

properties, by acceptance of a deed therefor, whether or not it shall be so expressed in said deed, or be exercise of any act of ownership, is deemed to covenant:

(1) Each lot owner shall obtain a hazard insurance policy equal to the full replacement value of his or her residence. Said policy shall contain a Replacement Cost Endorsement providing for replacement of a residence from insurance loss proceeds. A copy of said policy shall be sent to the Directors of Association for their approval.

(2) The Board of Directors of Association, or its duly authorized agent, shall have the authority to and shall obtain hazard insurance policies for all residences in the event the owners thereof have failed to supply proof of adequate coverage to the Board of Directors' complete satisfaction, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard.

(3) All hazard insurance policies shall provide that insurance proceeds payable on account of loss of, or damage to, the real property shall be adjusted with the carrier(s) by the Chanticleer Towns Homeowners Association, Inc. and shall be payable solely to the home owner's mortgagee, if any, and the Chanticleer Towns Homeowners Association, Inc. as Insurance Trustee for the homeowner(s). Such insurance proceeds shall be applied to repair or restoration of the property as hereinafter provided. All such insurance policies shall provide that coverage may not be cancelled by the carrier without first giving the Chanticleer Towns Homeowners Association, Inc., and owner's mortgagee, if any, ten (10) days written notice of cancellation. All such policies shall contain, if obtainable, a waiver of the right of subrogation against any residence owner, members of the residence owner's family, the Chanticleer Towns Homeowners Association, Inc., its officers, agents and employees, as well as a waiver of the "pro rata" clause.

(4) The Association shall also obtain a broad form public liability policy covering all common area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees in an amount of not less than one million dollars for each occurrence and such policies shall contain a waiver of the right of subrogation against members of the Chanticleer Towns Homeowners Association, Inc., its officers, agents and employees.

(5) Premiums for all insurance obtained by the Board of Directors, except policies on the individual residences, shall be a common expense. Premiums for insurance obtained by the Board of Directors on individual residences shall not be a part of the common expense, but shall be an expense of the owner(s) of the specific residence or residences so covered and a debt owed