

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Board of Directors shall have the authority to and shall obtain insurance for all of the insurable improvements on the Property (with the exception of improvements and betterments made by the respective Owners at their expense) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard, and shall also obtain a public liability policy covering all General and Limited Common Areas and all damage or injury caused by the negligence of the Association or any of its agents, which public liability policy shall be at least \$300,000 as respects Bodily Injury and Property Damage liability. Notwithstanding the above requirement, the Board shall have the discretion to, purchase insurance with deductible provisions in whatever amount is chooses, and in the event of loss to require each Owner to pay his appropriate share of the deductible portion of any costs of repair and rebuilding. Premiums for all such insurance shall be paid by the Association. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for each of the Townhome Owners in the percentages of undivided interest in and to the General and Limited Common Areas as provided. Such insurance shall be governed by the provisions hereinafter set forth.

(a) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of "AA" or better by Best's Insurance Reports.

(b) All policies shall be for the benefit of the Townhome Owners and their mortgagees as their interests may appear.

(c) Provision shall be made for the issuance of a certificate of insurance to each Owner and his mortgagee, if any, which shall specify the amount of such insurance attributable to the entire building.

(d) The Original of all policies and endorsements thereto shall be deposited with the Board of Directors which shall hold them subject to the provisions of Section 3 of this Section XIII.