

the time such expenses and liabilities are incurred, except in such cases where the officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association.

Section 5.04. Administration by Developer Until Forty-Two Units Have Been Sold. Notwithstanding any provision contained in this Declaration or the By-Laws to the contrary, Developer shall have and may exercise all rights, powers and privileges of the Board of Directors and the Association during the period ending December 31, 1975, or until forty-two (42) units are sold, whichever shall first occur. From the activation of the Association until the expiration of the said period, Developer shall appoint the Board of Directors of the Association and no action of the Association shall be effective without the approval of the Board of Directors, all as provided in the By-Laws.

ARTICLE VI

INSURANCE AND CASUALTY LOSSES

Section 6.01. Insurance. The Board of Directors shall obtain insurance for all of the 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 cost or repair, reconstruction or replacement in the event of damage or destruction from any such hazard, and shall also obtain a public liability policy covering all common area 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 \$100,000/\$300,000/\$25,000 single limit as respects bodily injury and property damage. Premiums for all such insurance shall be common expenses. All such insurance