

Reasons to Adopt the Deductible Resolution

Who is responsible for the deductible under the associations' master insurance policy is not addressed in most associations' bylaws and declarations. This resolution will clarify the involved parties' obligations for paying that deductible. In addition the resolution should help minimize disputes and alleviate some of the associations' legal expenses related to such losses. Without this clearly stated, there may be difficulty in requiring involved parties to pay for insurance related repairs.

This resolution clearly defines and delineates the areas of responsibility of the unit owners which may allow them to save premium dollars by no longer over insuring their property. It has an added benefit of relieving the board of having to give an answer which may not be correct in areas of responsibility in the event of casualty losses.

Many losses to property (common elements, limited common elements and the units) are confined to one unit and do not exceed \$10,000. When a loss of this type occurs, the board of directors does not need to be involved because this resolution clearly states that it is the unit owner's responsibility to repair those damages.

Many unit owners' policies will cover the deductible of the master association policy for that unit owner as long as the responsibility for the deductible is clearly stated in the bylaws, declarations or association documents. This resolution provides that documentation.

This resolution specifically authorizes the board of directors to determine what deductible the association should carry, establish a procedure for the handling of claims and the recovery of fees for the managing agent's administrative services during the claim.

Most boards of directors believe that if a negligent party causes property damage, that negligent party should be responsible for the damage up to the association deductible. This resolution addresses that particular problem.

This resolution informs the unit owners what is the extent of their individual responsibility for property loss and emphasizes the unit owners' responsibility for their personal property.

This resolution clearly defines the responsibility for the master policy deductible among the parties involved.

ASSOCIATION OF UNIT OWNERS OF QUINTET CONDOMINIUMS

BOARD RESOLUTION FOR FOR INSURANCE DEDUCTIBLE

RECITALS

A. The Declaration of Ownership for Quintet Condominiums Association, a nonprofit corporation formed under the laws of the State of Oregon, states that the Association shall obtain and maintain in force policies of insurance as provided in the Declaration or the Bylaws of the Association.

B. Article 8 of the Bylaws of Quintet Condominiums Association prescribes the type of insurance and specifies the responsibilities of the Association and the owners to place and maintain in force at all times appropriate insurance to protect the owners, the Association, and its members.

C. It is the intent of the Board of Directors to:

1. Ensure that the Association has adequate coverage for property and liability insurance;
2. Ensure the continuing insurability of the Association at a reasonable price;
and
3. Prescribe a procedure for reporting and processing insurance claims.

D. The Declaration and Bylaws of the Association are silent regarding responsibility for the payment of the Association's insurance policy deductible.

NOW, THEREFORE, BE IT RESOLVED THAT the conditions, requirements, and procedure set forth below be adopted.

1. INSURANCE DEDUCTIBLE; OWNER AND TENANT INSURANCE

1.1 Determination of Deductible; Notice.

1.1.1 Determination of Deductible. 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 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, and cost and loss experience of the Association. In making the determination, the Board members shall exercise their reasonable business judgment.

1.1.2 Notice. The Board of Directors shall give written notice to the owners of the amount of the deductible under the Association's 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 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.

1.2.1 Owners' Property Insurance. Owners shall be responsible for obtaining and maintaining insurance policies insuring their units for any losses less than the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage.

1.2.2 Tenants. Tenants shall be responsible for insuring their own personal property for any loss or damage.

1.2.3 Owner and Tenant Liability Insurance. Owners and tenants of all units shall obtain and maintain comprehensive liability policies having combined limits of not less than Three Hundred Thousand and No/100 Dollars (\$300,000.00) 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 other units, and the personal property of the others located therein.

1.2.4 Association. The Association shall have no responsibility to obtain or assist in obtaining property loss insurance for any owner or tenant for:

1.2.4.1 Damage to a unit not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsements); or

1.2.4.2 For any damage or loss to the owner's or tenant's personal property.

1.3 Deductible.

1.3.1 Damage Affecting One (1) Unit. If the damage is confined to a single unit, the unit owner shall be responsible for the entire deductible of the master association's policy.

1.3.2 Damage Resulting from Negligence. If a loss affects more than one (1) unit, the common elements or a combination thereof, the deductible allocation among units and common elements shall be on the basis of the proportion of damage.

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

1.3.4 No Bar to Individual Claims. Nothing in this Resolution shall bar a claim by any party, including, without limitation, any owner or the Association, to recover any loss or damage caused by the negligence of any other party. The purpose of this Resolution is to create an efficient, doubt-free mechanism to fund the deductible so as to permit the prompt repair of damaged portions of the Condominium. For example, if Owner A's home is damaged and he believes the casualty is due to the negligence of Owner B, this Resolution requires Owner A to pay the deductible portion of the loss. Following such payment, however, nothing in this Resolution prevents Owner A from pursuing a claim against Owner B to recover the deductible amount paid by Owner A.

2. DUPLICATE INSURANCE COVERAGE. In the event of duplicate insurance coverage, the insurance policy obtained by the Association's policy shall be considered the primary coverage.


3. PROCEDURE FOR CLAIMS HANDLING

3.1 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.

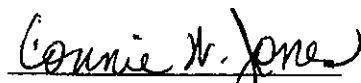
3.2 Charges of managing agents for handling claims shall be paid by the Association to the extent the deductible is paid by the Association; and by the owner to the extent the deductible is paid by the owner. The deductible is per occurrence. The Association shall, when possible, include the managing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

3.3 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 based on the same percentage share as the deductible is allocated.

IN WITNESS WHEREOF, the undersigned hereby certifies that the foregoing Resolution was adopted at a meeting of the Board of Directors on 1/26, 2008.


Chairman

ATTEST:


Secretary