

able replacement value, excluding foundation and excavation costs, as determined annually by the board of directors of the Association. Such coverage shall afford protection against

(1) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including, but not limited to vandalism and malicious mischief.

(b) Public liability in such amounts and with such coverage as shall be required by the board of directors of the Association, including but not limited to hired automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of the apartment owners as a group to an apartment owner.

(c) Workmens Compensation policy to meet the requirements of law.

.3 Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association and charged to the general expense account or to apartment building expense accounts as shall be appropriate.

.4 Distribution of proceeds. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Reconstruction or repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to apartment owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an