GABRIEL COMMONS ASSOCIATION POLICY RESOLUTION No. 02
INSURANCE

A. The Declaration of Ownership for Gabriel Commons 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 and it further prescribes the type of insurance and specifies the responsibilities of the Association and the homeowners to place and maintain in force at all times appropriate insurance to protect the owners, the Association and its homeowners.

B. Article 8.2.3 of the Bylaws of the Gabriel Commons Association places a duty on the Board of Directors to obtain and maintain the insurance prescribed in the Declaration.

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;

3. Prescribe a procedure for reporting and processing insurance claims.

D. The Declaration, Section 14.3, provides that the Board of Directors shall have the authority to adjust losses.

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

I. INSURANCE DEDUCTIBLE; HOMEOWNER 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 (section 14.3) 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.

(b) Notice. The Board of Directors shall give written notice to the homeowners 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) days after the effective date of the change. The notice shall be emailed, delivered to each unit or mailed to the mailing address of each unit or mailed to the mailing address designated in writing by the homeowners. 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 NOTIFY YOUR INSURANCE AGENT IMMEDIATELY OF THE CHANGES SET FORTH IN THE ENCLOSED INFORMATION AND IMMEDIATELY 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. Proof of such insurance coverage must be provided to the Secretary of the Association by the homeowner within 30 days of any change in insurance coverage or when requested in writing by the Association.

(a) Homeowners Property Insurance. Homeowners 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

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

(c) Homeowner and Tenant Liability Insurance. Homeowners and tenants of all units shall obtain and maintain comprehensive liability policies having combined limits of not less than Three Hundred Thousand Dollars ($300,000) for each occurrence. If the homeowner is not in residence, the homeowner remains responsible for obtaining and maintaining this insurance for their tenants, either by purchasing such a policy, or requiring the tenant to purchase such insurance as part of the rental agreement. 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 common elements and other units and the personal property of the others located therein.

(d) Association. The Association shall have no responsibility to obtain or assist in obtaining property loss insurance for any homeowner or tenant for:

(1) Damage to a unit not covered by the Associations 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

(2) For any damage or loss to the homeowner's or tenant's personal property.

1.3. Deductible.

(a) Damage Not Resulting from Negligence.

(1) <u>Damage Affecting More Than One Unit.</u> If a loss affects more than one unit, when there is no negligence by any party, the parties which have sustained damage (the Association, homeowners 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) <u>Damage Affecting One Unit.</u> If the damage is confined to a single unit, the unit homeowner shall be responsible for the entire deductible of the master association policy.

(b) <u>Damage Resulting From Negligence.</u> 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) <u>Homeowner Policy Deducible.</u> Homeowners of damaged units shall be responsible for payment of their individual condominium unit homeowner policy deductible.

II. <u>Duplicate Insurance Coverage.</u> In the event of duplicate insurance coverage, the insurance policy obtained by the unit homeowners shall be considered the primary coverage.

III. <u>Procedure for Claims Handling</u>

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 homeowner to the extent the deductible is paid by the homeowner. 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 a homeowner based on the same percentage share as the deductible is allocated, when the claim exists and the insurance does not cover all the costs. See Section 1.3

Approved by the Association on ______________________. 2007

Signed________________, 2007, ______________________ Chair, Board of Directors

Attested to by_________________________, Secretary, Board of Directors