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20.8.3.2 The proceeds of insurance collected on account of a casualty, and the sums deposited by the Association from collections against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(i) The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with the Unit Owner; to such contractors, suppliers and personnel as do the work or supply the materials or services required for such reconstruction or repair, in such amounts and at such times as the Unit Owner may direct, or if there is a mortgage endorsement, then to such payees as the Unit Owner and the first mortgagee direct. Nothing contained herein, however, shall be construed so as to limit or modify the responsibility of the Unit Owner to make such reconstruction or repair.

(ii) If the amount of the estimated cost of reconstruction and repair is less than the total of the annual assessment for Common Expenses made during the year in which the casualty occurred, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request of a mortgagee which is a beneficiary of the insurance policy, the proceeds of which are included in the construction fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(iii) If the amount of the estimated cost of reconstruction and repair of the building or other improvements is more than the total of the annual assessments for Common Expenses made during the year in which the casualty occurred, then the construction fund shall be applied by the Association to the payment to such costs,

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