

# INSURANCE: REPAIR AND RESTORATION: SECURITY ARRANGEMENTS

7.01 Right to Purchase Insurance. The Declarant and/or the Association shall have the right and option to purchase, carry and maintain in force, insurance covering any or all portions of the Common Properties, any improvements thereon or appurtenant thereto, for the interest of the Declarant and/or the Association and of all Members thereof, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location, and use to the subject property. Such insurance may include, but need not be limited to:

- (a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance carrier;
- (b) Public liability and property damage insurance on a broad form basis;
- (c) Fidelity bond for all officers and employees of the Association having control over the receipt or disbursement of funds; and
- (d) Officers' and directors' liability insurance.

7.02 Insurance Proceeds. The Declarant and/or the Association and the Members shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Declarant and/or the Association, as required in this Article VII, remaining after satisfactory completion of repair and replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Properties.

7.03 Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Declarant and/or the Association may levy a

special assessment as provided for in Article VI of this Declaration to cover the deficiency.

7.04 Other Insurance Matters. The Association will seek to carry public liability insurance generally covering bodily injury and property damage arising out of negligent acts by employees, Members or authorized representatives of the Association. The Association will not carry any insurance pertaining to, nor does it assume any liability or responsibility for, the real or personal property of the Owners (and their respective family members and guests).

Each Owner expressly understands, covenants and agrees with Declarant and the Association that:

(a) neither Declarant nor the Association has any responsibility or liability of any kind or character whatsoever regarding or pertaining to the real and personal property of each Owner; and

(b) each Owner shall, from time to time and at various times, consult with reputable insurance industry representatives of each Owner's own selection to select, purchase, obtain and maintain appropriate insurance providing the amount, type and kind of insurance deemed satisfactory to each Owner covering his or her real and personal property.