

distributed to the Board for repair of the Common Areas after condemnation and the balance remaining shall be distributed to all Owners in the same proportion as the Annual Assessments for Common Expenses are assessed subject to the Association's right to offset condemnation proceedings against any amounts owed to the Association by an Owner pursuant to ARTICLE V.

Section 9.2 Condemnation of Units. If a Unit is condemned, then the proceeds of any such condemnation shall be distributed as agreed to by each Owner of such Unit or Units and the entity performing the condemnation, subject, however, to the provisions of Section 9.3 below.

Section 9.3 Lien Holders. When condemnation occurs, either to the Common Areas or to a Unit within the Property and such Unit is subject to an encumbrance, the proceeds payable hereunder shall be distributed by checks made jointly payable to the Owners and their respective First Mortgagees after cure of any default in Assessments and satisfaction of any liens in favor of the Association. No Owner or other parties shall be entitled to priority over First Mortgagees with respect to any such distribution.

## ARTICLE X INSURANCE

Section 10.1 Authority to Purchase/General Requirements. Commencing not later than the time of the first conveyance of a Unit, to a person other than the Declarant to the extent reasonably available, the Association shall maintain property and commercial general liability insurance in accordance with and as required by C.R.S. § 38-33.3-313 as it may be amended from time to time. Each such policy shall provide that the insurer to the extent possible waives any right to claim by way of subrogation against the Declarant, the Association, the Board, and the Owners and their families. The name of the insured under the policies shall be the Association for the use and benefit of the individual Owners. Any loss covered by the policies carried under this Article shall be adjusted exclusively by the Board and the insurance proceeds for that loss shall be payable to the Association as trustee for each Owner. All insurance policies shall contain the standard mortgagee clause or equivalent endorsement (without contribution).

Section 10.2 Hazard Insurance. The Board may obtain and maintain an "all-risk" form policy of hazard insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage, debris removal, cost of demolition and water damage endorsements and such other insurance as the Board may deem necessary or prudent from time to time.

Section 10.3 Rebuilding of Damaged Common Area. In the event of any distribution of insurance proceeds resulting from any loss covered by insurance maintained by the Association, the proceeds must be disbursed first for the repair and restoration of the damaged property and the Association and the Owners are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damage has been completely repaired and the affected property restored or:

