

to recover from the Grantor the amounts paid by the Grantee therefor. However, any such Grantee shall be entitled to a written statement from the Board of Directors of the Corporation, as the case may be, setting forth the amount of the unpaid assessments against the Grantor due the Corporation, and such Grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments made by the Corporation against the Grantor in excess of the amount therein set forth.

ITEM V
MORTGAGEE'S PROVISIONS

A. The purchaser of a Unit at a judicial sale resulting from the foreclosure of a first mortgage encumbering such Unit, or the mortgagee of a first mortgage of record who obtains title to the Unit as a result of a conveyance in lieu of foreclosure of the first mortgage, its successors and assigns, shall not be liable for the share of the common expenses or assessments by the Corporation pertaining to such Unit or chargeable to the former Owner of such Unit which became due prior to acquisition of title in the manner above provided. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Unit Owners, including such acquirer, its successors and assigns.

B. The mortgagee of a first mortgage of record encumbering a Unit shall receive written notice from the Corporation thirty (30) days prior to the effective date of: (1) any change in the

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Condominium Documents pursuant to item 9 or 10 hereof; (2) any change of manager of the Condominium.

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C. The mortgagee of a first mortgage encumbering a Unit shall receive written notice from the Corporation of any default by the mortgagor in the performance of the mortgagor's obligation under the Condominium Documents which is not cured in thirty (30) days.

D. The mortgagee of a first mortgage which comes into possession of a Unit pursuant to remedies provided in the mortgage, or foreclosure of the mortgage or deed in lieu of foreclosure, shall be exempt from any "right of first refusal" or other restriction on the sale or rental of the mortgaged Unit, including, but not limited to, restrictions on the posting of signs pertaining to sale or rental of the Unit.

E. Unless all mortgagees of first mortgages of record encumbering Units give their prior written approval, the Corporation shall not:

1. Change the pro rata interest or obligations of any Unit for purposes of levying assessments and charges and determining shares of the Common Elements and proceeds of the Condominium;

2. Partition or subdivide any Unit or the Common Elements of the Condominium or annex additional lands;

3. By act or omission seek to abandon the Condominium status of the Condominium except as provided by statute in case of substantial loss to the Units and Common Elements of the Condominium; nor

4. Amend the Enabling Declaration to limit or eliminate mortgagee's provisions.

If a first mortgage held by a bank, savings and loan association, mortgage banker, insurance company, real estate investment trust, pension fund, national association, or agency of the federal or state government by some circumstance fails to be a first mortgage but it is evident because of recording error that it was intended to be a first mortgage, it shall nevertheless, for the purpose of the Declaration, be declared to be a first mortgage.

ITEM VI INSURANCE

The Board of Directors of the Corporation shall obtain and continue in effect blanket property insurance in form and amount satisfactory to mortgagees holding first mortgages covering Units. The insurance other than title insurance which shall be carried upon the Units shall be governed by the following provisions:

A. Authority to Purchase. All blanket insurance policies shall be purchased by the Corporation for the benefit of the Corporation and the Owners and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of Units. Owners may obtain additional insurance coverage at their own expense and shall deposit a copy of any such insurance policy with the Corporation. Owners are advised by this document that the Corporation has required waiver of the prorata clause pursuant to item 6(B)(1)(b)(ii).

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B. Coverage.

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1. Hazard Insurance. The buildings and improvements upon the land, all walls and fixtures located within the boundaries of all Units (except additions or improvements made by Owners), and all personal property included in the Common Elements shall be insured in excess of eighty percent (80%) of the insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Corporation. Such coverage shall afford protection, if customarily available, against:

a. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

b. Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the Condominium buildings, including, but not limited to, vandalism and malicious mischief.

Such coverage shall also contain:

(i) Waiver of the insurance company's right to subrogation against the Unit Owners and maintenance personnel, and

(ii) Waiver of the pro rata clause by the insurance company. Under a standard fire and extended coverage policy the insurance company agrees to pay the full loss (up to the amount of the policy), but usually reserves the right to pay only a fraction of any loss if other insurance companies have issued coverage on the same risk. This is commonly referred to as the "pro rata clause." The pro rata clause shall be waived

because of the danger of its being invoked to curtail recovery on the blanket fire and extended coverage policy since any number of Unit Owners may have intentionally or inadvertently obtained fire and extended coverage protection for the full value of their individual Units.

2. Public Liability insurance shall be carried in such amounts and with such coverage as shall be required by the Board of Directors of the Corporation and may include hired automobile and non-owned automobile coverages and cross liability endorsement to cover liabilities of the Owners as a group to an Owner.

3. Workmen's Compensation coverage shall be maintained in amounts and coverages necessary to meet the requirements of law.

4. Such other insurance as is approved by the Board of Directors of the Corporation from time to time shall be maintained.

C. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

D. Mortgagees. In the event a mortgagee holds a mortgage covering a Unit, the share of the Unit Owner shall be held jointly for the Owner and the mortgagee, as their interests may appear.

E. Distribution of Proceeds. Proceeds of insurance policies received by the Corporation shall be distributed to or for the benefit of the beneficial owners in the following manner:

1. Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, according to their interest in the Common Elements, remittances to the Owners and their respective mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

2. Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to Owners and their respective mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

In making distribution to Owners and their mortgagees, the Corporation Board of Directors shall determine the names of the Owners and mortgagees and their respective shares of the distribution.

F. Corporation as Agent. The Corporation is hereby irrevocably appointed agent for each Owner and for each owner of a mortgage or other lien upon a Unit and for each owner of any other interest in the Condominium to adjust all claims arising under insurance policies purchased by the Corporation and to execute and deliver releases upon the payment of claims.

G. Payment of Premium. Insurance premiums for each type of insurance coverage shall be a common expense, and collections for such premium payments shall be held in a separate account used solely for the payment of insurance premiums as become due.

H. Determination to Reconstruct or Repair. If any part of the Condominium shall be damaged by casualty, whether it shall be reconstructed or repaired shall be determined in the following manner:

1. Common Elements. If damage is to the Common Elements, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the Condominium shall be terminated.

2. Building.

a. Partial Destruction. If the damage is to one or more of the buildings and if any Unit in any of the buildings is found by the Board of Directors to be tenantable, such buildings shall be reconstructed or repaired within sixty (60) days after the casualty, unless it is determined by agreement in the manner elsewhere provided that the Condominium shall be terminated.

b. Total Destruction. If the damage is to one or more of the buildings and if none of the Units in any building are found by the Board of Directors of the Corporation to be tenantable, then such building will not be reconstructed or repaired, and the Condominium will be terminated, as to such building or buildings, without agreement as elsewhere provided, unless within sixty (60) days after the casualty, Owners who own sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) of the undivided