

the dwelling and to assess all lots equally for all costs and expenses arising out of the purchase and repair or reconstruction of the dwelling. The Board may require that the assessment be paid in a lump sum; in installments during an assessment year; or over a period of two (2) or more assessment years, as the Board, in its discretion, shall determine to be appropriate.

Such assessment shall be in addition to, and not in lieu of, the annual assessments provided for in Section 3 or the special assessments provided for in Section 4 of this Article.

(b) Determination of Value. The owner of the dwelling shall convey marketable title thereto to the Association upon payment to the owner by the Association of the fair market value of the lot and dwelling in its damaged condition as determined by an appraiser selected by the owner and approved by the Board. In the event that the Board and the owner are unable to agree upon an appraiser, each shall select an appraiser and the two (2) appraisers so selected shall select a third appraiser, and the three (3) appraisers shall jointly appraise and determine the fair market value of the lot and dwelling in its damaged condition. Each party shall pay the fee of the appraiser selected by it or him, and each party shall pay one-half (1/2) of the fee of the third appraiser. If the Board and the owner agree upon a single appraiser, each shall pay one-half (1/2) of the cost of the appraisal.

(c) Application of Insurance Proceeds. The owner of the dwelling, prior to the conveyance to the Association, shall apply or cause to be applied so much of the proceeds of any hazard insurance paid by reason of the damage or destruction of the dwelling as shall be necessary to pay all liens, mortgages, deeds of trust, taxes, and encumbrances upon the lot so that the fee simple, marketable title thereto may be conveyed free and clear of all liens and encumbrances. If the insurance proceeds are not sufficient to pay all liens, encumbrances, and obligations upon the lot, the purchase price shall be reduced by an amount adequate to pay any such deficiency.

(d) Failure to Exercise Option. If the Association does not exercise the purchase option herein provided for, the owner may retain the lot or may transfer or convey it, upon such terms and conditions as he may elect, to any person, to be used solely as a site of an attached, single-family townhouse unit.

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