

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 interests 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 on 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 the Policies. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Association, the Unit co-owners and their respective mortgagees, in the following shares, but such shares need not be set forth upon the records of the Insurance Trustee:

(a) General Common Elements and Limited Common Elements: Proceeds on account of damage to General Common Elements and Limited Common Elements -- an undivided share for each Unit co-owner, such share being the same as the undivided share in the General Common Elements appurtenant to his unit.

(b) Units: Proceeds on account of Units shall be in the following undivided shares.

(1) Partial Destruction - when Units are to be repaired or restored for the co-owners of the damaged Units in proportion to the cost of repairing the damage suffered by each Unit co-owner.

(2) Total destruction of property improvements, or where "very substantial" damage occurs and the property improvements are not to be restored, as provided hereinafter in this Article - for the co-owners of all Units, each co-owner's share being in proportion to his share in the General Common Elements appurtenant to his Unit.

(c) Mortgagees. In the event a Mortgagee Endorsement has been issued as to a Unit, the share of the Unit co-owner shall be held in trust for the Mortgagee and the Unit co-owner, as their interests may appear; provided, however, that no Mortgagee shall have