ISSUE #1

**Section VIII - Sample Provision Excerpt (Public Preview)**

of the Park Plaza Code of Regulations grants the Association, through the Council, a right of first refusal to purchase any unit on terms offered by a bonafide buyer. Reference to the right of first refusal must be contained in your sales agreement. A Certificate of Waiver terminating the Association's right of first refusal to purchase your unit...

MARKUP #1 ->



MARKUP #1 · MORTGAGE WARRANTABILITY & RESERVE RISK

BOARD & COUNSEL REVIEW

**Sec. VIII (p. 1): Right of First Refusal (ROFR) or prior sale/lease approval restraint in favor of the Association or Members omits mandatory exemptions for first-mortgagee foreclosure, deeds in lieu of foreclosure, and agency-insured (FHA/VA/FNMA/FHLMC) transfers.**

**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 Fannie Mae Selling Guide B4-2.1-03, Freddie Mac Guide Ch. 5701, and 24 C.F.R. §§ 203.41 / 203.43b (HUD/FHA), any Right of First Refusal (ROFR) or prior sale/lease approval restriction in the governing documents impairs mortgage warrantability unless it expressly exempts first-mortgagee foreclosure, deeds in lieu of foreclosure, and subsequent conveyances by an institutional mortgagee or federal agency.

**CURRENT WORDING IN DOCUMENT:**

of the Park Plaza Code of Regulations grants the Association, through the Council, a right of first refusal to purchase any unit on terms offered by a bonafide buyer. Reference to the right of first refusal must be contained in your sales agreement. A Certificate of Waiver terminating the Association's right of first refusal to purchase your unit...

**SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):**

**Notwithstanding any contrary provision in this section, this covenant shall be administered and enforced strictly in accordance with Fannie Mae Selling Guide B4-2.1-03, Freddie Mac Guide Ch. 5701, & 24 C.F.R. § 203.43b (FHA / Agency Lending Guidelines). Association counsel should review this provision and adopt a conforming amendment or board policy resolution to align with Fannie Mae Selling Guide B4-2.1-03, Freddie Mac Guide Ch. 5701, & 24 C.F.R. § 203.43b (FHA / Agency Lending Guidelines).**