

The Association shall maintain if required any insurance or fidelity bond requirements established by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, and Government National Mortgage Association, except to the extent such coverage is not available or has been waived in writing.

XVIII. DAMAGE OR DESTRUCTION

1. In the event of damage or destruction to all or part of the Common Area, the insurance proceeds, if sufficient, shall be applied to repair, reconstruct or rebuild the Common Area in accordance with the original plans. Such repair, reconstruction or rebuilding shall be arranged for promptly by the Board of Directors.
2. If the insurance proceeds are insufficient to pay for the cost to repair the Common Areas, the Board shall promptly, but in no event later than ninety (90) days after the date of damage or destruction, give notice to the Owners of the proposed repairs, replacement and reconstruction, as well as the projected cost of such repairs, replacement or reconstruction. The Board shall be deemed to have approved the proposed repairs, replacement, and reconstruction. In any case, however, use of hazard insurance proceeds for other than repair, replacement, or reconstruction of the Common Area in accordance with the original plans shall not be permitted without the prior written approval the Board.

XIX. CONDEMNATION

1. In the event of a partial condemnation of the Common Areas, the proceeds shall be used to restore the remaining Common Area, and any balance remaining shall be distributed to the Association.
2. In the event that the entire Common Area is taken or condemned, or sold, or otherwise disposed of in lieu of or in avoidance thereof, the condemnation award shall be distributed to the Association.
3. No proceeds received by the Association as the result of any condemnation shall be distributed to a Lot Owner or to any other party derogation of the rights of the First Mortgagee of any Lot.

XX. MORTGAGEES' PROTECTION

Declaration of Covenants,
Conditions and Restrictions

28