

## **Treehill Park Unit Owners Association**

### **Resolution of the Board of Directors: Insurance**

#### **RECITALS**

A. “Declaration” is the *Declaration of Unit Ownership of Treehill Park Condominiums*, “Bylaws” is the *Bylaws of Treehill Park Unit Owners Association*, “Act” is the *Oregon Condominium Act, Oregon Revised Statutes, Chapter 100*, and “Association” is *Treehill Park Unit Owners Association*.

B. ORS 100.405(1)(a) provides that a condominium association serves as a means through which the unit owners may take action with regard to the administration, management, and operation of the Condominium.

C. The Bylaws and Declaration provide that the Board of Directors shall have all of the powers permitted under the Act, the Declaration, and the Bylaws to acquire and pay for, out of common expense funds, all services required for the proper functioning of the Condominium. Section 8.19 of the Declaration further provides that the Board shall obtain insurance policies pursuant to these powers.

D. The Declaration, the Bylaws and ORS 100.405(4)(a) provides that the Association has the authority to promulgate rules and regulations necessary for the administration of the affairs of the Association.

E. Article 8 of the Declaration prescribes the types of insurance the Association must obtain and maintain at all times and pay for out of the common expenses funds, for the benefit of the Association and unit owners.

G. The Association seeks to clarify the responsibility for payment of the Association’s insurance policy deductible in the event of a claim.

WHEREAS, it is the intent of the Board of Directors to ensure that the Association has adequate coverage for property and liability insurance; ensure the continuing insurability of the Association at a reasonable price; and; prescribe a procedure for reporting and processing insurance claims.

**NOW THEREFORE BE IT RESOLVED THAT** the conditions, requirements, and procedures set forth below be adopted:

#### **I. INSURANCE DEDUCTIBLE; OWNER AND TENANT INSURANCE**

##### **1.1. Determination of Deductible; Notice**

(a) Determination of Deductible by Board. The Board of Directors shall determine the amount of the deductible for property loss insurance policies and any other insurance policies required to be obtained by the Association as provided in the Declaration or applicable law. In determining the deductible under the policies, the Board shall take into consideration, among other factors the: availability, cost, and loss experience of the Association. In making the determination, the Board members shall exercise their reasonable business judgment.

(b) Notice. The Board of Directors shall give written notice to the owners of the amount of the deductible under the Association policies and any change in the deductible proposed in renewal or replacement insurance policies not more than thirty (30) prior to the effective date of the change. The notice shall be delivered to each unit, mailed to the mailing address of each unit, or mailed to the mailing address designated in writing by the owners. The notice shall include the following notice in at least 12-point type that is either all capitals or boldface:

**NOTICE  
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.**

**1.2. Responsibility for Insurance**. The responsibility for insurance shall be as provided in this section.

(a) Owner Insurance. Owners shall be responsible for obtaining and maintaining insurance policies covering their own property, their units (including sheetrock and all other portions of the “unit” as described in the Declaration) and liability, including the cost of any deductible for which owner may be responsible under Section 1.3, below, and, if applicable, any other insurance requirement contained in the Declaration or the Bylaws. Insurance for all additions and improvements shall be for the full insurable value.

(b) Tenant Property Insurance. Tenants shall be responsible for insuring their own personal property for any loss or damage.

(c) Owner and Tenant Liability Insurance. Owners and tenants shall obtain and maintain insurance policies, including coverage for the cost of any deductible for which owner may be responsible under Section 1.3, below. Owners and tenants are also responsible for obtaining any insurance coverage for their unit not included in the Association’s policies.

(d) Association. The Association shall provide an all risk policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the full insurable replacement value, if available, of the common elements, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the owners and their mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each Unit. For the purposes of any policy or policies of fire insurance The Association shall have no responsibility to obtain or assist in obtaining property loss insurance for any owner or tenant for:

- (1) Damage to a unit not covered by the Associations policy; or
- (2) For any damage or loss to the owner's or tenant's personal property.

### **1.3. Deductible**

(a) Damage Not Resulting from Negligence.

(1) Damage Affecting More Than One Unit. If a loss affects more than one unit, when there is no negligence by any party, the parties which have sustained damage (the Association, unit owners or both), shall pay their proportionate share of the Association deductible. The share shall be a percentage determined by dividing the damage to those portions of the building the non-casualty maintenance of which is the responsibility of the party under the governing documents of the Association, into the total of all building damage incurred in the loss.

(2) Damage Affecting One Unit. If the damage is confined to a single unit, the unit owner shall be responsible for the entire deductible of the master association policy.

(b) Damage Resulting from Negligence. If a loss affects more than one unit, the common elements or a combination thereof, to the extent the damage is the result of the negligence of a party, the deductible shall be allocated to the negligent party.

(c) Owner Policy Deductible. Owners of damaged units shall be responsible for payment of their individual condominium unit owner policy deductible.

## **II. Damage Less than the Deductible**

**2.1** If the cost to repair damage to a unit is less than the amount of the deductible of the Association insurance policy, the owner of the damaged unit is responsible for the cost of the repairs.

## **III. Duplicate Insurance Coverage**

**3.1** In the event of duplicate insurance coverage, the insurance policy obtained by the unit owners shall be considered the primary coverage.

**IV. Procedure for Claims Handling.**

**4.1** All claims against the Association's insurance shall be processed through and coordinated by the Board of Directors, or, if authorized, the Association's managing agent.

**4.2** Charges of managing agents for handling claims shall be paid by the Association to the extent the deductible is paid by the Association; and by the owner or owners to the extent the deductible is paid by the owner or owners under Section 1.3, above. The deductible is per occurrence. The Association shall, when possible, include the managing agent's insurance claims administrative services within the insurance claim, if a claim is filed.

**4.3** The Association shall seek reimbursement for all expenses of processing the claim from an owner when the claim exists and the insurance does not cover all the costs if an owner is responsible for damage under Section 1.3, above. If owners of more than one unit are responsible for the damage, the allocation of expenses shall be allocated as provided in Section 1.3, above.

**V. Other Rights and Remedies.**

**5.1** Nothing in this Resolution prohibits owners from pursuing any rights or remedies, such as contribution or subrogation, that an owner may be legally entitled to pursue.

ATTEST:

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Chairperson, Board of Directors

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Secretary, Board of Directors

DATED: \_\_\_\_\_, 2013.