

malicious mischief insurance, insuring all of the insurable improvements within the property, including personal property owned by the Association, in and for the interest of the Association, all Unit co-owners and their mortgagees, as their interest may appear, in a Company acceptable to the standards set by the Board of Directors of the Association, 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 mortgagees 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 or company or companies who are the insurers under the insurance placed by the Association, as hereinabove provided, and the amount thereof, 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.