

to which such notification shall be sent.

B. The holder of any such mortgage shall be entitled to written notification from the Association or the manager of any default by the residence owner of the residence covered by such mortgage in the performance of the obligations of such residence owner under the condominium documents or the regulations adopted pursuant thereto which is not cured within 60 days, provided that the Manager shall have been furnished written notice of the address to which such notification shall be sent.

C. Unless all holders of first mortgages on individual residences have given their prior written approval, the Association, Board of Directors and Manager, as the case may be, shall not

(1) except in adding Phase II or III, change the pro rata interest or obligation of any residence for purposes of levying assessments and charges and determining shares of the common elements and limited common elements and proceeds of the project,

(2) 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

(3) by act or 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,

(4) 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 units 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 unit owners in the Project, except changes in percentage interests of each stage of development for future stages.

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

G. Any institutional holder of a first mortgage on a unit the insurer of such first mortgage and the unit owner in the Project will, upon request, be entitled to:

(1) inspect the books and records of the Project during normal business hours; and

(2) receive an annual audited financial statement of the Project; and

(3) 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 unit or any part of the common elements, the institutional holder of any first mortgage on a unit will be