

c. If the insurance proceeds available are less than ninety percent (90%) of the estimated cost of total repair and reconstruction to the Association Property, the Owners shall, by the written consent or vote of a majority of the Owners, determine whether: (1) to restore the Association Property as promptly as practical to its condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying Assessments against each of the Lots on an equal basis; or (2) to restore the Association Property in a way which utilizes all available proceeds and an additional amount not in excess of ten percent (10%) of the estimated cost of total reconstruction and repair to the Association Property, and which is assessable as provided above to all Lots, but which is less expensive than restoring the Association Property to its condition prior to the damage or destruction.

11.2 Retention of Excess Insurance Proceeds in General Fund. In the event any excess insurance proceeds remain after restoring the destroyed Association Property pursuant to this Article, the Board shall retain such sums in the general fund of the Association.

11.3 Requirements of FHLMC, FNMA and VA/FHA. Notwithstanding the provisions of this Article, the Board shall comply with all requirements of the Article herein entitled "Mortgagee Protection."

11.4 Damage by Owners. To the extent permitted by law, each Owner shall be liable to the Association for any damage to the Association Property not fully reimbursed to the Association by insurance if the damage is sustained due to the negligence, willful misconduct, improper installation or maintenance of an Improvement by an Owner, his tenants, guests or invitees. The Board shall have the right, after Notice and Hearing, as provided in the By-Laws, to levy a Compliance Assessment for any damages so caused by an Owner, including, without limitation, the costs of any increased insurance premiums which are attributable to the damages caused by such Owner.

ARTICLE 12

CONDEMNATION

12.1 Distribution of Awards - Association Property. A condemnation award affecting all or any portion of the Association Property shall be remitted to the general fund of the Association.

12.2 Board of Directors as Attorney-in-Fact. All Owners, with the exception of the Secretary, United States Department of Veterans Affairs, an Officer of the United States of America, hereby appoint the Board as their special attorney-in-fact to handle the negotiations, settlements and agreements pertaining to any condemnation affecting only the Association Property.