

destruction or damage, because of setback restrictions, density requirements, parking requirements, or similar restrictions, the following procedure shall be followed:

(a) Unless the Board of Directors or the Owner of any of the damaged or destroyed Units shall object, the Association shall apply for a variance or amendment to the applicable law or regulation so as to permit reconstruction or repair of the Unit(s) in accordance with the provisions set forth above. If such variance or amendment is granted, then said provisions shall govern the application of insurance proceeds and the reconstruction and/or repairs needed.

(b) If either the Board of Directors or the Owner of any Unit affected by such damage or destruction shall oppose the application for a zoning variance or amendment, then the insurance proceeds shall be delivered to the Unit Owner(s) in accordance with their respective ownership of the General Common Elements; and any party holding a mortgage lien on any such Unit shall be entitled to first priority from said Unit Owner's share in order to pay all amounts due under the note or other indebtedness secured by such mortgage lien.

(c) If the Board of Directors and all affected Unit Owners shall agree, the Association and such Owners may seek permission from the appropriate building code authorities to reconstruct all or a portion of the affected Units in a different location or with different dimensions from those in existence prior to the damage or destruction. If such a permit can be obtained, then reconstruction shall proceed in accordance with that permit; and the use of insurance proceeds, reconstruction activities, and additional assessments, if necessary, shall be carried out according to Section 1 through 6 of this Article XIII, except that the insurance proceeds applicable to any Unit which is eliminated under such revised building plan (determined according to the relative ownership in the General Common Elements of that Unit as compared to the other affected Units) shall be distributed to that Unit Owner (and/or the holder of any mortgage lien(s) on his Unit).

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