

expense of any such alterations, additions or improvements would, in the judgment of the Board, exceed \$50,000 in the aggregate in any calendar year, such proposed alterations, additions, or improvements shall not be made unless first approved by a Majority of all Unit Owners (if involving the Common Elements) at a duly constituted meeting of the Unit Owners and by the Mortgage Representatives, if any, or approved by a Majority of all Residential Unit Owners (if involving the Residential Common Elements) as a duly constituted meeting of the Residential Unit Owners and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements costing \$50,000 or less in the aggregate in any calendar year may be made as aforesaid without the approval of either the Unit Owners or any Mortgage Representative, and the cost thereof shall constitute a Common Expense to be paid by all Unit Owners, as with regard to the Common Elements and the cost thereof shall constitute a Common expense to the Residential Unit Owners as to the Residential Common Elements. Notwithstanding anything herein to the contrary, any alterations, additions or improvements (regardless of the cost thereof) that will necessitate an increase in the Common Charges or require the imposition of a special assessment greater than five (5%) percent of the previous year's Common Charges shall not be undertaken unless approved by the Majority of all Unit Owners (in number and in Common Interest) in accordance with Section 2.5 (A) of these By-Laws.

Section 5.4 Insurance. (A) If the same shall be obtainable, the Board shall obtain, and shall maintain in full force and effect, fire insurance policies and malicious mischief endorsements, insuring the Building (including all Unit and the bathroom and kitchen fixtures and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by Unit Owners or the tenants of Unit Owners) and covering the interests of the Condominium, the Board, all of the Unit Owners and all Permitted Mortgagees, as their interests may appear. Each of the said policies shall contain, if available:

(i) waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured and (d) pro-rate reeducation of liability.

(ii) a provision that any adjustment of loss will be made by the Board and that all proceeds thereof shall be paid either the Board or the Insurance Trustee, as provided in Section 5.5 hereof;

(iii) a New York standard mortgage clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board and the Insurance Trustee set forth in subparagraph (ii) above and in Section 5.5 hereof; and

(iv) a provision that such policy may not be either cancelled or substantially modified except upon at least ten (10) days' prior written notice to all insured, including all Permitted Mortgagees.

Duplicate originals or certificates of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be sent to those Unit Owners and Permitted Mortgagees who request same. Renewals of such policies shall be obtained at least ten (10) days prior to the expiration of the then current term.

(B) The Board shall also obtain and maintain, to the extent practicable:

(i) commercial general liability insurance, including, in the discretion of the Board, umbrella liability, covering all claims for personal injury or property damage arising out of any occurrence on the Property and listings as co-insureds (a) the Board and each member thereof, (b) the Managing Agent or manager (if any), (c) each officer and employee of the Condominium and (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his own Unit);

(ii) workmen's compensation and New York State disability benefits insurance;

(iii) boiler and machinery insurance;

(iv) water damage legal liability insurance;

(v) elevator liability and collision insurance; and

(vi) such other insurance as the Board shall from time to time determine.

Each of the aforementioned policies of insurance to be maintained by the Board shall contain such limits as the Board shall from time to time determine, provided, however, that:

(C) All policies of insurance to be maintained by the Board shall contain such limits as the Board shall from time to time determine, provided, however, that:

(i) with respect to insurance policies maintained by the Board pursuant to paragraph (A) hereof, the coverage shall be not less than an amount which is sufficient for the insurance company to waive any co-insurance requirement or is based on an "agreed amount replacement cost" (or complete term) and, until the first regular meeting of the first Condominium Board elected by the Unit Owners, such coverage shall be at least in the amount of \$10,000,000; and insurance; and

(ii) with respect to insurance policies maintained by the Board pursuant to subparagraph (i) of paragraph (B) hereof, such policies shall contain single limits of not less than \$2,000,000 in the aggregate until the first regular meeting of the first seven (7) member Condominium Board elected by the Unit Owners.

Any insurance policies maintained by the Board may also provide for such deductible amounts as the Board shall determine. The Board shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year.

(D) The cost of all insurance maintained by the Board pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Board pursuant to the terms of these By-Laws, shall be borne by the Unit Owners as a common Expense.

(E) 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 the insurance maintained by the Board shall not be affected or diminished by reason of any such additional insurance carried by a Unit Owner.

Section 5.5 Casualty or Condemnation. (A) In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty (hereinafter referred to as a "Casualty Loss") or (ii) the Common Elements or any part thereof is taken in condemnation or by eminent domain (hereinafter referred to as a "Taking"), the net insurance proceeds payable under the insurance policies maintained by the Board pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Board, if the same shall exceed \$100,000 in the aggregate, or to the Insurance Trustee, if one is appointed, if the same shall exceed \$100,000 in the aggregate. In either instance, all such monies actually received (hereinafter referred to as the "Funds") shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgages and shall be disbursed pursuant to