

BY- LAWS

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ARTICLE I - DEFINITIONS

Section 1. The "*Association*" shall mean Brinton Woods Homeowners Association, Inc., a Pennsylvania non-profit organization, its successors and assigns.

Section 2. "*Common Areas*" shall mean all real property owned by the Association for the common use and enjoyment of the Owners (as hereinafter defined.)

Section 3. The "*Declaration*" shall mean that certain Declaration of Restrictions, Covenants and Easements dated April 23, 1982, recorded in the Office for the Recording of Deeds in and for the County of Chester, Pennsylvania (the "Office"), in Deed Book Miscellaneous 513 page 528.

Section 4. "*Declarant*" shall mean RFP Properties, Inc., its successors and assigns.

Section 5. "*Member*" shall mean a member of the Association.

Section 6. "*Owner*" shall mean the then record owner, whether one or more entities, of the fee simple title to any Unit, including an owner who has made an agreement to sell a Unit, but excluding any person having an interest, however described, merely as security for the performance of an obligation, unless and until such person has acquired title pursuant to foreclosure, other legal proceedings, or a deed in lieu of foreclosure.

Section 7. "*Person*" shall include an individual, corporation, partnership, unincorporated association, or other entity.

Section 8. The "*Property*" shall mean the real property described in Exhibit "A"

Section 9. "*Lot*" shall mean any plot of land shown as a sperate lot on any recorded subdivision map of the Property other than the Common Areas.

Section 10. "*Unit*" shall mean that portion of a building erected on a lot intended to be owned and occupied by an owner, or his tenant, as a single-family residence.

Section 11. All other undefined terms contained herein which require definition shall have the meaning ascribed to them in the Declaration.

ARTICLE II - LOCATION

Section 1. *Principal Office.* The principal office of the Association shall be located as Post Office Box 1931, West Chester, Pa. 19380.

Section 2. *Meetings.* Meetings of Members and the Board of Directors of the Association may be held at such places within fifty (50) miles of the property as may be designated by the Board of Directors of the Association (hereinafter the "Directors").

ARTICLE III - MEMBERSHIP

Section 1. *Membership.* Every Unit Owner shall be a member of the Association as is more particularly provided in Article III of the Declaration.

Section 2. *Assessments.* The rights and privileges of membership, including voting rights, ("The Membership Rights") are subject to the payment of annual and special assessments levied by the Association, as is more particularly provided in Article V of the Declaration.

Section 3. *Suspension of Membership Rights.* The Membership Rights of any Owner may be suspended by the Directors during the period in which any assessment on a Unit owned by that Owner remains unpaid, whether or not he is personally liable for payment of such assessment. Also, the Membership Rights of a Member may be suspended by the Directors if that Member, a tenant or occupant of his Unit, a member of his family, or a guest or invitee of that Member

violates any covenant, restriction, rule, or regulation contained in the Declaration, any rules and regulations adopted by the Directors, or any other instrument, ordinance, law, or private or governmental regulation. In addition to the Suspension of Membership Rights, a daily fine of an amount set by the Board of Directors may be assessed to the Unit Owner until the violation is corrected. Additional details of collection procedures, for any kind of assessment, are contained in Administration Resolution #1. "Assessment Collection Procedure" Copy of that Resolution is herewith attached.

ARTICLE IV - VOTING RIGHTS

There shall be one vote for each lot. Whenever more than one person or entity shall be the record holder of any Unit, all such Owners shall appoint one person or entity for the purpose of voting in accordance with these By-Laws.

ARTICLE V - TERMINATION, TRANSFER AND SUSPENSION OF MEMBERSHIP

Section 1. Class A membership in the Association shall terminate automatically upon a Member's ceasing to be the Owner of any Unit.

Section 2. Upon termination of a Member's Class A membership under Section 1 of this Article V, said membership shall automatically be transferred to the person or persons to whom record title of the fee interest in the Unit is transferred.

Section 3. The procedure for suspension of membership under Article III, Section 3, shall be as follows:

(a) The Directors shall give any Member alleged to be in violation of any covenant, restriction, rule or regulation, written notice of the nature of the violation or violations and of the subsequent penalty. The member shall have the right and opportunity to appear before the Board, at a regularly scheduled board meeting for a hearing. Within seven (7) days following the hearing, the Board will notify the Member of its decision and of any monetary assessment.

(b) If, prior to said hearing, the violations are fully cured, as determined by the Directors, the Directors shall not suspend the Member's membership.

(c) If the Member has not fully cured the violation prior to said hearing, the Directors may, after giving the Member an opportunity to be heard, suspend the membership of said Member and all Membership Rights for a period that terminates no later than the time the Member fully cures the violation.

(d) Notwithstanding the above, if the Directors consider, in their sole discretion, that a Member's violation presents a clear and present danger to all or any part of the property or of any other Member, the Directors may, without a hearing, suspend the membership of said Member. The Directors shall give the Member prompt notice of said suspension, which shall state the reasons for said suspension and shall set a hearing date not more than ten (10) days after the beginning of said suspension period to determine whether or not the suspension should be continued.

(e) The Board of Directors has the authority to suspend membership and establish fines for violations on a daily basis. Specific fines for violations may be listed in the Rules and Regulations of the Association.

ARTICLE VI - PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Areas as provided in the Declaration.

Section 2. Any Member may delegate his rights or enjoyment in the Common Areas to the members of his family who reside in his Unit or to any of his tenants who reside therein under a leasehold interest. Such Member shall notify the Secretary in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension to the same extent as those of the member.

Section 3. Mergers and Consolidations. Pursuant to the provisions of the Declaration, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes. Any such merger or consolidation shall have the assent of two-thirds (2/3) of the votes of the Members voting (as hereinafter provided) in person or by proxy at a meeting duly called for this purpose. Written notice of the meeting shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4. Quorum for any action governed by Section 3 of this Article. The quorum required for any action governed by Section 3 of this Article shall be as follows: At the first meeting duly called as provided herein, the presence of Members, or of proxies, entitled to cast sixty (60%) percent of all of the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in said Section 3, and the required quorum at any subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following such preceding meeting.

Section 5. Mortgages. The Association shall have power to mortgage the Common Areas only to the extent authorized under the Declaration.

Section 6. Dedication of Common Areas. The Association shall have the right and power to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. However, no such dedication or transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless an Instrument signed by Members entitled to cast two-thirds (2/3) of the votes has been recorded, agreeing to such dedication, transfer, purpose, or condition, and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken.

Section 7. Dissolution. The Association may be dissolved by the Board, only with the written consent of the Members entitled to cast at least two-thirds (2/3) of the votes. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the Associations assets shall be mailed to every Member at least ninety (90) days in advance of the regular or special meeting at which said proposal to be considered.

ARTICLE VII - BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than five (5) Directors.

Section 2. Selection. The Directors shall be elected by a majority vote of the Members at each annual meeting as set forth in Article XIII, Section 1 hereof. Two (2) Directors shall be elected in even numbered years and the others in odd numbered years.

Section 3. Term of Office. The term of office of each Director shall be from the close of the annual meeting at which they are elected or re-elected, to the close of the annual meeting two (2) years later.

Section 4. Removal. Any Director may be removed from the Board at any time, with or without cause, by a majority vote of the Members cast at a duly called meeting of the Members at which a quorum is present. No incumbent Director defeated at an Annual Meeting shall be considered removed.

Section 5. Vacancies. In the event of the death, resignation or removal of a Director, his successor shall be selected by the remaining Directors. Any such appointed Director shall hold office until his successor, if elected by the Members, who may make such election at the next Annual Meeting, or at any special meeting duly called for that purpose.

ARTICLE VIII - NOMINATION AND ELECTION OF DIRECTORS.

Section 1. Nomination. Nominations for election to the Board of Directors may be made by a member, in writing and not less than fifteen (15) days prior to the Annual Meeting, or by nomination from the floor at the annual meeting. Written nominations are to be directed to the Secretary of the Board and mailed to the associations Post Office Box 1931.

Section 2. Election. Election to the Board of Directors shall be by secret ballot. At such election, the Members or their proxies may cast one vote for each Unit owned with respect to each vacancy. The individuals receiving the largest number of votes shall be elected. Cumulative voting is not permitted. All proxy voting shall be as set forth in Article XIV hereof.

ARTICLE IX - POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

Section 1. Powers. The Board of Directors shall have authority and power to:

- (a) Call special meetings of the Members whenever it deems necessary, and it shall call a meeting at any time upon written request of at least one-fourth (1/4) of the members.
- (b) Appoint, employ, and remove at pleasure all officers, independent contractors, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, Officer, or Director of the Association in any capacity whatsoever.
- (c) Establish, levy, assess, and collect the assessments or charges provided in the Declaration.
- (d) Adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Members and their guests thereon, and establish penalties for violations thereof.
- (e) Exercise for the Association all powers, duties and authority vested in or delegated to the Association, except those reserved to Developer or the Members by any other provision of these By-Laws, the Articles of Incorporation, or the Declaration.
- (f) Borrow money on behalf of the Association and mortgage the real property of the Association as security therefor to the extent authorized herein.
- (g) Purchase, sell, lease, or otherwise dispose of the Common Areas of the Association when necessary in furtherance of the purposes of the Association, subject to the other provisions of these By-Laws, the Articles of Incorporation, and the Declaration.

(h) Suspend the voting rights and right to use specified portions of the Common Areas for failure to pay an assessment or for violations of a covenant, restriction, rule, regulation or other provision in a document affecting the Property, as is more particularly provided in these By-Laws and in the Declaration.

(i) Approve or disapprove changes to the architecture or landscaping of the Property, including the Common Areas, and each and every Architectural Review Committee recommendation.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting or at any special meeting when such is requested in writing by one-fourth (1/4) of the Members.

(b) Supervise all officers, agents, and employees of the Association and see that their duties are properly performed.

(c) Perform all the duties of the Board of Directors provided in the Declaration.

(d) Issue, or cause an appropriate officer to issue, upon demand by any Owner or first mortgagee, a certificate stating whether any assessment on a Unit owned by the Owner, or covered by a first mortgage held by that mortgagee has been paid.

(e) Supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenses to be presented to the membership at its regular annual meeting, as provided in Section 2. (a).

ARTICLE X - BOARD MEETINGS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held at least six (6) times each year, without notice, on such date and at such place and time as may be fixed from time to time by resolution of the Directors. If the day for the regular meeting shall fall on a holiday, the meeting shall be held at the same time on the first day following which is not a holiday; and no notice thereof need be given.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by any three (3) Directors after not less than five (5) days written notice to each Director.

Section 3. Quorum. A majority of the Board of Directors shall constitute a quorum thereof. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors. Any action which may be taken at a meeting of the Directors may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the Directors and filed with the Secretary.

ARTICLE XI - OFFICERS

Section 1. Officers. The Officers of the Association shall be a President, a Vice-President, a Secretary, a Treasurer and such other Officers as the Directors may from time to time create by resolution. The President and Vice-President shall be members of the Board of Directors, and any other Officer may be a member of the Board of Directors.

Section 2. Election. The Officers shall be elected by majority vote of the Directors.

Section 3. Term. All Officers shall hold office at the pleasure of the Board of Directors.

Section 4. Special Appointments. The Board of Directors may elect such other officers for such periods and with such authority and duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may resign at any time by giving written notice to the Board of Directors; such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Any Officer may be removed from office by the Directors at any time, with or without cause.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Directors.

Section 7. Multiple Offices. Any person may simultaneously or successively hold any number of offices except that the President and the Vice-President may not simultaneously hold any other office.

Section 8. President. The President shall preside at all meetings of the Board of Directors, see that orders and resolutions of the Board are carried out and sign all notes, checks, leases, mortgages, deeds, and all other written instruments.

Section 9. Vice-President. The Vice-President shall perform all the duties of the President in his absence and such other duties as may be assigned to him by the Directors.

Section 10. Secretary. The Secretary shall be an ex-officio secretary of the Board of Directors. He or She shall record the votes and keep minutes of all proceedings of the Directors and membership meetings in a book to be kept for that purpose; keep the records of the Association; keep a membership book containing the name and address of each Member and record therein the fact and date of each termination of membership and the name and address of each new Member; keep the corporate seal of the Association and affix it on all documents requiring said seal; give notice of meetings of the Board of Directors and of the Members; and perform such duties as may be assigned to him by the Board of Directors.

Section 11. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse funds as directed by resolution of the Directors; sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or the Vice-President; keep proper books of account and cause an annual audit of the associations books to be made by a public accountant at the completion of each Fiscal Year; prepare an annual budget and an annual statement of income and expenses; and present the said budget and statement to the Members at the annual meeting and send a copy thereof to each Member. The Board of Directors, in its sole discretion, may delegate all or any portion of the Treasurer's duties and responsibilities to an independent person or entity who need not be a Member.

ARTICLE XII - COMMITTEES

Section 1. Standing Committees. The Architectural Control Committee shall be the only standing committee of the Association.

Section 2. Other Committees. The Directors may appoint such other committees as it deems desirable and shall establish procedures and guidelines by which such committees shall be governed.

Section 3. Appointment. The committees shall be appointed by the Directors promptly after each annual meeting to serve until the close of the next annual meeting. The size of each committee shall be determined by the Directors, and any or all of the Directors may be appointed to any Committee. Any member of any committee may be removed from that committee by the Directors at any time, with or without cause. An appointment to a committee may be made by the Directors at any time.

Section 4. Architectural Control Committee. The Architectural Control Committee shall have the duties and powers described in the Declaration.

Section 5. Subcommittees. Any committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers and duties, except such powers and duties as are prescribed to specific committees by the Declaration or these By-Laws.

Section 6. Complaints. Any committee may receive complaints from Members on any matter involving Association functions, duties, or activities within its field of responsibility. It shall dispose of such complaints or refer them to such other committee, director, or officer of the Association, as it deems appropriate.

Section 7. Executive Committee. The Board of Directors shall have the power to create an Executive Committee which shall consist of at least three (3) members of the Board of Directors. The Board of Directors may delegate to the Executive Committee those duties permitted by law, subject to the subsequent confirmation and approval of the Board of Directors as required by law.

Section 8. Indemnity. Any Member who serves on any committee shall be protected by Article XVIII hereof to the same extent as all Officers and Directors.

ARTICLE XIII - MEMBERSHIP MEETINGS.

Section 1. Annual Meetings. The regular annual meeting of the Members shall be held during the first quarter of each year, at such place and time as may be selected by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by any three (3) or more members of the Board of Directors, or upon written request of one-fourth (1/4) of the Board of Directors, or upon written request of one-fourth (1/4) of the Members.

Section 3. Notice. Written notice of each meeting shall be given to all the Members by the Secretary. Notice may be given to a Member either personally, or by mailing a copy of the notice, postage paid, to his address last appearing on the book of the Association. Each Member shall register his address with the Secretary, and notices of meetings, regular and special, shall be mailed at least fifteen (15) days, or such longer period as may be required herein or in the Declaration, in advance of the meeting, shall specify the place, date and time of the meeting and, in the case of a special meeting, shall state generally the nature of the business to be transacted.

Section 4 Quorum. The presence at any meeting called pursuant to these By-Laws, the Articles of Incorporation or the Declaration of Members and/or proxies entitled to cast thirty percent (30%) of the votes shall constitute a quorum for any action, except as otherwise provided by these By-Laws, the Articles of Incorporation or the Declaration. If a quorum is not present at any meeting, the meeting may be adjourned to a later date within sixty (60) days thereafter, at which meeting the quorum shall be one-half (1/2) of the quorum required at the adjourned meeting.

ARTICLE XIV - VOTING PROXIES

Section 1. Proxies. Every Member entitled to a vote at a meeting of Members may authorize another person or persons to act for him by proxy. Every proxy shall be executed in writing by the Member, or by his duly authorized attorney-in-fact, and filed with the Secretary. A proxy shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the Secretary. No proxy shall be valid after eleven (11) months from the date of its execution, unless a longer time is expressly provided therein, but in no event shall a proxy be valid after three (3) years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary. A Member shall not sell his vote or give a proxy to any person for any sum of money or anything of value, and any proxy given for such consideration shall not be valid. A proxy shall automatically cease when the membership in the Association of the Member who gave it ceases.

Section 2. Voting. A Member may vote whenever entitled to do so by mailing a signed copy of such vote to the Secretary and such vote shall be counted as if the Member had been present at the meeting at which the vote were called for, provided (1) the vote shall be on the form established by the Directors and, (2) the vote shall be received by the Secretary prior to the time of the meeting.

ARTICLE XV - BOOKS AND RECORDS

The books, records and papers of the Association shall be subject to the inspection of any Member or of any holder of a first mortgage on a Unit at such reasonable times as may be specified by the Board of Directors.

ARTICLE XVI - CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words BRINTON WOODS HOMEOWNERS ASSOCIATION, INC., a Pennsylvania non-profit corporation.

ARTICLE XVII - FISCAL YEAR

The fiscal year of the Association shall be established by the Board of Directors.

ARTICLE XVIII - INDEMNITY OF DIRECTORS AND OFFICERS

Each Director and each Officer (and his heirs, executors, and administrators) shall be indemnified by the Association against any and all liabilities, fines, penalties, and claims imposed upon or asserted against him, and against all expenses reasonably incurred by him, in connection with any claim or action, suit or proceeding (either civil or criminal) to which he may be made a party by reason of his having been a Director or Officer of the Association or of any other corporation which he served as a director or officer at the request of the Association (whether or not he then continues to be such a Director or Officer) except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable by reason of his having been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer. However, in the event of a settlement, the indemnification herein shall apply only if the Association shall be advised by its counsel that, in their opinion, such Director or Officer was not guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer with respect to the matters covered by such claim, action, suit, or proceeding. The foregoing right of indemnification shall not be exclusive of any other right to which he may be entitled as a matter of law or otherwise.

ARTICLE XIX - ASSESSMENTS

As is more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien on his unit.

ARTICLE XX - AMENDMENTS AND CONFLICTS

Section 1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of Members present in person or by proxy (including in the tabulation all votes cast by mail as hereinbefore provided); provided that those provisions of these By-Laws which require a greater quorum or larger percentage of affirmative votes for the action set forth therein may not be amended except in accordance with the quorum or vote so set forth; and provided further that any matter stated herein which is governed by the Declaration or the Articles of Incorporation may not be amended except as provided in the applicable instrument.

Section 2. Conflicts. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XXI - RIGHTS OF MORTGAGEES

Section 1. Estoppel Certificates. Upon the written request of the holder of a first mortgage on any Unit, the Association shall notify that holder in writing of any default by the Unit Owner of these By-Laws of the Declaration.

Section 2. Limitations On Association Powers. Unless at least seventy-five percent (75%) of the holders of each first mortgages on Units, based upon one vote for each first mortgage, have given their prior written consent, the Association may not:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any part of the Common Areas, except for the granting of a first mortgage which is given to finance construction of improvements and the granting of easements for public utilities or other purposes consistent with the use of the property contemplated by the Declaration.
- (b) change the method of determining the assessments or other charges which may be levied against a Unit.
- (c) by act or omission materially change, waive or abandon any regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance of the Buildings and Units, the exterior maintenance of the said Buildings and Units, the maintenance of party walls, or the upkeep of lawns and plantings.
- (d) fail to maintain hazard insurance, with extended coverage, on the Common Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value, based upon the replacement cost as reassessed at once every three (3) years.

(e) use any hazard insurance proceeds for any loss to any part of the Common Areas for any purpose other than the repair, replacement, or reconstruction of the damaged improvements.

Section 3. Distribution of Proceeds. Any right of an Owner to receive any distribution of hazard insurance proceeds or condemnation awards for any loss to or taking of any part of the Common Area shall be subject to any right of a holder of a first mortgage on the Unit, to receive such distribution as provided in the mortgage.

ARTICLE XXII - INSURANCE AND RESTORATION

Section 1. Liability Insurance. The Association shall, to the extent obtainable, continuously maintain public liability insurance in respect of the Common Areas of the Property with such limits which shall not be less than \$1,000,000 for personal injury or death as to any person and to all persons and for property damage for each occurrence, as the Association may determine at least annually, provided that such insurance shall not cover the liability of any Unit Owner for acts occurring solely within his Unit or away from the Property. Each policy evidencing such insurance shall also cover cross-liability claims of any one or more or group of insureds against any other one or more or group of insureds. Any Insurance Trustee acceptable to the Association shall be the named insured in all such policies and the net proceeds thereof shall be paid to such Insurance Trustee, who shall distribute the same to those whose interests are covered thereby as their respective interests shall appear.

Section 2. Property Insurance on Buildings, Units and Improvements on Common Areas. Each Unit Owner shall pay annually to the Association as a special assessment, as hereinafter provided, his proportionate share of the insurance premium insuring the full replacement value of the Building and Units and any personal property of the Association located on the Common areas (excluding any interior additions, renovations, improvements, furniture, furnishings, or other personal property whatsoever of any Unit owner wherever located on the property) Such policies of insurance shall cover the interest of the Association, each Unit Owner, each person who has entered into a binding agreement of sale to purchase a Unit, and the holder of each Unit mortgage, as their respective interests may appear, in an amount equal to the full replacement value of the Buildings, Units, and foresaid improvements on the Common Areas, and of any additions, improvements, or alternation thereto and without deductions for depreciation. Each Unit Owner's proportionate share of the aforesaid premium shall be determined yearly by the Association and shall be payable by each Unit Owner to the Association in the manner and at the time prescribed in such notice from the Association. Such policy or policies, as provided for in this Section 2, shall name the Insurance Trustee as the named insured and the net proceeds thereof shall be paid to such Insurance Trustee, who shall distribute the same to these whose interests are covered thereby as their respective interests shall appear.

Section 3. General Insurance Provisions. All policies of insurance carried under this Article XXII shall:

- (i) provide that all adjustments of loss shall be made only by the Association;
- (ii) contain waivers by the insurers of all rights by way of subrogation or otherwise to the claims or rights of any one or more named insureds or persons otherwise covered or benefitted by such policies against any one or more other named insureds or persons so covered or benefitted thereby;
- (iii) provide that the coverage afforded to any and all other named insureds or persons otherwise covered or benefitted by such policies shall not be affected by the acts or omissions of any one or more named insureds or persons otherwise covered or benefitted thereby;
- (iv) provide that they shall not be cancelled or modified without at least ten (10) days prior written notice to all whose interests are covered thereby, including without limitation the holders of Mortgages in the case of policies of property insurance;
- (v) provide that the coverage afforded thereby shall not be affected or diminished or result in contribution by reason of any additional insurance separately carried by any Unit Owner as

permitted by this Article or by any other person or entity. Originals of all such insurance policies and renewals shall be delivered by the insurers at least ten (10) days prior to the renewal in case of each renewal to the Association. No Unit Owner shall do or permit any act which would void or impair the coverage afforded by said policies or would result in an increase in the premium therefor. Any Unit Owner violating the provisions hereof shall be liable to the Association for the amount of any such increase.

Section 4. Separate Insurance By Unit Owners. The provisions of this Article shall not be construed to prohibit any Unit from carrying other separate insurance for his own benefit, such as, by way of illustration and not of limitation, homeowners insurance, personal, property insurance, public liability insurance covering liabilities occurring solely within his Unit or away from the Property which liabilities will not be covered by the insurance to be carried by the Association under this Article. Such separate policies of insurance shall contain waivers of subrogation and provide that the insurance carried thereunder shall not affect, alter, or diminish the coverage under the policies being so carried.

Section 5. Duty to Restore. In the event of any damage to or destruction of all or any part of the building or other improvements on a Lot which damage or destruction is covered by insurance, the Association shall promptly and diligently repair, replace, and restore the building and other improvements to their condition existing immediately prior to the damage or destruction and apply any and all insurance proceeds toward the cost of such repair and replacement.