

THIS RESOLUTION AFFECTS YOUR INSURANCE COVERAGE. OWNERS MUST CONTACT THEIR INSURANCE AGENTS RIGHT AWAY TO DISCUSS THE EFFECT OF THIS RESOLUTION ON THEIR INDIVIDUAL INSURANCE COVERAGE.

**ASSOCIATION OF UNIT OWNERS OF CARDINELL VIEW LOFTS
CONDOMINIUM RESOLUTION OF THE BOARD OF DIRECTORS
Insurance Resolution 2022-02
Combining the Insurance Resolution 2019
with Insurance Resolution 2021-01**

At a regular meeting of the Board of Directors, held on **May 19, 2022**, the Board unanimously made the following findings:

WHEREAS the Association Chairperson and the Association Secretary, by signing below, attests that pursuant to the Association Bylaws, all Directors were provided notice of the meeting pursuant to Bylaws Article IV; and a quorum of the Board was present in person at the meeting in accordance with the Bylaws Article IV 11;

WHEREAS pursuant to Bylaws Article V 2(j) and Article X 8, the Board is responsible for obtaining insurance for the Association and at least annually reviewing the insurance coverage of the Association;

WHEREAS pursuant to Bylaws Article X 1, the Board shall obtain and maintain at all times the following insurance in addition to other insurance described in the Bylaws:

Fire and Extended Coverage Insurance: A policy or policies of property insurance equal to full replacement value (i.e., one hundred percent (100%) of current "replacement" cost) exclusive of land, foundation, excavation, and other items normally excluded from coverage of a condominium project, but including all buildings, units, service equipment and the like and any fixture or equipment within an individual .unit which is financed under a mortgage, with an Agreed Amount and Inflation Guard Endorsement or its equivalent, if available.

Liability Insurance: A comprehensive policy insuring the Association, the unit owners individually, the Board of Directors and the manager against liability to the public or to unit owners, and their invitees or tenants, incident to the ownership, supervision, control or use of the property with limits of not less than \$1 million, subject to the exclusions set forth in the Bylaws.

WHEREAS pursuant to Article X of the Bylaws, the Association is responsible for providing Property Damage Insurance for the Condominium, the cost of which is a common expense;

WHEREAS pursuant to Bylaws Article X 6, Owners are responsible for obtaining comprehensive liability insurance for acts or omissions of that Owner and liability incident to the ownership or use of the part of the property as to which that Owner has the exclusive use or occupancy, provided that no Owner may exercise their right to maintain insurance coverage in such a way as to decrease the amount which the Association may realize under any insurance policy in force at any particular time;

WHEREAS pursuant to Bylaws Article X 7, Owners must promptly reimburse the Association for any expenditures incurred for replacing any portions of the common elements or Units that are damaged or lost through his fault or at his direction where such damage or loss is not covered by the insurance policies carried by the Association for the owner's and Association's benefit; if such damage or loss is covered by said policies, the Owner shall promptly pay any and all deductible amounts that would otherwise be paid by the Association. All such amounts to be reimbursed or paid by a owner shall be deemed an individual assessment imposed on that owner.

WHEREAS pursuant to Article X Section 1(a) of the Bylaws, the maximum deductible for the Property Damage Insurance is \$1,000 per Unit;

WHEREAS the Board has consulted with its insurance agent, community manager, and legal counsel and has determined that Property Damage Insurance with a \$1,000 per Unit deductible is prohibitively expensive due to the cost and availability of the insurance and the Association's loss experience;

WHEREAS the Board previously increased the deductible to \$10,000 per Unit prior to 2014, but has since determined that it is in the best interest of the Association and the Unit Owners to increase the deductible again;

WHEREAS ORS 100.435(4) permits the Board to approve an insurance policy with a deductible in excess of the maximum deductible specified in the Bylaws as long as it is not in excess of the maximum deductible acceptable to the Federal National Mortgage Association (FNMA);

WHEREAS the maximum deductible acceptable to FNMA is 5% of the face amount of the policy, which in the Association's case is greater than \$25,000;

WHEREAS in making the determination under ORS 100.435(4), the Board considered such factors as the availability and cost of insurance and the loss experience of the Association;

WHEREAS the Association's Insurance Resolution requires the Board to give written notice to the owners of the amount of the deductible and any change not more than 30 days prior to the effective date of the change; and

WHEREAS the Board of Directors wishes to ensure that the Association has adequate insurance coverage, to develop a procedure for allocating the insurance deductible, and to prescribe a procedure for processing insurance claims; and

WHEREAS the Board of Directors is authorized to adopt a resolution regarding insurance in accordance with ORS 100.435; and the Board of Directors has all of the powers and duties necessary for the administration of the affairs of the Association pursuant to ORS 100.405, 11.3 of its Declaration, Article V 2 of its Bylaws, and Article V of the Articles of Incorporation.

NOW THEREFORE, BE IT RESOLVED THAT the Board adopts the following resolution regarding insurance:

Pursuant to ORS 100.435(4), the Association is hereby authorized to obtain and maintain an insurance policy with a deductible amount exceeding the specified maximum in Article X of the Bylaws. The Board of Directors shall determine the amount of the deductible for property loss

Insurance Resolution

Effective Date: 05/19/2022

Page-2

insurance policies and any other insurance policies required to be obtained by the Association as provided in the Declaration or the Bylaws of the Association 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 shall exercise its reasonable business judgement.

Responsibility for Insurance.

Owners shall be responsible for obtaining and maintaining property casualty insurance for their Units and appurtenant Limited Common Elements, up to the deductible amount under the Association's policy. The current deductible on the Association's property insurance policy is \$25,000. The Board will provide Owners with 30 days' notice of any change.

Owners are also responsible for insuring their own personal property against any loss or damage, and for insuring for loss of use or lost rents.

Owners shall also be responsible for obtaining and maintaining comprehensive general liability policies having combined limits of not less than \$300,000. Such insurance must provide coverage for, without limitation, the negligent acts of the owner, any member of their family, or household pet, or of a guest or other occupant or visitor against liability to the public, third parties, owners of other units and of Common Elements and property of others, including occurrences arising out of such insured parties' use of the property. The Association shall be named as an "additional interest" on the owner's policy.

The Association shall have no responsibility to obtain or assist in obtaining property or liability insurance for any Owner for damage not covered by the Association policy (whether because of the deductible amount or because the claim or risk is not one covered under the terms of the Association policy) or for any damage or loss to the Unit Owner's, tenant's, or other's personal property. The Association also has no responsibility for providing insurance for loss of use or lost rents.

Tenant's Property Insurance pursuant to the Rules and Regulations, owners of any rental unit shall provide the Board with proof of rental dwelling insurance with no less than \$300,000 of liability coverage and shall name the Association as an "additional interest" on the policy.

Owners shall be responsible for confirming compliance with these provisions upon request.

Liability for Insurance Deductibles.

- A. Liability for the deductible amount of the Association's property insurance policy(ies) shall be the responsibility of an Owner when:
 - 1. The Owner (or any member of their household, pet, guest or other occupant or visitor) causes the damage through act, omission, or through a failure to maintain any portion of the Unit or Limited Common Element assigned to the Unit, including any appliance, equipment, or fixture inside or serving Owner's Unit or appurtenant Limited Common Element; or
 - 2. The damage involved is limited solely to damage within that Owner's Unit or Limited Common Element assigned to the Unit.

B. Liability for the deductible amount on the Association's property insurance policy(ies) shall be allocated between Owners and the Association as set forth below:

1. If there is damage affecting more than one Owner's Unit or Limited Common Element, the Owners of each of the damaged Units or Limited Common Elements shall share the cost of the deductible amount of the Association's policy. The cost of the deductible shall be shared by each of the affected Owners in proportion to the repair cost for each of the Units or appurtenant Limited Common Elements; or
2. If the damage involved is to both the General Common Elements and to one or more Owners' Units or Limited Common Elements, the cost of the deductible shall be shared by the Association and by the affected Unit Owner(s) in proportion to the repair cost for each.

C. In all other cases the Association's deductible shall be a Common Expense of the Association.

D. Owners are responsible in all instances for payment of any deductible on their own policies.

Duplicate Insurance. To the extent that an Owner and the Association have otherwise payable duplicate insurance coverage for a loss, the Association's policy shall be primary.

Claims Handling. All claims under the Association's policy shall be processed through and coordinated by the Board or a Committee or Manager appointed by the Board in its discretion following a loss. The party(ies) 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 the insurance claim, including costs of third parties, such as the manager, for time spent handling and/or processing the claim.

In the event the Board makes the decision not to file an insurance claim for a loss, the amount of the deductible will still be allocated as set forth in this resolution.

Where an Owner is required to pay all or a portion of the Association's insurance deductible, the Association, in the Board's discretion, may pay such amounts as are necessary and then assess said amounts directly to the responsible Owner(s) and their respective Unit(s), which amounts shall be collected as Assessments are collected under the Declaration and applicable law.

Insurance Deductibles.

The deductible for the Association's Property Damage Insurance shall be \$25,000 per Unit effective **June 1, 2021**.

This combined resolution replaces all prior insurance resolutions.

The Board of Directors, Association of Unit Owners of Cardinell View Lofts Condominium, an Oregon nonprofit corporation, hereby directs that a copy of this resolution be sent to every unit owner of record.

Approved and adopted on 05/19/2022.

By:

DocuSigned by:
Lauren Anderson 05/19/2022
Chairperson Date

DocuSigned by:
Sunil Khanna 05/19/2022
Secretary Date