

Insurance Trustee shall not be liable for the payment of premiums nor for the renewal of any policy or policies of casualty insurance, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds.

The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit of Association and the owners of all dwellings and their respective mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. Association, as a common expense, shall pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Wherever the Insurance Trustee may be required to make distribution to insurance proceeds to owners of dwellings and their mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of the Association, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to Association, such Certificate to certify unto said Insurance Trustee the name or names of the owners of each dwelling, the name or names of the Mortgagee or Mortgagees who may hold a mortgage or mortgages encumbering each dwelling, and the respective percentages of any distribution which may be required to be made to the owner or owners of any dwelling or dwellings, and his or their respective Mortgagee or Mortgagees, as their respective interests may appear. Where any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders of any mortgagee or mortgages encumbering a dwelling shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds represent a distribution to the owner or owners of any dwelling or dwellings, and their respective mortgagees, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss or damage, or unless such casualty insurance proceeds are authorized to be distributed to the owner or owners of any dwelling or dwellings and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of common elements and as to which a determination is made not to repair, replace or restore such personal property. So long as Lenders shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, Lenders shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage only to common elements, real or personal property, which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss

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