

in an amount equal to the maximum insurable replacement value, as determined annually by the Board of Directors of the Association. The premiums for such coverage and other expenses in connection with said insurance, shall be paid by the Association and charged as a common expense. The Company or Companies with whom the Association shall place its insurance coverage, as provided in this Master Deed, must be good and responsible Companies authorized to do business in the State of South Carolina. The institutional first mortgagee owning and holding the first recorded mortgage encumbering a Unit, shall have the right, for so long as it owns and holds any mortgage encumbering a Unit, to approve the Policies and Company or Companies who are the Insurers under the Insurance placed by the Association, as herein provided, and the amount hereof, and the further right to designate and appoint the Insurance Trustee. At such time as the aforesaid institutional first mortgagee is not the holder of a mortgage on a Unit, then these rights of approval and designation shall pass to the institutional first mortgagee having the highest dollar indebtedness on units in the property, and in the absence of the action of said mortgagee, the Association shall have said right without qualification.

2. Loss Payable Provisions - Insurance Trustee: All Policies purchased by the Association shall be for the benefit of the Association, all Unit co-owners, and their mortgagees, as their interest may appear. Such Policies shall be deposited with the Insurance Trustee (as hereinafter defined) who must first acknowledge that the Policies and any proceeds thereof will be held in accordance with the terms hereof. Said Policies shall provide that all insurance proceeds payable of account of loss or damage shall be payable to a bank that holds trust powers, as may be approved by the Board of Directors of the Association, which Trustee is herein referred to as the "Insurance Trustee". The Insurance Trustee shall not be liable for the payment of premiums nor for the renewal or the sufficiency of Policies, nor for the failure to collect any insurance proceeds, nor for the form or content of

0453

4328 RV-2