

~~Unit Owners collectively) to comply with any warranty or~~
condition with regard to any portion of the premises over which
the Trustees and the Trust (or Unit Owners collectively) have not
control; (iii) that such policies may not be cancelled or reduced
without at least thirty (30) days' prior written notice to the
Insurance Trustees, all Unit Owners, and first mortgagees of the
Units; (iv) that the insurer shall not be entitled to
contribution as against any insurance obtained by individual Unit
Owners covering their own Units; (v) if available, that the
insurer shall waive any right it may have under the policy to
repair or restore damage should the Unit Owners elect to
terminate the Condominium because of such damage; (vi) that,
notwithstanding any provisions thereof which give the insurer the
right to elect to restore damage in lieu of making a cash
settlement, such election may not be exercisable without the
approval of the Trustees and may not be exercisable if in
conflict with the terms of said Chapter 183A, the Trust, or these
By-Laws; and (vii) for waivers of any defense based upon the
conduct of any insured.

Certificates of insurance, with proper mortgagee
endorsements, when requested, shall be issued to the Owners of
each Unit.

B. At such time as there shall come to be more than 30
units in the Condominium or upon receipt by the Trustees of the
written request of the owners of Units entitled to more than
fifty percent (50%) of the beneficial interest hereunder, the
Trustees shall obtain fidelity coverage against dishonest acts on
~~the part of managers, Trustees, employees or volunteers~~

~~responsible for handling funds belonging to or administered by~~
the Trustees. The fidelity bond or insurance shall name the Trust as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

C. The Trustee or Trustees hereunder designated as Insurance Trustee or Trustees as aforesaid shall collect and receive all casualty loss insurance proceeds and shall hold, use, apply and disburse the same in accordance with applicable provisions of the following Section 5.6 of this Article V. With respect to losses which affect portions or elements covered by such insurance of a Unit, or of more than one Unit to substantially the same or to different extents, the proceeds relating thereto shall be used, applied and disbursed by the Trustees in a fair and equitable manner.

D. The Trustees shall obtain and maintain, to the extent obtainable and permitted by applicable law, a comprehensive policy of public liability insurance in such limits as the Trustees may, from time to time determine, but at least in the amount of \$1,000,000.00 per occurrence for personal injury and/or property damage, covering the Trust, each Trustee, the managing agent, the manager and each Unit Owner with respect to liability including, without limitation legal liability of the insureds for ~~property damage, bodily injuries and death of persons arising out~~

~~of ownership, maintenance or repair of all public ways within all~~
common areas and facilities of the Condominium and legal
liability arising out of law suits related to employment
contracts of the Trustees of Canal Place Condominium Trust, such
insurance to provide for cross claims by the co-insureds. Such
insurance policy shall contain a "severability of interest"
endorsement which shall preclude the insurer from denying the
claim of a Unit Owner because of negligent acts of the Trustees
or other Unit Owners. The scope of coverage shall include all
other coverage in the kinds and amounts required by private
institutional mortgage investors for projects similar in
construction, location and use.

The Trustees shall also obtain and maintain, to the extent
obtainable and permitted by applicable law, workmen's
compensation and employees' liability with respect to any
manager, agent or employee of the Trust, but excluding any
independent agent or manager, and such other risks as the
Trustees in their sole discretion deem it appropriate to insure,
and shall insofar as practicable, contain provisions as above set
forth with respect to noncancellation, waiver of subrogation,
waiver of defense based on conduct of any insured, and
noncontribution.

E. Each Unit Owner may (and is solely responsible to)
obtain additional insurance for his or her own benefit, including
without limitation personal property, public liability and loss
assessment insurance, at his or her own expense. No policy may
~~be written so as to decrease the coverage under any of the master~~

~~policies obtained by the Trustees and each Unit Owner hereby~~
assigns to the Trustees the proceeds of any such policy to the extent that any such policy does in fact result in a decrease in such coverage, said proceeds to be applied pursuant to the terms of these Sections 5.5 as if produced by such coverage. Copies of all such policies (except policies covering only personal property of individual Unit Owners) shall be filed with the Trustees.

F. The cost of all insurance obtained and maintained by the Trustees pursuant to provisions of this Section 5.5, shall be a common expense.

Section 5.6. Rebuilding and Restoration, Improvements.

A. In the event of any casualty loss to the common areas and facilities, the Trustees shall determine in their reasonable discretion whether or not such loss exceeds ten percent (10%) of the value of the Condominium immediately prior to the casualty, and shall notify all Unit Owners of such determination. If such loss as so determined does not exceed ten percent (10%) of such value, the Trustees shall proceed with the necessary repairs, rebuilding or restoration in the manner provided in paragraph (a) of Section 17 of said Chapter 183A. If such loss as so determined does exceed ten percent (10%) of such value, the Trustees shall forthwith submit to all Unit Owners (a) a form of agreement (which may be in several counterparts) by the Unit Owners authorizing the Trustees to proceed with the necessary repair, rebuilding or restoration, and (b) a copy of the provisions of said Section 17; and the Trustees shall thereafter ~~proceed in accordance with, and take such further action as they~~

~~may in their discretion deem advisable in order to implement the~~
provisions of paragraph (b) of said Section 17.

B. If and whenever the Trustees shall propose to make any improvement to the common areas and facilities of the Condominium, or shall be requested in writing by the Unit Owners holding twenty-five percent (25%) or more of the beneficial interest in this trust to make any such improvement, the Trustees shall submit to all Unit Owners (a) a form of agreement (which may be in several counterparts) specifying the improvement or improvements proposed to be made and the estimated cost thereof, and authorizing the Trustees to proceed to make the same, and (b) a copy of the provisions of Section 18 of said Chapter 183A. Upon (a) the receipt by the Trustees of such agreement signed by Unit Owners holding seventy-five percent (75%) or more of the beneficial interest or (b) the expiration of ninety (90) days after such agreement was first submitted to the Unit Owners, whichever of said (a) and (b) shall first occur, the Trustees shall notify all Unit Owners of the aggregate percentage of beneficial interest held by Unit Owners who have then signed such agreement. If such percentage exceeds seventy-five percent (75%), the Trustees shall proceed to make the improvement or improvements specified in such agreement and, in accordance with said Section 18 of Chapter 183A, shall charge the cost of improvement to all the Unit Owners. The Agreement so circulated may also provide for separate agreement by the Unit Owners that if Unit Owners holding more than fifty percent (50%) but less than seventy-five percent (75%) of the beneficial interest so consent, the Trustees shall proceed to make such improvement or

~~improvements and shall charge the same to the Unit Owners so~~
consenting.

C. Condemnation: If more than 10% in value of the Condominium is taken under the power of eminent domain, the taking shall be treated as a "casualty loss", and the provisions of Section 17 of Chapter 183A shall apply. Where one or more Units have been substantially altered or rendered uninhabitable as a result of a partial taking, and the Unit Owners vote to restore and continue the Condominium pursuant to the provisions of Section 17 of said Chapter 183A, the Trustees shall have the authority to acquire the remaining portions of such Units, for such price as the Trustees shall determine, provided that any Unit Owner of such remaining portion who does not agree with with such determination may apply to the Superior Court of Middlesex County on such notice to the Trustees as the Court shall direct, for an order directing the purchase of such remaining portion at fair market value thereof as approved by the Court. Where as a result of a partial taking any Unit is decreased in size or where the number of Units is decreased by a partial taking, then the Trustees may make such provisions for realignment of the beneficial interests as shall be just and equitable.

In the event of a total or partial taking under the powers of eminent domain, the Unit Owners shall be represented by the Trust acting through the Trustees. In the event of a partial taking, the award shall be allocated to the respective Unit Owners, according to their respective beneficial interest, except as to such portion or portions of the award which attributable to ~~direct or consequential damages suffered by particular Units,~~

~~which shall be payable to the Owners of such Units or their mortgagees, as their interests may appear. In the case of a total taking of all Units and the Common Elements, the entire award shall be payable to the Trustees to be distributed to the Unit Owners in accordance with their respective beneficial interests, or their mortgagees, as their interest may appear.~~

No vote or consent required of a Unit Owner pursuant to this Section shall be deemed effective without the written consent of the holder of any mortgage of his Unit.

D. Notwithstanding anything in the preceding paragraph A and B contained, (a) in the event that any Unit Owner or Owners shall by notice in writing to the Trustees dissent from any determination of the Trustees with respect to the value of the Condominium or any other determination or action of the Trustees under this Section 5.6 and such dispute shall not be resolved within thirty (30) days after such notice, then either the Trustees or the dissenting Unit Owner or Owners may submit the matter to arbitration, and for that purpose an arbitrator shall be designated by the Trustees, one by the dissenting Unit Owner or Owners and a third by the two arbitrators so designated, and such arbitration shall be conducted in accordance with the rules and procedures of the American Arbitration Association, and (b) the Trustees shall not in any event be obliged to proceed with any repair, rebuilding, or restoration, or any improvement, unless and until they have received funds in an amount equal to the estimate of the Trustees of all costs thereof.

E. If and whenever any Unit Owner shall propose to make an ~~improvement to or affecting the common areas and facilities of~~

~~the condominium at such Unit Owner's own expense, and the Trustees determine in their reasonable discretion that such improvement would be consistent and compatible with the provisions and intent of said Master Deed, the Trustees may, but shall not be obligated to, authorize such improvement to be made at the sole expense of the Unit Owner proposing the same, without the consent or approval of other Unit Owners, subject to such contractual undertakings of the Unit Owner proposing such improvement as the Trustees in their reasonable discretion deem to be necessary or desirable in the circumstances. The provisions of this paragraph requiring authorization of the Trustees for such improvements shall not be applicable to such improvements made by the Declarant.~~

Section 5.7. Provisions for Protection of Mortgagees.

Notwithstanding anything to the contrary elsewhere in the Master Deed or in this instrument contained, the following provisions shall govern and be applicable insofar and for as long as the same do not violate Chapter 183A and are required in order to qualify mortgages of Units in the Condominium for sale to the Federal Home Loan Mortgage Corporation (FHLMC) or Federal National Mortgage Association (FNMA), as applicable, under laws and regulations applicable thereto.

A. **Notice to Trustees.** A Unit Owner who mortgages his Unit, shall notify the Trustees of the name and address of his servicing mortgagee; and of whether such mortgage may be sold to FHLMC or FNMA. Any such mortgage which is sold to FNMA or FHLMC shall be an "eligible mortgage" as that term is used herein, and

the Trustees shall maintain such information in a separate book.

B. Notice of Unpaid Common Charges or Other Default. The Trustees, whenever so requested by the first mortgagee of a Unit, shall promptly provide such mortgagee a written notification of any then unpaid common charges due from, or any other default by, the owner of the mortgaged Unit if any such default is not cured within sixty (60) days of notice of same to the Unit Owner.

C. Vote Defined. The term "vote" or "votes" as used herein with respect to any Unit shall mean the "most restrictive" of (1) the undivided percent interest in the common areas and facilities of the Condominium as allocated to such unit by the Master Deed or any amended Master Deed; (2) the definition of vote adopted by FNMA; or (3) the definition of vote by FHLMC. The meaning shall be deemed "most restrictive" which requires the consent of the greatest number of eligible mortgagees when applied to the matters addressed herein.

D. Unless the first mortgagees and owners of Units having at least sixty-seven percent (67%) of the votes of Units subject to eligible mortgages have given their prior written approval, the Trustees of Canal Place Condominium Trust shall not be entitled to:

- (1) by act or omission, seek to abandon or terminate the Condominium regime;
- (2) change the pro rata interest or obligation of any Unit for the purpose of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the pro rata share of ownership of each Unit in the common areas and

facilities;

(3) partition or subdivide any Unit;

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer (except by lease) the common areas and facilities. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common areas and facilities by the Condominium shall not be deemed a transfer within the meaning of this subparagraph (4); or

(5) use hazard insurance proceeds for losses to any Condominium property (whether to Units or the common areas and facilities) for other than the repair, replacement or reconstruction of such Condominium property, except as provided by statute in case of substantial loss to the Units and/or common areas and facilities.

E. All taxes, assessments and charges which may become liens prior to a first mortgage on a Unit under local law shall relate only to the individual Units and not to the Condominium as a whole.

F. No Unit Owner, or any other party, shall have a priority over any rights of the first mortgagee of a Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or common areas and facilities.

G. If the FHLMC or FNMA shall own, in whole or in part, a mortgage of any Unit in the Condominium, the Trustees, on behalf of Canal Place Condominium Trust shall give written notice to FHLMC or FNMA, as the case may be, (c/o its servicer at

servicer's address) of any loss to or taking of common areas and facilities if such loss or taking exceeds \$10,000.00 or any damage to such Unit if such damage exceeds \$1,000.00.

H. Upon written request to the Trustees identifying an address of the holder, insurer or governmental guarantor of any eligible mortgage and the Unit number of the Unit affected by such mortgage, any eligible mortgage holder or insurer or governmental guarantor thereof will be entitled to timely written notice of:

(1) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Trustees.

(2) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders.

I. No agreement for professional management of the Condominium or any other contract with Declarant may exceed a term of three (3) years and any such agreement shall provide for termination by either party without cause and without payment of a termination fee on not more than ninety (90) days written notice.

J. To the extent permitted by applicable law, eligible mortgage holders shall also be afforded the following rights:

(1) Any restoration or repair of the Condominium, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Master Deed, as amended prior to the occurrence of such condemnation or damage and the original plans and specifications therefore, unless other action is approved by

eligible holders of mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to eligible mortgages.

(2) Any election to terminate the legal status of the Condominium after substantial destruction or a substantial taking in condemnation of the Condominium property must be approved in writing by eligible holders of mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to eligible mortgages.

(3) Except as otherwise provided herein or in the Master Deed, no reallocation of interests in the common areas and facilities resulting from a partial condemnation or partial destruction of the Condominium may be effected without the prior approval of eligible holders of mortgages on all remaining units whether existing in whole or in part, and which have at least fifty-one percent (51%) of the votes of such remaining Units subject to eligible mortgages.

(4) When professional management has been previously required by any eligible mortgage holder or any insurer or guarantor of an eligible mortgage, whether such entity became an eligible mortgage holder or insurer or guarantor at that time or later, any decision to establish self management by the Trust shall require the prior consent of owners of Units to which at least sixty-seven percent (67%) of the votes of the Trust are allocated and the approval of holders of eligible mortgages on Units which have at least fifty-one percent (51%) of the votes of units subject to eligible mortgages.