

SEXTON PLACE CONDOMINIUM OWNERS ASSOCIATION

Resolution Number 2016-01 Insurance

(Replaces Resolution Number 5 dated 06/08/2003)

WHEREAS, pursuant to Article 9 of the Bylaws of Sexton Place Condominium Owners Association (the “Bylaws”), the Board of Directors (the “Board”) of Sexton Place Condominium Owners Association (the “Association”) is required to obtain and maintain in effect on behalf of the Association certain policies of insurance, including without limitation, a policy of property insurance for the full insurable replacement value, if available, of all of the common elements of the Condominium (the “Property Insurance Policy”) and a policy of general liability insurance (the “General Liability Insurance Policy”). The Property Insurance Policy and the General Liability Insurance Policy are hereinafter collectively referred to as the “Association Insurance Policies”.

WHEREAS, although the Bylaws require the Board to obtain and maintain in effect the Association Insurance Policies on behalf of the Association, neither the Bylaws nor the Condominium Declaration, Declaration of Condominium Ownership for Sexton Place Condominium (the “Declaration”) assign financial responsibility for the payment of deductibles under the Association Insurance Policies when less than a material portion of the Condominium property is damaged or destroyed or establish procedures for reporting or processing claims against the Association Insurance Policies.

WHEREAS, pursuant to ORS 100.435 (6) and (8), the Board may adopt resolutions assigning financial responsibility for the payment of deductibles under the Association Insurance Policies and establishing procedures for reporting and processing claims against the Association Insurance Policies when such matters are not otherwise addressed in the Declaration or Bylaws.

WHEREAS, the Board of Directors has determined that it is in the best interest of the Association to adopt the following resolutions governing the determination of financial responsibility for the payment of deductibles under the Association Insurance Policies and establishing procedures for reporting and processing claims against the Association Insurance Policies.

NOW THEREFORE, BE IT RESOLVED THAT the Board hereby adopts the following conditions, requirements, and procedures relating to insurance.

1. Determination of Deductible; Notice.

- (a) **Determination of Deductible by Board.** The Board of Directors shall determine the amount of the deductible for the Property Insurance Policy and any other insurance policies required to be obtained by the Association as provided in the Declaration or the Bylaws of the Association. In determining the deductible under the policies, the Board members shall exercise their reasonable business judgment. The Association's current deductible under its Property Insurance Policy is \$10,000 per occurrence. For specific details regarding the Association's current deductibles, please contact the Association's community manager to

obtain and review the Association's Property Insurance Policy or download a copy from the Association's community website.

- (b) **Notice.** The Board of Directors shall give written notice to the owners of the amount of the deductible under the Association Property Insurance Policy. To the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the owners of any increase in the deductible proposed in renewal or replacement policies. The notice shall be delivered to each unit or mailed to the mailing address of each unit, mailed to the mailing address designated in writing by the owners, or sent via email if the owner has consented to receipt of electronic notices. The notice shall include the following notice in at least 12-point type that is either all capitals or boldface:

NOTICE OF CHANGE IN ASSOCIATION INSURANCE COVERAGE

THERE ARE CHANGES IN INSURANCE POLICIES CARRIED BY THE ASSOCIATION. YOU SHOULD IMMEDIATELY NOTIFY YOUR INSURANCE AGENT OF THE CHANGES SET FORTH IN THE ENCLOSED INFORMATION AND ASK YOUR AGENT TO DETERMINE IF CHANGES TO YOUR INSURANCE POLICIES ARE NECESSARY.

2. Insurance by Unit Owners.

Pursuant to section 9.5.1 of the Association's Bylaws, the Association has no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for (i) damage to a Unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by the Bylaws or held by the Association); or (ii) for damage or loss to the owner's or tenant's personal property.

- (a) **Owners Property Insurance.** Owners shall be responsible for purchasing insurance policies insuring their units and appurtenant limited common elements for the full insurable value thereof. Insurance shall be purchased for furnishings, fixtures, equipment, decorations and personal property of the Owner contained within his Unit and personal property stored on the property, including automobiles, and for loss of use and occupancy on his Unit in the event of damage. Any such policy or policies of insurance shall contain waivers of subrogation against the Association, its manager, agents, employees and servants, and against the other Owners and any members of their households, except for vehicle impact, arson and fraud.
- (b) **Tenants.** Tenants shall be responsible for insuring their own personal property for any loss or damage.
- (c) **Owner and Tenant Liability Insurance.** Owners and tenants of all units shall procure and maintain comprehensive liability policies having combined limits of not less than Three Hundred Thousand Dollars (\$300,000) for each occurrence.

The insurance shall provide coverage for, without limitation, the negligent acts of owners and tenants and their guests or other occupants of the Units for damage to the general and limited common elements and Units and the personal property of the others located therein.

3. Duplicate Insurance Coverage.

Unless otherwise provided for in the Association's Declaration or Bylaws, in the event of duplicate insurance coverage, the insurance policy obtained by the Association shall be considered the primary coverage.

BE IT RESOLVED, FURTHER, that the Board hereby adopts the following relating to the determination of financial responsibility for the payment of deductibles under the Association Insurance Policies:

1. Damage by Act or Neglect of Owner. If, an Owner (or of a member of such owner's family or household pet or of a guest or other authorized occupant, including any tenants, or visitor of the unit owner) causes damage to the common elements or to another unit whether intentionally or by negligence, the responsibility for payment of the insurance deductible on the Association's policy shall be the responsibility of that Owner in addition to any other related costs not fully covered by the Association's insurance. The Board, in its sole discretion and after reasonable efforts employed to obtain payment of the amounts not fully covered by the Association's insurance and/or the deductible(s) from the Owner as set forth herein, may alternatively allocate the deductible in accordance with section 1.1 below.

(a) If the damage is due to the act or neglect of owners of more than one unit, the unit owners shall pay for the damage and the maintenance, repairs, and replacements as may be determined by the Association to the extent not fully covered by the Association's insurance and the amount of the insurance deductible and any costs incurred under the claims processing section in a manner determined equitable by the Board. The Board, in its sole discretion and after reasonable efforts employed to obtain payment of the amounts not fully covered by the Association's insurance and/or the deductible(s) from the owners as set forth herein, may alternatively allocate the deductible in accordance with section 1.1 below.

1.1 Other Damage. If damage is caused to common elements or units that is *not* due to the act or neglect of a unit owner (or of a member of such owner's family or household pet or of a guest or other authorized occupant, including any tenants, or visitor of the unit owner), the responsibility for payment of the insurance deductible shall be as provided in this section.

(a) The Association shall pay the deductible under the Property Insurance Policy for any claim against the Property Insurance Policy for damage to the common elements of the Condominium since the Association is responsible for the maintenance, repair, and

replacement of the common elements under the Declaration and Bylaws.

- (b) Each unit Owner shall pay all costs for repair of the Owner's unit since each owner is responsible for the maintenance, repair, and replacement of his or her unit under the Declaration and Bylaws, and since those costs are not covered under the Association's policy.

2. General Liability Insurance. Responsibility for payment of any deductible under the General Liability Insurance Policy shall be allocated to the party or parties who directly benefit from the insurance claim being made against the General Liability Insurance Policy, as determined by the Board in its sole discretion. The Association shall pay the deductible under the General Liability Insurance Policy for any claim against the General Liability Insurance Policy if the Association and/or all of the unit owners directly benefit from the insurance claim. If less than all of the unit owners directly benefit from the insurance claim, then responsibility for payment of the deductible shall be allocated equally among the unit owners benefiting from the claim.

3. Deductible as Common Expense. Any insurance deductible paid by the Association pursuant to this resolution shall be treated as a common expense under the Declaration and Bylaws.

RESOLVED, FURTHER, that the Board hereby adopts the following procedures for reporting and processing claims against the Association Insurance Policies:

1. All claims against the Association Insurance Policies shall be processed through and coordinated by the Board, or if authorized by the Board, the Association's community manager. The party responsible for payment of the Association's insurance deductible shall also be responsible for payment of the costs associated with the handling and/or processing of an insurance claim, if any (including, but not limited to, fees and costs incurred or imposed by the Association's community manager or other relevant third party, including, as applicable, attorneys, architects, or engineers).
2. A unit owner, through the Board or its designated agent, may file a claim against the Property Insurance Policy or General Liability Insurance Policy if an occurrence that results in damages (the amount must exceed the applicable deductible to be considered a claim) falls within the Association's insurance coverage responsibility as set forth in Article 9 of the Bylaws, provided that the following procedures are followed:
 - (a) The unit owner must promptly notify his/her personal insurance carrier of the damage;
 - (b) The unit owner must contact the Board or the Association's community manager in writing regarding the subject matter of the claim and provide the following information: (a) the unit owner's home address, telephone number and Unit number, if applicable; (b)

the time, date, place and circumstances of the event causing the damage; (c) clear identification of the property damaged; and (d) the names and addresses of injured persons and witnesses, if any. Attached as Exhibit A to this Resolution is an application form for an Association insurance claim.

- (c) The unit owner must give the Board, or its designated agent, at least fifteen (15) days to respond in writing, and, if so requested, provide the Association's agent a reasonable opportunity to inspect the damage.
3. Upon the occurrence of a casualty affecting any unit or the common elements of the Condominium, the Board, or its designated agent, shall conduct such investigation as it considers reasonable under the circumstances to determine the nature and extent of the damage, the likely cause of the damage, and the likelihood of insurance coverage for the same. The Board may retain such contractors, consultants, or counsel, as it considers appropriate under the circumstances. If the Board, in its sole discretion, determines that the subject matter of the claim is within the Association's insurance coverage responsibility as set forth in Article 9 of the Bylaws and exceeds the amount of the deductible under the applicable Association Insurance Policy, then the Board may either submit a claim to the insurance carrier on behalf of the unit owner subject to the requirements of the Association Insurance Policy, or the Board may elect to pay the claim from existing Association funds less any portion of the deductible amount for which the unit owner would have been responsible if the claim was submitted to the Association's insurance carrier.
4. The Association shall control the conduct of maintenance and repairs to the common elements of the Condominium.
5. In the event of damage to one or more units with respect to which there is coverage under the Association's Property Insurance Policy, the Association retains the right, but not the duty, to control the solicitation of bids and the conduct of repairs for such damage. In its discretion, the Board may choose to permit an individual unit owner to control the conduct of repairs to his or her unit, depending upon a) the relative financial contributions of the Association's insurance and the individual unit owner or his or her insurance carrier; b) the Board's confidence that unit repair work will not adversely affect the common elements of the Condominium or other units; and c) any other factors that the Board deems relevant to its decision.
6. If the Board, or its designated agent, processes a claim in accordance with the foregoing policy, the unit owner may not submit a separate claim to the Association's insurance carrier.

BE IT RESOLVED, FURTHER, that the foregoing Resolutions are intended to clarify and confirm the Association's policies governing the determination of financial responsibility for the payment of deductibles under the Association Insurance Policies and the reporting and processing of claims against the Association Insurance Policies and do not modify the insurance requirements set forth in Article 9 of the Bylaws. In the event of any inconsistency between these Resolutions and the insurance requirements set forth in the Bylaws, the insurance requirements set forth in the Bylaws shall prevail. Nothing herein relieves a unit owner from obtaining, and maintaining in effect at all times, the individual insurance coverages set forth in Article 9 of the Bylaws.

BE IT RESOLVED, FURTHER, that any capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Declaration or Bylaws, as applicable.

RESOLVED, FURTHER, that a copy of the foregoing Resolutions, along with the notice required under ORS 100.435 (9) and (10), shall be delivered to each unit owner no later than ten (10) days after the Board's adoption of the Resolutions.

Sexton Place Condominium Owners Association

By: *Jeannette Alexander*
President, Board of Directors
Sexton Place Condominium Owners Association

03/08/2016
Date

EXHIBIT A

Application by Owner to Association for Insurance Claim

1. Phone the Association office (503) 598-0552 to report the event immediately.

2. Provide information relating to the event, including
 - a. Unit Owner's home address and telephone number:

 - b. Date:

 - c. Time:

 - d. Name(s) of individual present/observing the event:

 - e. Description of the event:

 - f. Identification of property damaged:

 - g. Other units affected (please ask these owners to contact the association office and submit an application for their respective units):