## Section RIVERWATCH CONDOMINIUM - Sample Provision Excerpt (Public Preview)

Each Bona-Fide Tenant shall have the right to purchase his or her apartment at the Insider Price for such apartment set forth on the revised Schedule A attached hereto as Exhibit A and made a part hereof.

ISSUE #1

MARKUP #1 ->



MARKUP #1 · MORTGAGE WARRANTABILITY & RESERVE RISK — BOARD & COUNSEL REVIEW

**Sec. RIVERWATCH CONDOMINIUM (p. 3): 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 (FHA / Agency Lending Guidelines)**

Statutory Comparison: Under federal HUD/FHA regulations (24 C.F.R. §§ 203.41, 203.43b), VA regulations (38 C.F.R. § 36.4354), 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...

CURRENT WORDING IN DOCUMENT:
Each Bona-Fide Tenant shall have the right to purchase his or her apartment at the Insider Price for such apartment set forth on the revised Schedule A attached hereto as Exhibit A and made a part hereof.

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. §§ 203.41, 203.43b, 38 C.F.R.**