

(c) In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have the right to apply or have applied to the reduction of any mortgage debt any insurance proceeds except distributions of such proceeds made to the owner of any unit and mortgagee pursuant to the provisions of this Declaration.

(d) The Board of Directors is hereby irrevocably appointed agent for each unit owner to adjust all claims arising under insurance policies purchased by the Board of Directors and for the purpose of executing and delivering releases therefor upon payment of claims, subject to the rights of mortgagees of such unit owners.

5. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the unit owners in the following manner:

(a) All expenses connected with the adjustment of the loss and the collection of such proceeds, including the expenses of the Insurance Trustee, shall be paid or provisions made for the payment thereof.

(b) If the damage for which such proceeds are paid is to be repaired or restored, the remaining proceeds shall be paid to defray the cost thereof. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them.

(c) If it is determined in the manner elsewhere provided herein that the damage for which such proceeds are paid shall not be repaired and restored, the proceeds shall be disbursed to the beneficial owners, remittances to unit owners and

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