

by such homeowners association, corporation or trust for the benefit of the units in the PUD (the granting of easements for public utilities or for other public purposes consistent with the intended use of such common property by the PUD shall not be deemed a transfer within the meaning of this clause);

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a PUD unit owner;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property party walks or common fences and driveways, or the upkeep of lawns and plantings in the PUD;

(d) fail to maintain fire and extended coverage on insurable PUD common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(e) use hazard insurance proceeds for losses to any PUD common property for other than the repair, replacement or reconstruction of such common property.

Section 4. First mortgagees of PUD units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any PUD common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the PUD homeowners association, corporation, or trust. Entitlement to such reimbursement is hereby reflected in this Declaration as an agreement in favor of all first mortgagees of units in said PUD duly executed by the PUD homeowners association, corporation or trust, and an original or certified copy of such agreement is possessed by Seller.

Section 5. No provision of the PUD constituent documents gives a PUD unit owner, or any other party, priority over any rights of the first mortgagee of a unit in a PUD pursuant to its mortgage in the case of a distribution to such PUD unit owner of insurance proceeds or condemnation awards for losses to or a taking of PUD common property.