

9. The Board of Directors may require that any agents, officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE X  
(Repair, Reconstruction and Rebuilding)

1. All residence owners shall keep their unit in good repair except for repairs that are required of the Association.

2. If all or part of the property herein is damaged or destroyed by casualty, the Association shall apply any insurance proceeds for such damage or destruction to the repair, reconstruction and rebuilding of such property, with the concurrence of any mortgagee of the damaged or destroyed property.

ARTICLE XI  
(Rights of First Mortgagees)

In addition to provisions set forth elsewhere in this Declaration and constituent documents, the following provisions shall be applicable to the holders of first mortgages upon the residences, insurers and guarantors of the residence:

1. The holder of any such mortgage shall be entitled, upon written request, to a timely written notice of:

- a. Any condemnation or casualty loss that affects either a material position of the project or the residence securing its mortgage;
- b. Any sixty-day delinquency in the payment of the assessments or charges owed by the owner of any unit on which it holds the mortgage;
- c. A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- d. Any proposed action that requires the consent of a specified percentage of mortgage holders;

Any such request shall contain the name and address of the holder, insurer or guarantor and the unit number or address.

2. No provision of this Declaration and constituent documents shall give a residence owner, or any other party, priority over any rights of the holder of a first mortgage on a residence pursuant to its mortgage in the case of distribution to such residence owner of insurance proceeds or condemnation awards for losses to or a taking of the common property of the project.

ARTICLE XII  
(Easements and Encroachments)

1. An easement for ingress and egress from each residence over and across the common area is hereby granted to each residence owner, his heirs and assigns, for his use and the use of members of his family,