

SUMMARY OF REASONS FOR MAJOR CHANGES TO DECLARATION ART. I-III & V-XIII*

Major changes (all of which are highlighted in the separate attachment, DECLARATION, Articles I-III & V-XIII) along with the rationale for the change(s) are as follows. In general, the overarching rationale for these changes is to provide more completeness and clarity to the Declarations.

1. In Definitions, Article I, definitions of the several types of “Assessments” the Association is authorized to levy (in Article V) have been added.**
2. In Definitions, Article I, “General Common Elements” (GCE), “roofs” and “foundations” have been added.**
3. In Definitions, Article I, “Limited Common Elements” (LCE), “communication lines” (replaces “cable television lines”), “hot water tanks and fixtures”, “exterior air conditioning units”, “all exterior doors (including garage doors) and windows”, and “fences and gates”, have been added.**
4. In the Definition of Limited Common Elements, Article I, “stairways, balconies, decks, stairwells and stairways” have been deleted.
RATIONALE: These terms apply to exterior features, which do not exist in CT Condo units and are unnecessary for inclusion.
5. In the Definition of Limited Common Elements, Article I, language has been added to discuss how, if an LCE is confirmed to have been damaged by defects in a GCE, the LCE shall be treated as a GCE; thus, any required repairs or replacement would be shared by all owners. An example is a window or door (LCE) damaged by a defect or failure in an exterior wall (GCE). The owner must prove this is the case, submit supporting documents to the Board of Directors, and if approved, the cost would be covered by a possible owner assessment.
RATIONALE: Such situations have occurred in the past, but nothing specifically provided clarity on responsibility to repair/replace.
6. In Article I, a definition of “Rules and Regulations” is added.**
7. In Article II, Section A, the legal description is changed to match the final configuration of CT Condos after all the phases were built.
8. In Article II, Section E, Unit Boundaries, the definitions of the Lower Boundary and Exterior Building Walls are clarified.

9. In Article III, C, “Interior Remodeling” has been changed to “Remodeling,” and a sentence has been added, which states that owners are responsible for keeping the exteriors of their units clean and free of garbage and debris, but the Association remains responsible for maintenance, repair and replacement of GCEs.

RATIONALE: These conditions were omitted from the definitions in prior versions of the Declaration. Included to reflect the current practice of owners being responsible for keeping their yard area (including garden beds) around units, the front walk and entrance, and the patio area, clean and tidy; however, GCEs’ general maintenance/repair are the responsibility and cost of the Association.

10. In Article V, Function, a short list of “functions” of the Association is replaced by a more extensive list of “powers and rights”, which spell out in more detail what the Association can and cannot do. The most significant powers and rights are as follows:

- a. The power to create a RV and Trailer storage area is deleted.
- b. The power to adopt and amend budgets (#8) is included. This power is delegated to the Board in Article VIII, K, of the Bylaws (discussed in the “Summary of Changes to the Bylaws”, separate attachment).
- c. The power and duty to purchase insurance (#10) to protect the property and the Association and Directors (when acting in their official capacity) is included.
- d. The power to borrow funds when necessary (#12). This power is limited in Article XIII to debts no larger than \$10,000, without the prior approval of 75% of Unit Owners.
- e. The power to adopt Rules & Regulations (#18), for public safety, enjoyment of the Association property, and to protect the property, is included. This power is also delegated to the Board in Article VIII of the Bylaws.

RATIONALE: Expansion helps align with the Bylaws, where applicable. This language is based largely upon a standard set of covenants which our attorney recommended.

11. In Article V, Levying Assessments, the power to levy and collect various types of assessments (for different purposes) is spelled out in much greater detail.

- a. Provision is made for payment plans to be approved for Special Assessments if an owner cannot pay the entire Assessment in a lump sum.
- b. An automatic lien is created on all units for unpaid assessments that are delinquent (more than 30 days past due).
- c. All homestead rights are automatically waived, but only for unpaid assessments, when a unit is purchased.
- d. Detailed procedures for collecting past due amounts are spelled out.

RATIONALE: This change was recommended and drafted by our attorney.

12. Article VI, Declarant's Right to Change, is deleted in its entirety. **RATIONALE:** This was included for the original developer. Since CT Condos is fully built out, it is no longer applicable or necessary.
13. In the new Article VI, Amendment, the process of amending the Declaration is simplified while still requiring approval by 75% of Unit Owners. Also, the developer's right to amend the Declaration (without a vote by owners) is deleted, since CT Condos is fully built out.
RATIONALE: The need for a meeting to call for a vote on an amendment is eliminated; it simply requires a vote by owners through whatever procedure complies with other requirements of the Declaration. This change was recommended and drafted by our attorney.
14. In the new Article VII, Changes, Repairs and Liens, the paragraph "Liens and Foreclosures" is deleted in its entirety.
RATIONALE: Subject is covered in the NEW Article V.
15. In the new Article VII, Changes, Repairs and Liens, a definition of "Exterior of buildings" was added.
RATIONALE: Addition aligns with the same definition listed in Article I.
16. In the new Article VIII, Insurance, several changes were made to clarify and confirm that our current insurance is "all in" coverage, NOT "studs out" (as many owners think or were thought to believe). Specifically:
- a. Language is added to B.1. to make it clear that coverage is "all in."
 - b. Language is added in B.2 to include options for the Board if, in the future, the cost of "all in" coverage becomes exorbitant, or that such a policy is just not sold by any reliable insurance carrier.
 - c. Language in C pertaining to the procedure for determining assessments of the insurance premium has been deleted from Article IV, Use, and added to Article VIII, Insurance.
- RATIONALE:** Makes the Declaration easier to understand having all requirements pertaining to insurance included in Article VIII, Insurance.

17. In the new Article XIII, Miscellaneous, several changes were made:
- a. In Section B, Right of Access, access is granted to an owner or hired contractor, into another unit in the same building with shared areas such as an attic or crawl space, in the event of emergencies or to make routine repairs during reasonable hours.
RATIONALE: Clarifies how access into a shared unit in case of emergencies can occur (i.e., by whom, why and when).
 - b. In Section C, Expenditures, the “cap” on the Board’s power to pay unbudgeted expenses is raised from \$1,000 to a more reasonable \$10,000. A 75% vote of the members is required to pay an unbudgeted expense above \$10,000.
RATIONALE: Allows the Board flexibility to make emergency payments for unbudgeted expenses, such as having a huge snow year causing an extraordinary amount of plowing expenses over budget. It also provides the Board more flexibility in paying unbudgeted expenses without calling a meeting to approve a Special Assessment.
 - c. The paragraphs in Article XIII, Miscellaneous, on Right of Access, Benefit, and Conflicts are revised to incorporate and be consistent with provisions of the Montana Unit Ownership Act (and other MT statutes) as recommended and drafted by our attorney.
RATIONALE: Revisions align the Declaration with state-level statutes and other requirements pertaining to each item.
 - d. The paragraph entitled “Warranties” is deleted, since it pertains to the previous developer, and CT Condos is fully built out.
18. The list of documents superseded by the amended Declaration are moved to new Appendix A.
RATIONALE: Listing these documents in a separate table simplifies tracking of past documents that are now replaced by this new Declaration. This eliminates the necessity of reading multiple documents to get a complete picture of everything covered by the Declaration.
19. The listing of all properties subject to the amended Declaration are moved to new Appendix B.
RATIONALE: Moving the property list into its own appendix captures all units subject to this new Declaration. This eliminates the necessity of reading multiple documents to get a complete picture of everything covered by the Declaration.
20. The Percentages of Interest for each Unit are moved to new Appendix C.
RATIONALE: Moving this data into a separate table/appendix simplifies documenting this information.

* Changes to the Declaration, Article IV, Use, are outlined in a separate summary document

** **RATIONALE** for items #1-3 and 6: These terms are additions to the amended Declaration since they were not included in the “Definitions” in prior versions of the Declaration.