

(b) The Insurance Trustee shall not be liable for the payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or content of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive the proceeds paid to it and to hold the same in trust for the purposes elsewhere stated in these By-Laws, for the benefit of the Unit Owners and their respective Mortgagees.

Section 7. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner and for each Mortgagee and for each owner of any interest in the Condominium to adjust all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

Section 8. Premiums. Premiums upon all insurance policies purchased by the Board of Directors shall constitute a Common Expense.

ARTICLE VIII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 4 of this Article VIII, in the event of damage to or destruction of all or any portion of the Condominium as a result of fire or other casualty, the Board of Directors or the Insurance Trustee (if any) shall arrange for and supervise the prompt repair and restoration of the same (including any damaged Units and the floor coverings, kitchen or bathroom fixtures, and appliances initially installed therein by the Declarant, and replacements thereof installed by Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners). Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the redecoration of his or her own Unit.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Condominium, the Board of Directors shall obtain reliable and detailed estimates of the cost of repair and restoration, including any damaged Unit but not

including any furniture, furnishings, fixtures or equipment installed by the Unit Owners, to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair as determined by the Board of Directors or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments necessary to cover such insufficiency shall be made against all of the Units according to the respective Common Element Interests as set forth in the Declaration, as the same may be amended from time to time. Notwithstanding anything to the contrary in these By-Laws, the Association shall not be responsible for any items of repair, replacement, maintenance or consequential damage to any Unit for which it would not otherwise be responsible under the provisions of these By-Laws unless the loss or consequential damage caused to a Unit was occasioned through the fault of the Association. This provision shall be deemed to include the payment by the Unit Owner(s) of any deductible amount under any Association insurance policy.

(c) Plans and Specifications. Any reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Unit Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Condominium was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstruction shall stand.

Section 3. Disbursements of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected and the funds collected by the Board of Directors from assessments against Unit Owners on account of a casualty shall constitute a construction fund which shall be disbursed for the cost of reconstruction and repair in the manner set forth in this Section 3. If the net proceeds of insurance collected on account of a casualty exceeds Twenty-Five Thousand Dollars (\$25,000.00), then the funds collected by the Board of Directors from assessments against the Unit Owners shall be deposited by the Board of Directors with the Insurance Trustee (if any), and the entire construction fund shall be held by the Insurance Trustee and disbursed as ordered by the Board of Directors.

(b) Method of Disbursement. The construction fund shall be paid by the Board of Directors or the Insurance Trustee, as the case may be, in appropriate progress payments to such contractor(s), supplier(s) and personnel performing the work of supplying the materials or services for the repair and reconstruction of the building as is designated by the Board of Directors.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds, and, if there is a balance in the construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall, at the determination of the Board of Directors, either be deposited in the Association general operating account or rebated to the Unit Owners.

(d) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing the Common Elements and the balance to the cost of repairing the Units.

(e) Certificate. The Insurance Trustee (if any) shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary certifying:

(i) whether or not the damaged property is to be reconstructed and repaired;

(ii) the name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether

surplus funds to be distributed are less than the assessments paid by the Unit Owners; and

(iii) all other matters concerning the holding and disbursement of any construction fund held by it.

(iv) any such certificate shall be delivered to the Insurance Trustee, if any, promptly after request.

Section 4. When Reconstruction is Not Required. In the event the Board of Directors, in its sole discretion, elects not to repair insubstantial damage to the Common Elements, any insurance proceeds received on account of such damage shall be distributed among all Unit Owners in proportion to their respective Common Element Interests. If the Condominium is terminated pursuant to Section 55-79.72:1 of The Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all Unit Owners in proportion to their respective Common Element Interests, after first paying out of the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens on his or her Unit in the order of priority of such liens.

ARTICLE IX

MORTGAGES

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his or her Unit shall notify the Board of Directors through the Managing Agent of the name and address of his Mortgagee. The Board of Directors shall maintain such information in a book entitled "Mortgagees of Units."

Section 2. Notice of Unpaid Assessments. The Board of Directors, whenever so requested in writing by a First Mortgagee, shall promptly report any then-unpaid assessments due from, or any other default by, the Unit Owner of the mortgaged Unit.

Section 3. Notice of Default. The Board of Directors shall give written notice to a Unit Owner of any default by the Unit Owner in the performance of any obligations under The Condominium Act or Condominium Instruments. If such default