

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 unit 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 unit 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 shall be repaid to the unit owners as their interests may appear.

(c) Certificate. Notwithstanding any provisions to the contrary contained herein, the Insurance Trustee shall not be required to determine whether or not a disbursement is to be made from the construction fund nor to determine the payee nor the amounts to be paid. Instead, the Insurance Trustee may rely upon a certificate of the Manager stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided, however, that when a mortgagee is herein required to be named as payee, the Manager and Insurance Trustee shall also name the mortgagee as payee of any disbursement from the construction fund. Where a mortgagee is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund and the mortgagee so requires, the approval of an architect named by the Manager shall be first obtained by the Association as to any disbursements from the construction fund.

E. Failure to repair, reconstruct or rebuild. If the Association does not determine, within ninety (90) days of the date of any casualty damaging or destroying all or any part of the property in condominium, to repair, reconstruct, or rebuild, then in that event:

1. Property in condominium shall be deemed to be owned in common by the unit owners;
2. An undivided interest in the property owned in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities.
3. Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property; and
4. The property shall be subject to an action for partition at the suit of any unit owner, in which event the net proceeds of sale shall be paid to the Insurance Trustee. Such net proceeds of sale together with the net proceeds of the insurance on the property shall be considered as one fund and shall be divided among all the unit owners in shares equal to the fractional shares of undivided interest owned by each owner in the property (taking into account a unit owner's increased share by reason of a "betterments" increase or endorsement). To the extent sufficient for the purpose, a unit owner's share shall first be paid to satisfy any lien on the undivided interest in the property owned by such unit owner.

XVI. TAXES AND SPECIAL ASSESSMENTS

It is anticipated that taxes and any special assessments upon the property in the condominium will be assessed by the taxing authorities upon each unit owner, and that such assessments will include the assessed value of the unit and of the undivided interest of the unit owner in the common areas, limited common areas and facilities.

A. Any such taxes and special assessments upon the condominium property not so assessed shall be included in the budget of the Association as recurring expenses and shall be paid by the Association as a common expense.

B. Each unit owner is responsible for paying the taxes assessed or levied with respect to such unit owner's unit and undivided interest in the common areas, limited common areas and facilities.

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