

ARTICLE X

Insurance

1. Insurance Policies. The Board shall purchase comprehensive general liability, property damage, fire, and other hazard insurance as promptly as possible following its election. The Board shall thereafter maintain such policies in force at all times and shall pay the premiums thereon from monthly association fees. Prior to the organizational meeting of the Board, such insurance shall be procured and maintained by the Declarant.

The insurance shall be carried with reputable companies authorized to do business in Iowa in such amounts as the Board may determine. The policies shall name as insured the Association, individually, and as agent for the unit owners, without naming them, and as agent for their mortgagees. Declarant shall be named as an additional insured on such policies until such time as Declarant shall have conveyed all of the condominiums in the project. The policies shall also provide for the issuance of certificates or such endorsement evidencing the insurance as may be required by the respective mortgagees.

2. Coverage. The policy or policies shall insure against loss arising from perils in both the common areas and the units and shall include contractual liability coverage to protect against such liabilities as may arise under the contractual exposures of the Association and/or the Board. The policy or policies shall also insure against loss from perils therein covered to all of the improvements in the project. Such policy or policies shall contain extended coverage, vandalism, and malicious mischief endorsements. The improvements shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policy or policies shall also cover personal property owned in common and shall further contain waiver-of subrogation rights by the carrier as to negligent owners.

3. Individual Owner Insurance Coverage. An owner may obtain coverage at his or her own expense for his or her personal property and other risks, as he/she may desire. However, no owner shall separately insure his or her condominium or any part thereof against loss by fire or other casualty covered by the insurance carrier under clause 1. Should any owner violate this provision, any diminution in insurance proceeds resulting from the existence of such other insurance shall be chargeable to the owner who acquired such other insurance, who shall be liable to the association to the extent of any such diminution and/or loss of proceeds.

4. Additional Coverage. The Board may purchase and maintain in force at the expense of the common maintenance fund, debris removal insurance, loss of rent coverage, fidelity bonds, and other insurance and/or bonds that it deems necessary. The Board shall purchase and maintain worker's compensation insurance to the extent that the same shall be required by law respecting employees of the Association. The Board shall also maintain "all risk" insurance coverage on the project to insure against water damage and like kind of casualties, if such insurance would be reasonably available.

5. Loss Adjustment. The Board is hereby appointed as the attorney-in-fact for all owners and mortgagees to adjust all claims arising under the insurance policies purchased by the Association and to execute and deliver all releases upon payment of claims.

6. Association as Trustee for Proceeds. In the event of damage or destruction by fire or other casualty affecting a unit or units, and/or if any portion of the common area is damaged or destroyed by fire or other casualty, all insurance proceeds paid in satisfaction of claims for said loss or losses, including any proceeds payable under any loss of rents coverage, shall be segregated according to losses suffered by each unit or units and/or the common area, and shall be paid to the Association as trustee for the owner or owners and for the encumbrancer or encumbrancers, as their respective interest may appear. Said insurance proceeds, and the proceeds of any special assessment as hereinafter provided, whether or not subject to liens of mortgages or deeds of trust, shall be collected and disbursed by said trustee through a separate trust account on the following terms and conditions:

(a) Partial Destruction of Common Elements. If the damaged improvement is a common element, the Board of Directors of the Association may, without further authorization, contract to repair or re-build the damaged portion of the common elements substantially in accordance with the original plans and specifications thereof

(b) Partial Destruction of Units and Common Elements. In the event of damage to, or destruction of any unit or units with accompanying damage to the common elements but the total destruction or damage does not represent sixty percent (60%) or more of the buildings in the regime and the costs of repairing or rebuilding said damaged area does not exceed the amount of available insurance proceeds for said loss by more than \$20,000.00, the Board of Directors of the Association shall immediately contract to repair or re-build the damaged portion of the unit or units and the common elements substantially in accordance with the original plans and specifications. If the cost to repair or re-build exceeds available insurance by \$20,000.00, then owners of the individual units, by vote of not less than a majority of those present and entitled to vote, in person or by proxy, at a duly constituted owners' meeting held within thirty (30) days from the date of such damage or destruction, shall determine whether the Board of Directors shall be authorized to proceed with repair or reconstruction.

(c) Total Destruction. In the event of sixty percent (60%) or more damage to, or destruction of, the buildings in the regime by fire or other casualty, the owners of the individual units, by vote of not less than a majority of those present and entitled to vote, in person or by proxy, at a duly constituted owners' meeting held within thirty (30) days from the date of such damage or destruction, shall determine whether the Board of Directors shall be authorized to proceed with repair or reconstruction, or whether said project shall be sold; provided, however, that such determination shall be subject to the express written approval of all record owners of mortgages upon any part of the regime. In the event of a determination by re-build or repair, the Board shall have prepared the necessary plans, specifications and maps and shall execute the necessary documents to effect such reconstruction or repair as promptly as practicable and in a lawful and workmanlike manner.

In the event of a determination not to re-build, the Board shall offer the project for sale forthwith, at the highest and best price obtainable, either in its damaged condition or after damaged structures has been razed. The net proceeds of such sale, and the proceeds, if any, of insurance carried by the Association, shall be distributed proportionately to the unit owners in the same proportion that the unit in which they have an interest shares in the common elements, except that where there is a mortgage of record or other valid encumbrance on anyone unit then, and in that event, with respect to said unit, the Association will distribute said proceeds as follows: First to the record owner of the mortgages upon units and common elements in the regime in satisfaction of the balance currently due on said encumbrances and then the remaining proceeds, if any, to the unit owner of record.

(d) In the event that the common area is repaired or reconstructed pursuant to the provisions of paragraphs (a), (b) or (c) of this clause and there is any deficiency between the insurance proceeds paid for the damage to the common area and the contract price for repairing or re-building the common area, the Board shall levy a special assessment against each owner in proportion to his/her fractional interest of ownership in the common area to make up such deficiency. If any owner shall fail to pay said special assessment or assessments within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the maintenance fund, and the remaining owners shall be entitled to the same remedies as those provided in Article VII of this Declaration, covering a default of any owner in the payment of maintenance charges.

(e) In the event of a dispute among the owners and/or mortgagees respecting the provisions of this clause, any such party may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association.

In the event of arbitration, the party requesting the arbitration will give immediate notice thereof to the Board, which shall notify all other owners and mortgagees as promptly as possible after the reference to arbitration is made, giving all such parties an opportunity to appear at such arbitration proceedings. The decision of the arbitrator in this matter shall be final and conclusive upon all of the parties. The arbitrator may include in his/her determination an award for costs and/or attorney fees against anyone or more parties to the arbitration.

7. Abatement of Common Expenses. The Board is authorized to provide coverage for payment of maintenance charges which are abated hereunder on behalf of an owner whose unit is rendered uninhabitable for a peril insured against.

8. Review of Insurance Needs. Insurance coverage will be analyzed by the Board, or its representative, at least every year from the date hereof and the insurance program revised accordingly.