

Partial Taking, shall represent each Unit Owner in an action to recover all awards with respect to such portion, if any, of a Unit Owner's personal property which is at the time of any taking, as a matter of law, part of the real estate comprising any Unit, and shall allocate to such Unit Owner so much of any awards as is allotted in the taking proceedings or, failing such allotment, allotted by the Board of Directors to such Unit Owner's personal property. The amount so allocated shall be paid to the Unit Owner entitled thereto, whether or not the Unit in which such Unit Owner's personal property was located is to be restored by the Board of Directors. Notwithstanding restoration of the Unit, the Board of Directors shall have no responsibility for restoration of such Unit Owner's personal property.

Section 4. Notice to Unit Owners and Listed Mortgagees. The Board of Directors immediately upon having knowledge of any taking by eminent domain of the Project, the Association Properties, or any portion thereof, or any threat thereof, shall promptly notify all Unit Owners, all institutional holders of first Mortgages on Condominiums in the Project and those Mortgagees who have filed a written request for such notice with the Board.

#### ARTICLE XIII

#### RIGHTS OF MORTGAGEES

Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon a Condominium made in good faith and for value.

provided that after the foreclosure of any such Deed of Trust such Condominium shall remain subject to this Declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA") and the Federal National Mortgage Association ("FNMA") to participate in the financing of the sale of Condominiums within the Project, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of Mortgagees, FHLMC, FNMA, GNMA, VA and FHA, conflict with any other provisions of this Declaration or any other of the Windwood Restrictions, these added restrictions shall control):

(a) Each first Mortgagee of a Mortgage encumbering any Condominium, upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the Mortgagor of such Condominium in the performance of such Mortgagor's obligations under the Windwood Restrictions, the Articles or the By-Laws (collectively referred to as the "Project Documents"), which default is not cured within thirty (30) days after the Association learns of such default.

(b) Every Unit Owner, including every first Mortgagee of a Mortgage encumbering any Condominium, which

obtains title to such Condominium pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

(c) Each first Mortgagee of a Mortgage encumbering any Condominium, which obtains title to such Condominium, pursuant to judicial foreclosure or the powers provided in such Mortgage, shall take title to such Condominium free and clear of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time such Mortgagee acquired title to such Condominium.

(d) Unless at least seventy-five percent (75%) of the first Mortgagees (based upon one vote for each Mortgage owned), or seventy-five percent (75%) of the Unit Owners (other than Grantor), have given their prior written approval, neither the Association nor the Unit Owners shall:

(1) subject to any provisions of the California General Nonprofit Corporation Law to the contrary, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Association Properties or the Improvements thereon which are owned, directly or indirectly, by the Association (the granting of easements for public utilities or for other public purposes or the renting of boat slips, consistent with the intended use of such property by the Association as provided in this Declaration, shall not be deemed a transfer within the meaning of this clause);

(2) change the method of determining the obligations, assessment dues or other charges [other than Special Assessments or late charges imposed by the Board in accordance with the provisions of this Declaration] which may be levied against any Unit Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(3) 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 the Association Properties or the Common Areas of the Project;

(4) fail to maintain Fire and Extended Coverage on insurable Association Properties or the Common Areas as provided in Article X of this Declaration; or

(5) use hazard insurance proceeds for losses to Improvements on any Association Properties or Common Areas for other than the repair, replacement or reconstruction of such Improvements, subject to the provisions of Article XI of this Declaration.

(e) First Mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of audited annual financial reports and other financial data, (3) receive written notice of all meetings of the Unit Owners, and (4) designate in writing a representative to attend all such meetings.

(f) All institutional first Mortgagees shall be given thirty (30) days' written notice prior to the effective date of any proposed, material amendment to the Windwood Restrictions or the Articles or By-Laws, and prior to the effective date of any termination of an agreement for professional management of the Project following any decision of the Unit Owners to assume self-management of the Project.

(g) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any of the Association Properties and may pay any overdue premiums on hazard insurance policies covering such property, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(h) The Common Area Reserve Fund described in Article VI of this Declaration must be funded by regular scheduled monthly, quarterly, semi-annual or annual payments rather than by large Special Assessments.

(i) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of the professional Manager.

(j) In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Condominiums. Each Unit Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Condominiums, if such agencies approve the Project as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees

are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Condominium.

(k) Each Unit Owner hereby authorizes the first Mortgagee of a first Mortgage on his Condominium to furnish information to the Board concerning the status of such first Mortgage and the loan which it secures.

#### ARTICLE XIV

##### DURATION AND AMENDMENT

Section 1. Duration. This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded in the public records, Orange County, California, meeting the requirements of an amendment to this Declaration as set forth in Section 2 of this Article. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant Membership in the Association, as long as this Declaration shall continue in full force and effect. The provisions of this Article are subject to the provisions of Article XI, Section 3 of this Declaration.

Section 2. Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by a Unit Owner at a meeting of Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of seventy-five percent (75%) of the voting power of both the Class A and Class B Members. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the Certificate of Amendment is recorded in the public records, Orange County, California. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of seventy-five percent (75%) of the first Mortgages on all of the Condominiums in the Project at the time of such amendment, based upon one vote for each Mortgage owned:

(a) Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrancers as provided in Articles VI, X, XI, XII, XIII and XIV hereof.

(b) Any amendment which would necessitate an encumbrancer after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.