

sufficiency of policies, nor for the failure to collect any insurance proceeds. Each person who hereafter becomes a residence owner thereby appoints the Board of Directors as agent for each residence owner to adjust all claims arising under insurance policies purchased by the Association, such appointment being coupled with an interest and irrevocable.

C. Proceeds on account of damage to common areas and facilities shall be held in undivided shares in ratio equal to the undivided percentage interests of the residence owners in the common areas and facilities.

D. Proceeds on account of damage to residences shall be held in the following undivided shares:

1. For the owners of residences which have been damaged or destroyed, in proportion to the cost of repairing the damage (exclusive of a residence owner's alterations and additions) suffered by each such residence owner in the circumstance where the number of residences destroyed, if any, is fewer than all of the residences and the damaged or destroyed residences are to be restored.

2. For owners of all residences in the condominium, each owner's share being in proportion to his percentage interest in the common areas and facilities, in the circumstance of total destruction of all residences or in the circumstance when residences are not to be restored.

3. In the event a mortgagee endorsement has been issued as to a residence, the share of a residence owner shall be held in trust for the mortgagee and the residence owner as their interests appear.

E. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners of such proceeds in the following manner:

1. Appropriate expenses of the Insurance Trustee shall be first paid or provision made therefor.

2. If the damage for which the proceeds are paid is to be repaired, reconstructed or rebuilt, the remaining proceeds shall be paid to defray the cost thereof as elsewhere

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