

14.4 Exception. The provisions of Sections 14.2 and 14.3 are not applicable to the acquisition of title by a first mortgagee who acquires title through the mortgage, whether by foreclosure or deed in lieu of foreclosure, nor shall the Association's approval be required for the subsequent resale or lease of a Unit by such mortgagee of the Unit so acquired.

14.5 Unapproved Transfers. Any sale or transfer which is not approved, or which is disapproved pursuant to the terms of this Declaration shall be void unless subsequently approved in writing by the Board.

14.6 Fees and Deposits Related to the Sale of Units. Whenever herein the Board's approval is required to allow the sale or other transfer of an interest in a Unit, the Association may charge the Owner a preset fee for processing the application, such fee not to exceed the maximum amount allowed by law. The Board may further require that the purchaser of the Unit deposit with the Association a sum not exceeding four (4) quarters of regular Assessments, based on the current or approved budget, as determined by the Board by rule, which deposit will be credited to that Unit's future Assessment obligation.

15. INSURANCE: In order to adequately protect the Association and its members, insurance shall be carried and kept in force at all times in accordance with the following provisions:

15.1 Insurance Obligations as Between Association and Owners. Every property insurance policy issued or renewed on or after January 1, 2009 to the Association, for the purpose of protecting the Condominium, must provide primary coverage for:

(A) All portions of the Condominium Property as originally installed or replacement of like kind and quality, in accordance with the original plans and specifications.

(B) All alterations or additions made to the Condominium Property or Association Property pursuant to Section 718.113(2) of the Condominium Act.

(C) The coverage must exclude all personal property within a Unit or Limited Common Elements, and floor, wall, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of the Unit and serve only such Unit. Such property and any insurance thereupon is the responsibility of the Owner.

(D) An Owner's policy must conform to the requirements of Section 627.714, Florida Statutes, which provides:

(1) For policies issued or renewed on or after July 1, 2010, coverage under an Owner's residential property policy must include at least Two Thousand Dollars (\$2,000.00) in

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property loss assessment coverage for all Assessments made as a result of the same direct loss to the property, regardless of the number of Assessments, owned by all members of the Association collectively, if such loss is of the type of loss covered by the Owner's residential property insurance policy, to which a deductible of no more than Two Hundred Fifty Dollars (\$250.00) per direct property loss applies. If a deductible was or will be applied to other property loss sustained by the Owner resulting from the same direct loss to the property, no deductible applies to the loss assessment coverage.

(2) The maximum amount of any owner's loss assessment coverage that can be assessed for any loss shall be an amount equal to that Owner's loss assessment coverage limit in effect one day before the date of the occurrence. Any changes to the limits of an Owner's coverage for loss assessments made on or after the day before the date of the occurrence are not applicable to such loss.

(3) Regardless of the number of Assessments, an insurer providing loss assessment coverage to an Owner is not required to pay more than an amount equal to that Owner's loss assessment coverage limit as a result of the same direct loss to property.

(4) Every individual Owner's residential property policy must contain a provision stating that the coverage afforded by such policy is excess coverage over the amount recoverable under any other policy covering the same property.

(G) All reconstruction work after a property loss must be undertaken by the Association except as otherwise authorized herein. An Owner may undertake reconstruction work on portions of the Unit with the prior written consent of the Board of Directors. However, such work may be conditioned upon the approval of the repair methods, the qualifications of the proposed contractor, or the contract that is used for that purpose. An Owner shall obtain all required governmental permits and approvals before commencing reconstruction.

(H) An Owner is responsible for the cost of reconstruction of any portions of the Condominium Property for which the Owner is required to carry property insurance, and any such reconstruction work undertaken by the Association is chargeable to the Owner and enforceable as an Assessment pursuant to Section 718.116 of the Condominium Act.

(I) Any portion of the Condominium Property that must be insured by the Association against property loss pursuant to Section 15.1 (A)–(C) above which is damaged shall be reconstructed, repaired, or replaced as necessary by the Association as a Common Expense, except that:

(1) An Owner is responsible for the costs of repair or replacement of any portion of the Condominium Property not paid by insurance proceeds, if such damage is caused by intentional conduct, negligence or failure to comply with the terms of this Declaration or the Rules and Regulations by an Owner, the members of his or her Family, Occupants, lessees, Guest, or invitees, without compromise of the subrogation rights of the insurer.

(2) The provisions of (1) above regarding the financial responsibility of an

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Owner for the costs of repairing or replacing other portions of the Condominium Property also apply to the costs of repair or replacement of personal property of other Owners or the Association, as well as other property, whether real or personal, which the Owners are required to insure.

(3) To the extent the cost of repair or reconstruction for which the Owner is responsible is reimbursed to the Association by insurance proceeds, and the Association has collected the cost of such repair or reconstruction from the Owner, the Association shall reimburse the Owner without the waiver of any rights of subrogation.

(4) The Association is not obligated to pay for reconstruction or repairs of property losses as a Common Expense if the property losses were known or should have been known to an Owner and were not reported to the Association until after the insurance claim of the Association for the property was settled or resolved with finality, or denied because it was untimely filed.

(J) The Association is not obligated to pay for any reconstruction or repair expenses due to property loss to any improvements installed by a current or former Owner of the Unit or by the developer of the Condominium if the improvement benefits only the Unit for which it was installed and is not part of the standard improvements installed by the developer on all Units as part of original construction, whether or not such improvement is located within the Unit. This paragraph does not relieve any party of its obligations regarding recovery due under any insurance implemented specifically for any such improvements.

15.2 Association Insurance: Duty and Authority to Obtain. The Board of Directors shall use its best efforts to obtain and keep in force the insurance coverage which it is required to carry by law and under the Condominium Documents, and may obtain and keep in force any or all additional insurance coverage as it deems necessary. When available, coverage should be in force with "admitted or authorized" insurance companies. The name of the insured shall be the Association and the Unit Owners without naming them, and their mortgagees, as their interests shall appear. To the extent permitted by law, the Association may self-insure. The amount of insurance must be based upon the replacement cost of the property to be insured as determined by an independent insurance appraisal or update of a prior appraisal. The replacement cost must be determined at least once every thirty-six (36) months. When determining the adequate amount of property insurance coverage, the Board of Directors may consider deductibles as determined pursuant to Section 718.111 of the Condominium Act. The deductibles must be consistent with industry standards and prevailing practice for communities of similar size and age, and having similar construction and facilities in the locale where the Condominium is situated. The deductibles may be based upon available funds, including reserve accounts, or predetermined Assessment authority at the time the insurance is obtained. The Board of Directors shall establish the amount of deductibles based upon the level of available funds and predetermined Assessment authority at a meeting of the Board of Directors in the manner set forth in Section 718.112(2)(e) of the Condominium Act. The insurance required hereunder shall afford the following protection:

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(A) Property. Loss or damage by fire, extended coverage (including windstorm), vandalism and malicious mischief, and other hazards covered by what is commonly known as an "All Risk" property contract.

(B) Flood. In amounts deemed adequate by the Board of Directors, as available through the National Flood Insurance Program.

(C) General Liability. Premises and operations liability for bodily injury and property damage in such limits of protection and with such coverage as are determined by the Board of Directors, with cross liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner.

(D) Workers' Compensation. The Association shall maintain Workers' Compensation insurance on at least a minimum premium basis.

(E) Directors, Officers and Committee Members' Liability (Errors and Omissions).

(F) Fidelity Bond/Insurance.

15.3 Optional Coverage. The Association may purchase and carry other such insurance coverage as the Board of Directors may determine to be in the best interest of the Association and Unit Owners. Some of the more common options include:

(A) Additional flood insurance.

(B) Boiler and Machinery coverage (includes breakdown on Common Element air conditioning Units).

(C) Broad Form Comprehensive General Liability Endorsement.

(D) Elevator Liability & Elevator Collision.

(E) Medical Payments.

(F) Leakage, seepage and wind-driven rain.

(G) Automobile insurance.

15.4 Description of Coverage. A detailed summary of the coverages included in the master policies, and copies of the master policies, shall be available for inspection by Unit Owners or their authorized representatives upon request.

15.5 Waiver of Subrogation. If available and where applicable, the Board of Directors shall endeavor to obtain insurance policies which provide that the insurer waives its right to subrogation as to any claim against the Association Unit Owners, or their respective servants, agents or guests, except for any claim based upon gross negligence evidencing reckless, willful or wanton disregard for life or property.

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15.6 Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Unit Owners and their mortgagees as their interests may appear, and all proceeds shall be payable to the Association. The duty of the Association shall be to receive such proceeds as are paid, and to hold the same in trust, and disburse them for the purposes stated herein and for the benefit of the Unit Owners and their respective mortgages in the following shares:

(A) Common Elements. Proceeds on account of damage to Common Elements shall be held in as many individual shares as there are Units, the shares of each Unit Owner being the same as his share in the Common Elements.

(B) Units. Proceeds on account of damage within the Units shall be held in undivided shares based on the prorated amount of damage covered by insurance within each damaged Unit as a percentage of the total damage covered by insurance within all Units.

(C) Mortgage. If a mortgagee endorsement has been issued as to a Unit, the shares of the mortgagee and the Unit Owner shall be as their interests appear. In no event shall any mortgagee have the right to demand application of insurance proceeds to any mortgage or mortgages which it may hold against Unit or Units, except to the extent that insurance proceeds exceed the actual cost of repair or restoration of the damaged building or buildings. Except as otherwise expressly provided, no mortgagee shall have any right to participate in determining whether improvements will be restored after casualty.

15.7 Distribution of Proceeds. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the Unit Owners in the following manner:

(A) Cost of Reconstruction or Repair. If the damage for which the proceeds are paid is to be reconstructed or repaired by the Association, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after defraying costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being paid jointly to them. This is a covenant for the benefit of mortgagees and may be enforced by them.

(B) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided herein that the damages for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners, with remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of mortgagees and may be enforced by them.

15.8 Association as Agent. The Association is hereby irrevocably appointed as agent for each Unit Owner to adjust all claims arising under insurance policies purchased by the Association for damage or loss to the Condominium Property.

16. RECONSTRUCTION OR REPAIR AFTER CASUALTY: If any part of the Condominium Property is damaged by casualty, whether and how it shall be reconstructed or repaired shall be determined as follows:

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