

21.5 All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their respective mortgagees as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to any national or state bank doing business in Greenville County, having trust powers (provided such bank has assets of Twenty Million Dollars or more) which bank shall be designated from time to time by the Association, as Trustee. Such Trustee, acting as such, is herein referred to as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal of the policies, nor for failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Association, the Unit Owners and their respective mortgagees, in the following shares, but such shares need not be set forth upon the records of the Insurance Trustee:

21.5.1 Proceeds on account of damage to Common Elements in the same proportion as the undivided shares in the Common Elements which are appurtenant to each of the units:

21.5.2 Proceeds on account of units shall be held in the following manner in undivided shares:

21.5.2.1 Partial destruction when the building is restored - for the Unit Owners of the damaged units in proportion of the costs of repairing the damage suffered by each damaged unit. Upon the request of the Insurance Trustee, the Association shall certify to the Insurance Trustee, the appropriate portions as aforesaid, and each Unit Owner shall be bound thereby and the Insurance Trustee may rely upon such certification;

21.5.2.2 Total destruction when the building is destroyed or where the building is not to be restored - for all Unit Owners, the share of each being that set forth on Exhibit B as an undivided share in the Common Elements which are appurtenant to each of the units.

21.5.3 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.

21.6 Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Unit Owners after first paying or making provisions for payment of the expenses of the Insurance Trustee in the following manner:

21.6.1 If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after defraying such costs shall be distributed to the Association.

21.6.2 If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the Unit Owners, remittance to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by it.

(Continued on next page)