TOXIC OR OTHERWISE) AND MILDEW, AS WELL AS ANY LEAD-BASED PAINT. THE FOREGOING WAIVER INCLUDES BUT IS NOT LIMITED TO A WAIVER OF ALL RIGHTS OR REMEDIES ON ACCOUNT OF REDHIBITORY VICES OR DEFECTS, CLAIMS OR ACTIONS *IN QUANTI MINORIS*, OR CLAIMS OR ACTIONS FOR THE RETURN OF ALL OR ANY PART OF THE PURCHASE PRICE OF THE UNIT. THE PURCHASER OF ANY UNIT SHALL HAVE FULL OPPORTUNITY TO INSPECT THE UNIT AND THE CONDOMINIUM PARCEL, PERSONALLY OR THROUGH EXPERTS OF THE PURCHASER'S CHOICE.

**D. DEVELOPER'S UNDERTAKING WITH RESPECT TO COMMON CHARGES AND ITS CAPITAL RESERVE ACCOUNT CONTRIBUTION**

Until such time as the Units are sold, Developer or its assigns shall be obligated for the payment of Common Charges assessed against it as the owner of the subdivided Units created out of Unit I (i.e. the two hundred sixty-nine (269) Units, the UNIT CLOCK TOWER, and the UNIT COMMERCIAL of the Condominium.

**VII. CURRENT BUDGET**

The current Budget has been developed by the Association in order for it to provide the services and other items currently being provided for the Cotton Mill Condominiums. A copy of the 2005 Budget is annexed hereto and marked as **EXHIBIT 11**.

The current Budget provides for an annual capital reserve of **\$19,150.00** for repair or replacement of the Buildings and other Common Elements. The 2006 budget anticipates increases in the annual reserves up to \$50,000.00 per year. The Budget provides that the capital reserve fund can be made available for the purposes of repair and/or replacement of the Buildings and other Common Elements but is not dedicated to that purpose.

The current Budget covers the period from January 1, 2005 through December 31, 2005. The entertainment and fitness rooms and pool area of the Condominium are Common Elements owned in indivision by the Unit Owners and administered by the Association through the Manager. The cost of administration and operation of the entertainment and fitness rooms

are reflected in the current Budget. The use of the fitness and entertainment rooms and pool shall be regulated in accordance with the Rules and Regulations as established by the Board of Directors of the Association. The Unit Owners and/or tenants shall be entitled to the use of all of the Common Elements so long as it is in operation, and the costs of management, operation, upkeep and maintenance are included in the current Budget (**EXHIBIT H**).

Developer anticipates a twelve (12%) percent increase in the 2006 budget over the 2005 Budget resulting in an increase in monthly condominium fees. The proposed budget will bring the monthly maintenance fees to approximately \$.27 per square foot per month. A copy of the proposed 2006 budget and schedule of 2006 monthly condominium association fees are attached hereto.

### **VIII. MANAGEMENT**

The Condominium Property is currently under and the subject of a management contract between the Association and HRI Management Corporation ("HRIMC and/or Manager"), who is also the manager and leasing agent for the owner of the Unsold Units. The management contract with HRIMC is a yearly contract based on the calendar year and has been renewed annually, at rates substantially in line with industry standards. Notwithstanding, the term of the management agreement, the contract provides that the Association may terminate the contract without penalty, upon three (3) months' prior written notice. The management contract provides that the Manager shall render all management and administrative services reasonably necessary in connection with the Condominium. The annual cost for Manager's services to the Association under the management contract is now \$12,000.00 per year. Manager is owned by substantially the same persons as own Historic Restoration, Incorporated, which is a partner in Developer. Developer anticipates the management fee will increase to \$24,000.00 per year, as more fully detailed in the 2006 budget annexed hereto.

Developer may operate the Units it owns as rental Units, in any manner that Developer deems appropriate, and in connection therewith, may enter into a separate property and rental management agreement for those Units that will be rented, with a management company, which may be the Manager. Unit Owners hereby waive any conflict of interest that may arise in connection with the Manager serving both as Manager under the Management

Agreement and as manager under any management agreement for the Units that are leased by Developer. Notwithstanding the above, the Manager shall have a duty to the Association and the Unit Owners to conduct itself and carry out its obligations under the management agreements in accordance with sound management practices generally accepted in the industry.

#### **IX. ADVERSE CLAIMS**

There are no pending lawsuits, claims or other proceedings of a judicial or administrative nature in which the Association is a party or which are material to the Condominium of which the Developer has actual knowledge, nor are there any unsatisfied judgments against the Association of which the Developer has actual knowledge, nor does Developer have actual knowledge of any threatened lawsuit or other proceeding against the Association or with respect to the Condominium.

#### **X. BUILDING CODE AND REGULATORY MATTERS**

The Buildings comply, in all material respects, with the provisions of the Building Code of the City of New Orleans and the standards and regulations of all other governmental authorities having jurisdiction over the occupancy of the Buildings.

Except as set forth above, there are no outstanding notices of any building code or other regulatory requirements.

#### **XI. SHARE OF COMMON EXPENSES AND COMMON SURPLUS**

Each Unit Owner, Developer and the Penthouse Unit Owners shall pay or continue to pay and be liable for the Common Expenses and be entitled to share in the Common Surplus in accordance with such Owner's Share. Each Unit Owner, Penthouse Unit Owners and Developer shall pay its monthly condominium association assessment pursuant to the current budget and schedule of dues set forth on **EXHIBIT G** to the Restated Declaration.

#### **XII. PARKING SPACES**

The Association has entered into an agreement with HRI Parking to provide to the Association sufficient area to park 190 automobiles in the property located in Square 121 of the First District, Orleans Parish, Louisiana, and directly across the street from the Cotton Mill



Condominiums. Developer and its predecessor-in-title, CMLP, and the Association have acquired various rights and interests through grants of servitude and leases for the said property as follows:

1. Grant of Servitude and Parking Agreement by and between Historic Restorations, Inc. and Cotton Mill Limited Partnership dated September 30, 1996;
2. Sublease Agreement between Historic Restorations, Inc. and Cotton Mill Limited Partnership dated September 30, 1996;
3. Servitude of Right of Use and Consent by Dixie Machine Welding and Metal Works, Inc. and Historic Restoration, Inc. dated August 31, 1996;
4. Lease between Richard M. Cahn and Historic Restoration, Inc. dated March 14, 1994;
5. Amendment to Lease between Richard M. Cahn and Historic Restoration, Inc. dated September 30, 1996;
6. Restrictive Covenant and Servitude by Richard M. Cahn dated September 30, 1996; and
7. Assignment and Assumption of Agreements by CMLP to the Association dated June 29, 2004, registered in CIN 286765.

(copies of the above referred to agreements are available for review upon request at the sales office and offices of Developer).

Notwithstanding any provision to the contrary hereinafter, the Association shall insure that the Penthouse Unit Owners shall have first priority over the 17 reserved parking spaces established on Lots A or N, 45, and 46, Square 121. All parking spaces shall be available pursuant to monthly contracts made available to said Penthouse Unit Owners, Unit Owners and/or tenants. Developer shall make available the parking spaces for a period of eighty-eight (88) years commencing from the date of recordation of the Restated Declaration. Said spaces shall be available at market rates. Market rate {hereafter "Market Rate"} is defined as:

Market Rate. The average of the monthly rents charged by parking facilities comparable to the parking provided to the Residents pursuant to this Act located within the area bounded by Lafayette, Magazine and Fulton Streets, and Howard Avenue for parking an automobile from time to time during the terms of this Act. Grantor shall calculate the Market Rate and shall notify Grantee of any change in the Market Rate. If Grantee disagrees with Grantor's calculation of the Market Rate, and Grantor and Grantee cannot resolve their dispute, they agree to arbitrate the matter in accordance with the Commercial Rules of Arbitration of the American Arbitration Association.

pursuant to monthly parking contracts containing terms and provisions not substantially at variance with those generally prevailing in the industry. On or before the first day of each month, each eligible Penthouse Unit Owner, Unit Owner and/or tenant shall deliver to the Parking Operator his payment for his parking space, and failure to do so shall subject a particular Penthouse Unit Owner, Unit Owner or tenant to whatever late charges, interest, or other penalties may be provided in the parking contract, including loss of parking privileges. Provided, however, that at any time during the term of any such parking contract, a delinquent Penthouse Unit Owner, Unit Owner or tenant may reinstate his contract by paying all past due charges, including any applicable interest, fees, or penalties, and upon doing so such Penthouse Unit Owner, Unit Owner or tenant shall again be eligible to park in the space that is the subject of his contract during the next full month following his reinstatement. The Association shall have no direct monetary liability to the Parking Operator. In the event Developer or any related entities engage in any construction in, upon, or around the parking facility located in Square 121, of the First District, bounded by Poeyfarre Street, Constance Street, Howard Avenue and Annunciation Street, New Orleans, Louisiana, Developer shall have the right to relocate said parking spaces to one or more other facilities within the Warehouse District of the City of New Orleans (bounded by Convention Center Boulevard, Poydras Street, St. Charles Avenue, and the Mississippi River Bridge) for a period of no more than twenty-four (24) consecutive months, and the Penthouse Unit Owners, Unit Owners and/or tenants shall continue to pay for the charges therefor in accordance with the procedures set forth above, provided that if charges exceed Market Rates, Developer or the related entity shall be responsible to pay the excess for the Unit Owners and Penthouse Unit Owners. The cost of the monthly parking contracts shall be paid by the individual Penthouse Unit Owners, Unit Owners and/or tenants.

### **XIII. MISCELLANEOUS PROVISIONS**

#### **A. FACADE DONATION**

An Act of Donation of Perpetual Real Rights by CMLP in favor of Preservation Resource Center was granted by CMLP. A copy of the fully executed and recorded Donation is available for review and inspection at Developer's office and at the sales office. The Act of Donation relates to the donation of the facade to the Preservation Resource Center and requires

certain maintenance to the exterior facade, which is a Common Element and the responsibility of the Association.

**B. COMMERCIAL SPACES**

Developer currently leases a portion of Unit 110 as a telecommunications space for the operations of antenna and telecommunications apparatus located on the top of the water tower. The water tower is a Common Element operated, maintained and insured by the Association. The Association received a substantial payment, which has been applied to the complete renovation and restoration of the water tower. The water tower shall remain on the premises by agreement with the Historic District Landmark Commission. There is one (1) commercial Unit (the UNIT COMMERCIAL) located in the southeast corner of the Land on the ground level in Building B. Developer reserves the right to restrict the UNIT COMMERCIAL use and/or convert it into residential Units upon compliance with the Restated Declaration and the Act.

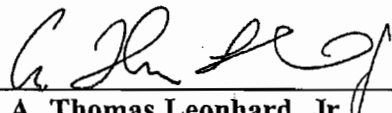
**XIV. PUBLIC OFFERING STATEMENT**

This Statement will be delivered to each person who executes an agreement for the purchase of a Unit. Pursuant to the provisions of La. R.S. 9:1124.106, a person agreeing to purchase a Unit shall have fifteen (15) days after the date of his receipt of this Statement during which he may, without cause, unilaterally cancel and rescind any reservation or agreement to purchase a Unit and receive the return of his deposit upon compliance with the provisions of La. R.S. 1124.106 regulating the manner of exercise of such right.

New Orleans, Louisiana, August 19, 2005.

**DEVELOPER:**

**PRU-HRI COTTON MILL  
ASSOCIATES LLC, a Delaware  
limited liability company**

By:   
Name: **A. Thomas Leonhard, Jr.**  
Its: **Duly Authorized Agent**