

Attachment 2

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

IN RE:)	
)	Case No. 09-18086-RGM
GORDON PROPERTIES, LLC)	Chapter 11
CONDOMINIUM SERVICES, INC.,)	
)	
Debtors.)	
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GORDON PROPERTIES, LLC,)	
)	
Plaintiff,)	
)	
v.)	Adv. Proc. No. 11-01020-RGM
)	
FIRST OWNERS' ASSOCIATION OF)	
FORTY SIX HUNDRED CONDOMINIUM,)	
INC.,)	
)	
Defendant.)	
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DECLARATION OF EILEEN MORGAN JOHNSON

Eileen Morgan Johnson declares as follows:

1. I am a partner with Whiteford Taylor Preston LLP. I graduated from law school in 1981, joined the Virginia State Bar in 1982 and have been with Whiteford Taylor since 2006. I make this declaration in support of FOA's motion to approve the service agreement with Condominium Services, Inc. ("CSI").

2. My practice for the last twenty-seven years has focused on the representation of not-for-profit organizations and associations, including member owned entities like First Owners' Association of Forty Six Hundred Condominium, Inc. ("FOA"), with regard to a wide variety of corporate

governance, taxation, employment, real estate and general operational issues. The negotiation and review of agreements between condominium associations and managers has been a regular part of my practice for the past six years.

3. I was asked in December 2012 by William Reichenbach to assist FOA in its negotiations with CSI about a Service Agreement between FOA and CSI that had been proposed by CSI. I understood that Mr. Reichenbach was a member of a Special Litigation Committee that had been formed to act on behalf of FOA with regard to various issues, including the negotiation of a Service Agreement, because of overlapping relationships among FOA, CSI and Gordon Properties. In my practice, I have previously represented condominium associations negotiating agreements just like this one.

4. I reviewed the proposed agreement and prepared a five page memorandum to the members of the Special Litigation Committee outlining my views and suggestions. Among the suggestions I made concerning changes that I thought should be made to the draft agreement were the following:

- a. The proposed agreement provided that CSI could spend up to \$5,000 on an unbudgeted item and I thought that limit should be decreased;
- b. The proposed agreement lacked a provision that clearly provided that it would be the Board of FOA, and not CSI, which would make the ultimate decisions concerning the selection of contractors to provide routine maintenance;

- c. The proposed agreement provided for an increase in the annual fee at the rate of 5.0%, which I thought was too high;
- d. The proposed agreement provided for a 5% late fee to be imposed on any unpaid and overdue balance, which I thought, should be changed to exclude amounts in dispute;
- e. The proposed agreement allowed for the payment of any hourly charges to CSI, in addition to the annual service fee, without prior approval by the Board, which I thought should be changed to require the Board's prior approval; and
- f. The proposed agreement included a cap on CSI's liability to FOA pursuant to its various indemnity obligations of \$42,000, which I thought should be increased.

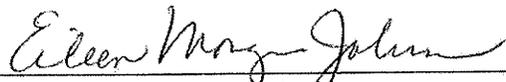
As outlined in the accompanying motion, FOA succeeded in the negotiations to have these changes made, all of which redound to the benefit of FOA.

5. The negotiations were not wholly one-sided, of course, but arms-length negotiations rarely are. For example, the SLC and I argued against the inclusion of the payment of a \$7,000 origination fee to CSI as out of the ordinary but, as part of the give-and-take of negotiations, we were persuaded that the fee – to be used to develop the necessary software to track various components of the unit owners' assessments accurately and in accordance with Court rulings – was legitimate. There were only a few changes recommended in my memorandum to the Special Litigation Committee that we were unable to change during our negotiations with CSI.

6. Throughout my representation of FOA and my interactions with the members of the SLC, the negotiations with CSI concerning the terms of the Service Agreement were conducted at arms' length and in good faith. Based on my experience, including my experience negotiating contracts of this very kind, the terms and provisions of the Service Agreement between CSI and FOA are reasonable, consistent with the good practices of condominium owner associations, and fair to FOA.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on March 8, 2012



Eileen Morgan Johnson