

proceeds of the project, (iii) partition or subdivide any residence or the common elements or limited common elements of the condominium, except as may occur by operation of law, nor (iv) by act of omission seek to abandon the condominium status of the condominium except as provided by statute in the case of failure to repair, reconstruct or rebuild the residences and common elements and limited common elements of the condominium project following damage or destruction to all or part of the condominium property, (v) use hazard insurance proceeds for losses to any condominium property (whether to residences or to common elements or limited common elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the residences and/or common elements of the project.

D. In the event any mortgage is owned by the Federal Home Loan Mortgage Corporation (FHLMC), the owners Association agrees to give FHLMC notice in writing of any loss to, or taking of, the common elements or limited common elements of the condominium project if such loss or taking exceeds \$10,000.00.

E. The prior written approval of each institutional holder of a first mortgage lien on residences in the project will be required for at least the following:

1. The abandonment or termination of the project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

2. Any material amendment to the Declaration or the By-laws of the Owners Association, including, but not limited to, any amendment which would change the percentage interests of the co-owners in the project;

3. The effectuation of any decision by the Owners Association to terminate professional management and assume self-management of the project.

F. Any lien which the Owners Association may have on any residence in the project for the payment of common expense assessments attributable to such residence will be subordinate to the lien or equivalent security interest of any first mortgage on the apartment recorded prior to the date any such common expense assessments become due.

G. Any institutional holder of a first mortgage on a residence, the insurer of such first mortgage, and the residence owner in the project will, upon request, be entitled to: (a) inspect the books and records of the project during normal business hours; and (b) receive an annual audited financial statement of the project within 90 days following the end of any fiscal year of the project; and (c) written notice of all meetings of the Owners Association and first mortgagees and the insurer shall be permitted to designate a representative to attend all such meetings.

H. In the event of substantial damage to or destruction of any residence or any

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