

within the Property, and each owner of any lot within the Property, by acceptance of a deed therefor, whether or not it shall be so expressed in said deed, or by exercise of any act of ownership, is deemed to covenant:

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(1) The Association shall obtain a group or blanket insurance policy equal to the full replacement value of all improvements on the property. Said policy shall contain a Replacement Cost Endorsement providing for 100% of replacement of a residence and all improvements on the common area from insurance loss proceeds. Said policy shall name the Association as the insured party for the benefit of the owners, subject to the rights of any mortgage of a lot.

(2) The owner and Association shall apply the full amount of any insurance proceeds to the rebuilding or repair of any residence (subject to the provisions and covenants contained in any mortgage or mortgages creating a lien against any lot).

(3) The owner and Association shall promptly rebuild or repair the residence in the event of damage thereto.

(4) The owner shall keep the dwelling unit in good repair except for repairs required of the Association.

(5) Premiums for the group or blanket hazard insurance policy shall be a common expense and shall be collectible in the same manner and to the same extent as provided for annual and special assessments in Article VI. No insurance proceeds payable by reason of loss or destruction of the Property shall be used for any purpose other than the repair and replacement or reconstruction thereof, except when waived by an applicable mortgagee.

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