

insurance required to be obtained and maintained pursuant to the provisions of this Section 11.15 must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors for similar projects in the area in which the Property is located, except that if a separate insurance policy is maintained covering the Association Property, such policy need not contain a mortgagee clause.

## ARTICLE XII.

### DAMAGE AND DESTRUCTION TO IMPROVEMENTS LOCATED WITHIN THE PROPERTY

Section 12.1 Alternatives in the Event of Damage and Destruction to Improvements. In the case of damage by casualty to the Association Property:

(a) If the insurance proceeds available to the Association are sufficient to effect total restoration, then the Association shall cause the damaged or destroyed improvements to be repaired and reconstructed substantially as they previously existed.

(b) If the insurance proceeds available to the Association are within Five Thousand Dollars (\$5,000) or less of being sufficient to effect total restoration of the damaged or destroyed improvements, then the Association shall cause such improvements to be repaired and reconstructed substantially as they previously existed, and the difference between the insurance proceeds and the actual cost of reconstruction shall be levied as a reconstruction assessment equally against the Lots and the Owners thereof as provided for in Article VI hereof.

(c) If the insurance proceeds available to the Association are insufficient by more than Five Thousand Dollars (\$5,000) to effect total restoration of the damaged or destroyed improvements, then the Association shall rebuild and restore any damaged or destroyed improvements in substantially the same manner as said improvements existed prior to the damage or destruction and raise any amount necessary to complete restoration over the amount of available insurance proceeds, if any, by levying reconstruction assessments equally against the Lots and the Owners thereof as provided for in Article VI hereof, unless, by vote or written consent, at least two-thirds (2/3rds) of the Owners other than Declarant determine either:

(i) To rebuild and restore the damaged or destroyed improvements in a way which is less expensive than replacing said improvements in substantially the same manner as they existed prior to being damaged or destroyed and which utilizes all insurance proceeds

available to the Association, if any, and an additional amount not in excess of Five Thousand Dollars (\$5,000).

Any amount in excess of insurance proceeds utilized in performing such restoration shall be assessed equally against all Lots and the Owners thereof by levying reconstruction assessments as provided for in Article VI hereof; or

(ii) To not rebuild, in which event all net insurance proceeds, if any, paid on account of the damage or destruction of the improvements and remaining after expenses of clearing debris and making the damaged or destroyed area aesthetically pleasing, shall be retained by the Association for use in performing its functions under the Restrictions, or in the discretion of the Association, and subject to the rights of mortgagees of record, such net insurance proceeds shall be distributed in equal shares to the Owners of Lots within the Property.

Section 12.2 Method of Paying Reconstruction Assessments for Reconstruction of the Association Property. Reconstruction assessments assessed as contemplated in Section 12.1 above may be due in a lump sum or in installments, on such date or dates as the Association may designate over a period of not to exceed twenty (20) years. The Association may borrow money to pay the difference between the cost of restoring the damaged or destroyed improvements and the insurance proceeds available to the Association, and may secure such borrowing by an assignment of its right to collect such assessments, or by a pledge of its interest in and to any of its assets.

### ARTICLE XIII.

#### EMINENT DOMAIN REGARDING ASSOCIATION PROPERTY

Section 13.1 Definition of Proceeding Regarding Taking. The term "taking" as used in this Article XIII shall mean condemnation by eminent domain or sale under threat of condemnation.

Section 13.2 Representation by Board. In the event of a threatened taking of all or any portion of the Association Property, the Members hereby appoint the Board and such persons as the Board may delegate to represent all of the Members of the Association in connection with the taking. No Member shall challenge the good faith exercise of the discretion of the Board in fulfilling its duties under this Article. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less