

**MEADOW WOOD CONDOMINIUMS OWNERS' ASSOCIATION**  
**Resolution of the Board of Directors**

**INSURANCE RESOLUTION**

**RECITALS**

- A. This Resolution is adopted by the Board of Directors of the Meadow Wood Condominiums Owners' Association, an Oregon nonprofit corporation (“**Association**”). The Association is charged with the operation and management of Meadow Wood Condominiums, an Oregon planned community located in Jackson County, Oregon. The Association is governed by the following:
1. *Declaration of Condominium Ownership for Meadow Wood Condominiums*, recorded on March 30, 2006 as document number 2006-016158 in the records of Jackson County, Oregon, including any amendments thereto (“**Declaration**”);
  2. *Bylaws of Meadow Wood Condominiums Owners' Association*, recorded as Exhibit C to the Declaration, including any amendments thereto (“**Bylaws**”).
- B. The Association is also governed by the Oregon Condominium Act, ORS Chapter 100.
- C. ORS 100.405(3) and Article 17 of the Declaration and Sections 3.1 and 3.2 of the Bylaws vest the Board of Directors (“**Board**”) with all of the powers and duties necessary for the administration of the affairs of the Association.
- D. ORS 100.405(3), Article 17 of the Declaration and Section 3.2.6 of the Bylaws empower the Board to adopt Rules and Regulations.
- E. ORS 100.435 allows the Association to adopt a resolution to assign responsibility for payment of the Association’s insurance deductible, to require owners to obtain insurance coverage on their units, and to prescribe procedures for processing insurance claims.
- F. Sections 3.2.12 and 3.12 of the Bylaws provide that the Board of Directors shall have all of the power to obtain insurance or bonds pursuant to the provisions of the Bylaws.
- G. Article 9 of the Bylaws provides the types of insurance that the Association must maintain and the insurance that owners must maintain.
- H. The Association is required to obtain property loss insurance covering the full insurable replacement value of all Units and Common Elements, including any fixtures, building service equipment, and common personal property and supplies belonging to the Association.
- I. Sections 21.1 and 21.2 of the Declaration and Section 9.5.1 of the Bylaws provide that owners are responsible for repairing, reconstructing, or rebuilding the Unit to the extent not covered by the Association's insurance and to the extent of any deductible under the

Association's insurance. Owners are responsible for insuring the deductible amount under the Association's policies. Except as provided in Sections 21.1 and 21.2 of the Declaration and Section 9.5.1 of the Bylaws, the Declaration and Bylaws are silent with respect to payment of the Association's insurance policy deductible.

- J. Under Section 9.5 of the Bylaws, owners are required to obtain certain types of insurance covering their property. It is the intent of the Board of Directors to (a) ensure that the Association has adequate coverage for property and liability insurance, (b) ensure the continuing insurability of the Association at a reasonable price, and (c) prescribe a procedure for reporting and processing insurance claims.

## **RESOLUTION**

**NOW THEREFORE BE IT RESOLVED THAT**, pursuant to ORS 100.435 and in consideration of the recitals above, the conditions, requirements, and procedures set forth below be adopted:

### **ARTICLE 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 ten (10) days after 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) **Association Property Insurance.** The Association is responsible for obtaining insurance covering the full insurable replacement value of all Units and Common Elements, including any fixtures, building service equipment, and common personal property and supplies belonging to the Association..
- (b) **Owner Property Insurance.** Each owner shall be responsible for insuring all portions of the property not covered by the Association's property loss policy, including personal property, as provided in Section 9.5 of the Bylaws. Owners are responsible for obtaining insurance sufficient to cover the deductible under the Association's insurance policy and for restoration costs in excess of the insurance proceeds, as provided in Section 1.3 herein.
- (c) **No Monitoring.** The Association has no obligation to monitor whether owners and tenants comply with their respective obligations to maintain insurance required under the Declaration and Bylaws or under this Resolution.
- (d) **Board Notification.** Owners shall notify the Board, in writing, prior to making any improvement valued at more than one-thousand dollars (\$1,000).
- (e) **Other Insurance not Covered by Association's Insurance Policy.** The Association shall have no responsibility to obtain or assist in obtaining property loss insurance for any owner or tenant (1) for damage to property 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 and Other Uninsured Loss.** Owners shall have the following obligations with respect to the deductible for the Association's insurance policy:

- (a) **Damage Not Resulting from Negligence.**
  - (1) **Responsibility for Deductible Follows Responsibility for Maintenance.** Subject to the provisions of Section 1.3(b), the deductible amount under the Association's property loss insurance policy shall be paid by the party or parties with responsibility for maintenance and repair of the damaged item(s).
  - (2) **Damage Confined to One Unit.** If the damage is confined to a single Unit, the Unit owner shall be responsible for the entire deductible of the Association policy.
  - (3) **Damage Affecting More Than One Unit or Common Elements.** If a loss affects more than one Unit, or affects Common Elements and one or more Units, the deductible amount under the Association's property loss

insurance policy shall be allocated between or among the parties in proportion to their respective losses. For example, if an event damages the Common Elements to the extent of \$30,000, and damages one Unit to the extent of \$45,000, and a second Unit to the extent of \$45,000, if the Association's deductible amount is \$10,000, the \$10,000 deductible shall be allocated \$2,500 to the Association, and \$3,750 to each Unit owner.

- (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 owner policy deductible.
- (d) **Responsibility for Uninsured Loss.** In addition to the responsibility for deductible described above, the owner of a damaged Unit shall be responsible for any restoration costs for that Unit that may exceed the insurance proceeds.

## **ARTICLE II DAMAGE LESS THAN THE DEDUCTIBLE.**

- 2.1 Damage to Unit Only Less than Deductible.** If the cost to repair damage to a Unit is less than the amount of the deductible of the Association's insurance policy, the owner of the damaged Unit is responsible for the cost of the repairs.
- 2.2 Damage to Unit and Common Elements Less than Deductible.** If the total combined cost to repair damage to both a Unit and the Common Elements is less than the amount of the deductible of the Association's insurance policy, both the owner of the damaged Unit and the Association are jointly responsible for the cost of the repairs. In that situation, each party's (the owner's and the Association's) share of the cost of repairs is allocated according to the formula set forth in Section 1.3(a), above.
- 2.3 Report of Losses.** Even if the total cost to repair damage to a Unit is less than the amount of the deductible of the Association's insurance policy, the Association and the owner must still report all losses or claims to the parties' insurance carriers in case more damage is discovered later that will make the loss exceed the deductible amount of the Association's insurance policy.

## **ARTICLE III DUPLICATE INSURANCE COVERAGE.**

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

**ARTICLE IV  
PROCEDURE FOR CLAIMS HANDLING.**

- 4.1 Tendering Claims.** 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 and Administrative Services.** 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 Reimbursement.** The Association shall seek reimbursement from each affected owner for all expenses to process claims. The allocation of expenses shall be allocated as provided in Section 1.3, above, depending on whether damage affects one or more Units or Common Elements.

**ARTICLE V  
OTHER RIGHTS AND REMEDIES**

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.

**BE IT FURTHER RESOLVED THAT** 1) a copy of this Resolution and 2) a notice advising owners to contact the owner’s insurance agent to determine the effect of this Resolution on the owner’s individual insurance coverage be delivered to each owner either in person by mail to the mailing address of each owner or to the mailing address designated in writing by the owner.

The undersigned Chairperson and Secretary certify that this Resolution was approved by the Board of Directors at a meeting held on:

\_\_\_\_\_, 2015

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Chairperson, Meadow Wood Condominiums  
Owners' Association

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Secretary, Meadow Wood Condominiums  
Owners' Association