

SUNSET MEADOWS ASSOCIATION, INC.
Resolution of the Board of Directors

INSURANCE

RECITALS

- A. This Resolution is adopted by the Board of Directors of the Sunset Meadows Association, Inc., an Oregon nonprofit corporation (“Association”). The Association is charged with the operation and management of Sunset Meadows, an Oregon planned community located in Lane County, Oregon. The Association is governed by the following:
1. *Declaration of Covenants, Conditions and Restrictions for Sunset Meadows, a Planned Unit Development*, recorded on November 29, 1979 as document number 7969255 in Lane County, Oregon, including any amendments and supplements thereto (“Declaration”);
 2. *Amended By-Laws of Sunset Meadows Association, Inc.*, revised October 13, 2010, including any amendments thereto (“Bylaws”); and
 3. *The Oregon Planned Community Act*, ORS 94.550-94.783, as applicable.
- B. The Declaration was amended, in part, by the *Second Amendment to Declaration of Covenants, Conditions, and Restrictions of Sunset Meadows, a Planned Unit Development*, recorded on June 29, 2006 as document number 2006-045568 in Lane County, Oregon (“Second Amendment”).
- C. ORS 94.676 allows the Association to adopt a resolution to assign responsibility for payment of the Association’s insurance deductible, to require unit owners to obtain insurance coverage on their units, and to prescribe procedures for processing insurance claims, including the designation of which policies are primary in the event of duplicate insurance coverage.
- D. Article XIII, Section 6 of the Declaration as amended by the Second Amendment provide that the Association shall cause the various units and all other buildings and improvements to be insured with broad form fire and extended coverage insurance for the full replacement value thereof.
- E. Owners may procure their own personal property insurance, personal liability insurance, and flood insurance.
- F. ORS 94.630(1)(m); Article VI, Section 1(f) of the Declaration and Article III, Section 9 of the Bylaws provide that the Association has the authority to promulgate rules and regulations necessary for the administration of the affairs of the Association.
- G. 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.

NOW THEREFORE BE IT RESOLVED THAT, pursuant to ORS 94.676 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.** Pursuant to the Declaration, the Association is responsible for obtaining insurance covering the common areas and the units within the community. With respect to the units, the Association's property loss policy shall include the unit and all fixtures, equipment, and fixed finishes therein, exclusive of personal property, or any improvements or betterments installed by an Owner.

- (b) **Owner Responsibility.** The Owner shall be responsible for the Association's insurance 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) **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 a unit not covered by the Association's 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) below, 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). Since the Association is charged with maintenance and repair of the common areas and exterior maintenance upon each residence, and individual Owners are charged with maintenance and repair of their individual unit interiors and party walls, the Association will pay the deductible with regard to damage to the common areas or exterior elements identified in the Declaration, and individual Owners will pay the deductible for damage to their unit interiors, party walls, and any other elements of the property that are the responsibility of the Owner to maintain under the Declaration.
 - (2) **Damage Confined to One Unit.** If the damage is confined to a single unit, the Owner of that unit shall be responsible for the entire deductible of the Association policy.
 - (3) **Damage Affecting More than One Unit or Common Areas.** If a loss affects more than one unit, or affects common areas 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 areas to the extent of \$40,000, and damages one unit to the extent of \$35,000, and a second unit to the extent of \$25,000, assuming the Association's deductible amount is \$10,000, the deductible would be allocated \$4,000 to the Association, \$3,500 to the first Owner and \$2,500 to the second Owner.
- (b) **Damage Resulting from Negligence.** If a loss affects more than one unit, the common areas 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 Areas Less than Deductible.** If the total combined cost to repair damage to both a unit and the common areas 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 a 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 PROCEDURE FOR CLAIMS HANDLING.

- 3.1 **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.
- 3.2 **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.
- 3.3 **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 areas.

ARTICLE IV

DUPLICATE INSURANCE COVERAGE.

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

**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.

**ARTICLE VI
DEFINITIONS**

All definitions contained in the Declaration and Bylaws are incorporated into this Resolution.

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.

DATED: July 22nd, 2015.

Laurel Hanley for Sunset Meadows
President
The Sunset Meadows Association, Inc.

[Signature], Kelley Wemman for Sunset Meadows
Secretary
The Sunset Meadows Association, Inc.