

Section 1: [Article 10, Section 10.4(a)] Summary Unit Entry and Abatement of Rule Violations Without Notice, Hearing,

MARKUP #1 ->

The violation of any Rule or Regulation adopted by the Board of Directors, or the breach of any obligation contained in the ByLaws, or the breach of any obligation contained in the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth by the ByLaws to: (a) Enter the Unit in which, or as to which, such violations or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing, or condition that exists therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors shall not thereby be guilty in any manner of trespass

Section 2: [Article 10, Section 10.5] Per-Diem Fines for Failure to Submit Conveyance Deed and New Unit Owner Inform

Every new Owner shall return to Woodhaven Condominium Inc. c/o the property manager a copy of the fully executed conveyance deed and a completed 'New Unit Owner Information Form' within ten (10) days of the date of the conveyance deed. The failure to provide the copy of the conveyance deed and the fully completed 'New Unit Owner Information Form' shall constitute a violation of the Woodhaven Condominium Inc. Rules and may subject the Unit Owner to a fine for each day after the ten (10) day time period until the new Unit Owner fully complies with the requirements of this Section.

ISSUE #1

Section 3: [Article 10, Section 10.10(a) & (d)] Association Right of First Refusal and Five-Year Power to Void Unit Sales

No Unit Owner may effectively dispose of a Unit or any interest therein by sale or lease without first offering the same for sale or lease to the Association upon the terms and conditions hereinafter provided for... (a) The Unit Owner intending to make a bona-fide sale or lease of his Unit or any interest therein shall give to the Association written notice of such intention together with the name and address of the intended purchaser or lessee and the terms and conditions of the sale or lease, including the price. The Association shall thereafter have a period of ten days within which they may buy or lease said Unit in the name of the Association upon the same terms and conditions as contained in the outside offer... (d) Any purported sale or lease of a Unit in violation of this Article shall be voidable, by the Board of Directors, within five (5) years from the date of recording of the document evidencing such sale or lease.

MARKUP #1 · FAIR HOUSING ACT (FHA) LIABILITY RISK

BOARD & COUNSEL REVIEW

Sec. Article 10, Section 10.10(a) & (d) (p. 1): Right of First Refusal (ROFR) clause lacks mandatory exemptions for foreclosure, deeds in lieu of foreclosure, and FHA/GSE-insured mortgages.

Statutory / Legal Reference: Fannie Mae Selling Guide B4-2.1-03; Freddie Mac Guide Ch. 5701; 24 C.F.R. § 203.43b (HUD/FHA)

Statutory Comparison: Under federal HUD/FHA regulations (24 C.F.R. § 203.43b) and Fannie Mae / Freddie Mac project eligibility standards, any Right of First Refusal in the governing documents renders the entire community non-warrantable for federal and conventional secondary-market mortgages unless it expressly exempts foreclosures, deeds-in-lieu of foreclosure, and mortgagee transfers, and complies with anti-discrimination mandates.

CURRENT WORDING IN DOCUMENT:

[Article 10, Section 10.10(a) & (d)] Association Right of First Refusal and Five-Year Power to Void Unit Sales or Leases - No Unit Owner may effectively dispose of a Unit or any interest therein by sale or lease without first offering the same for sale or lease to the Association upon the terms and conditions hereinafter provided for... (a) The Unit Owner intending to make a bona-fide sale or lease of his Unit or any interest therein shall give to the Association written notice of such intention together with the name and address of the intended purchaser or lessee and the terms and conditions of the sale or lease, including the price. The Association shall thereafter have a period of ten days within which they may buy or lease said Unit in the name of the Association upon the same terms and conditions as contained in the outside offer... (d) Any purported sale or lease of a Unit in violation of this Article shall be voidable, by the Board of Directors, within five (5) years from the date of recording of the document evidencing such sale or lease.

SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):

Any Right of First Refusal reserved herein shall not apply to or impair the rights of any institutional First Mortgagee, nor shall it apply to any transfer or conveyance by foreclosure, deed in lieu of foreclosure, or subsequent sale by a First Mortgagee, Fannie Mae, Freddie Mac, FHA/HUD, or VA, in compliance with 24 C.F.R. § 203.43b and Fannie Mae Selling Guide B4-2.1-03.