

# CROSSWAYS CONDOMINIUM

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## ARTICLE V

### OPERATION OF THE PROPERTY

#### Section 5.01. Determination of Common Expenses and Fixing Common Charges.

The Board of Managers shall from time to time and at least annually, prepare a budget for the Condominium, determine the amount of the common charges payable by the unit owners to meet the common expenses of the Condominium, and allocate and assess such common charges among the unit owners according to their respective common interests. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 5.02 of this Article V and the fees and disbursements of the Insurance Trustee. The common expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the acquisition by the Board of Managers or its designee, corporate or otherwise, on behalf of all unit owners, of any unit whose owner has elected to surrender such unit, or of any unit which is to be sold at a foreclosure or other judicial sale. The Board of Managers shall advise all unit owners, promptly, in writing, of the amount of common charges payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such common charges are based, to all unit owners. Additions, alterations or improvements costing more than \$15,000.00 in any one year, must be approved by a majority of the unit owners.

#### Section 5.02. Insurance.

The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (i) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Buildings, (including all of the units and all unit cabinets and fixtures but not including the range, refrigerator, furniture, furnishings or other improvements

or betterments supplied or installed by unit owners), together with all fixtures and equipment, if any, used in common and other service machinery contained therein and covering the interests of the Condominium, the Board of Managers and all unit owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the Buildings and common fixtures and equipment, without deduction for depreciation; each of said policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject however, to the loss payment provision in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; (ii) workmen's compensation insurance, when necessary; and (iii) such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if \$50,000.00 or less, shall be payable to the Board of Managers, and if more than \$50,000.00 shall be payable to the Insurance Trustee.

The amount of fire insurance to be maintained until the first meeting of the Board of Managers following the first annual meeting of the unit owners shall be at least the sum of \$4,500,000.00.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially modified without at least 10 days' prior written notice to all of the insureds, including all mortgagees of units. Duplicate originals of all policies of physical damage insurance, and all renewals thereof, together with proof of payment of premiums, shall be delivered upon request, to all mortgagees of units at least 10 days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal, from a fire insurance company, or other expert, of the full replacement value of the Buildings, including all of the units and all of the common fixtures and equipment therein, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance with respect to liability claims arising out of the common elements, in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent, the manager, if any, and each unit owner. The Board of Managers shall review such limits once a year. Until the first meeting of the Board of Managers following the first annual meeting of the unit owners, such public liability insurance will be in a limit of at least \$1,000,000.00 covering personal injury or property damage in respect of any one occurrence and at least \$1,000,000.00 umbrella floater.

Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any unit owner.

Section 5.03. Repair or Reconstruction  
After Fire or Other  
Casualty.

In the event of damage to or destruction of any or all of the Buildings as a result of fire or other casualty, the Board of Managers shall arrange for the prompt repair and restoration of any or all of the Buildings (including any damaged units, but not including any wall, ceiling, or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed by unit owners in their units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense, and the Board of Managers may assess all the unit owners for such deficit as part of the common charges.

If 75% or more of the total value of the building in which the units are located is destroyed or substantially damaged and 75% or more of the unit owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any unit owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 5.03, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the unit owners in proportion to their respective common interests, after first paying out of the share of each unit owner the amount of any unpaid liens on his unit, in the order of the priority of such liens.

Section 5.04. Payment of Common Charges.

All unit owners shall be obligated to pay the common charges assessed by the Board of Managers pursuant to the provisions of Section 5.01 of this Article V at such time or times as the Board of Managers shall determine.

No unit owner shall be liable for the payment of any part of the common charge assessed against his unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of Section 7.01 of Article VII of these By-Laws) of such unit, together with the Appurtenant Interests, as defined in Section 7.01 of Article VII hereof. In addition, any unit owner may, provided that his unit is free and clear of liens and encumbrances other than a permissible first mortgage and the statutory lien for unpaid common charges, convey his unit together with the "Appurtenant Interests" to the Board of Managers or its designee, corporate or otherwise, on behalf of all other unit owners, and in such event be exempt from common charges thereafter assessed.

Unless notified by the Board of Managers in writing, prior to closing of title, that there are no unpaid common charges assessed against the unit, a purchaser of the unit shall be liable for payment of common charges assessed against such unit prior to the acquisition by him of such unit, except that a mortgagee, or other purchaser of a unit at a foreclosure sale of a