

shall be paid jointly to the Association and Trustee. Immediately upon the receipt by the Association of such proceeds, the Association shall endorse the instrument by means of which such proceeds are paid and deliver such instrument to Trustee. The Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor shall the Trustee have any obligation to inspect the property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(b) Among other things, the duty of Trustee shall be to receive proceeds delivered to it and to hold such proceeds in trust for the benefit of the Owners and their mortgagees. An undivided share of such proceeds on account of damage or destruction to the General Common Elements and Limited Common Elements shall be allocated and assigned for the Owners in accordance with the Percentage Interest appurtenant to their Units. Proceeds on account of damage or destruction to Units shall be allocated and assigned for the Owners of the damaged or destroyed Units in proportion to the cost of repairing or reconstructing the damage or destruction suffered by each such Owner. In the event that a mortgagee endorsement has been issued as to any particular Unit, the share of such Unit Owner shall be held in trust for such Owner and his mortgagee as their interests may appear.

(c) Proceeds of insurance policies received by the Trustee shall be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid into the Trust Fund for the benefit of all Owners.

(ii) If it is determined, as provided in Section 10 of this Article II, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.

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