

2. The proceeds of Insurance collected on account of a casualty and the sums deposited with the Insurance Trustee by the Manager from collections of assessments against residence owners on account of such casualty, shall constitute a construction fund which shall be held by the Insurance Trustee in separate accounts for repair, reconstruction and rebuilding of the damaged property, one such account for each damaged residence and one for any common areas, limited common areas and facilities sustaining damage.

(a) Disbursement. The construction fund shall be disbursed in payment of costs of repair, reconstruction and rebuilding upon the order of the Manager; provided, however, that upon request to the Insurance Trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in any component account of the construction fund, disbursements from such account shall be made upon order of the Manager and upon approval of an architect qualified to practice in South Carolina and employed by the Manager to supervise the work.

(b) Surplus. It shall be presumed that the first monies disbursed from the construction fund in payment of costs of repair, reconstruction and rebuilding shall be from insurance funds; and if there is a balance in the construction fund after payment of all costs for which the fund is established, such balance