

protect the Association and its members from liability to others by reason of contractual obligations. Each residence owner is and shall be authorized and permitted to purchase apart from the insurance above stated any additional insurance as such residence owner may desire, including a "tenants home owner policy" covering contents of his residence, personal injury and property damage liability, burglary and the like. The Association may carry workmen's compensation insurance. Premiums upon insurance policies purchased by the Association (but not the premiums for any insurance endorsements purchased by a residence owner) shall be paid by the Association and charged to the common expense account.

2. The Insurance Trustee shall be the Board of Directors, or in its discretion, a banking institution with offices in the State of South Carolina and having trust powers. The Insurance Trustee shall receive such insurance proceeds as are paid on insurance policies owned by the Association and hold in trust and/or distribute the insurance proceeds in accordance with the terms hereof. The Insurance Trustee shall not be liable in that capacity for payment of premiums nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. Each person who hereafter becomes a residence owner thereby appoints the Board of Directors as agent for each residence owner to adjust all claims arising under insurance policies purchased by the Association, such appointment being coupled with an interest and irrevocable.

3. Proceeds on account of damage to common areas and facilities shall be held in undivided shares in ratio equal to the undivided percentage interests of the residence owners in the common areas and facilities.

4. Proceeds on account of damage to residences shall be held in the following undivided shares:

a. For the owners of residences which have been damaged or destroyed, in proportion to the cost of repairing the damage (exclusive of a resident owner's alterations and additions) suffered by each such resident owner in the circumstance where the number of residences destroyed, if any, is fewer than all of the residences and the damaged or destroyed residences are to be restored.

b. For owners of all residences in the condominium, each owner's share being in proportion to his percentage interest in the common areas and facilities, in the circumstance of total destruction of all residences or in the circumstance when residences are not to be restored.

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