

Copperstone Homeowners Association

335 NE Lafayette Ave.
Bend, Oregon 97701
541-323-3033

August 26, 2015

RE: Insurance Resolution

Dear Copperstone Homeowners,

Please find a resolution for Copperstone Homeowner Owners Association included in this mailing.

The Board of Directors has deemed it necessary to adopt this resolution in an effort to protect the future insurability of Copperstone Homeowners Association.

In researching the idea of placing the deductible portion of a claim on the individual homeowner, we found that the cost was minimal compared to a high risk level for the entire Association.

The Copperstone insurance deductible will increase as of **October 1, 2015** to \$10,000.00. You must obtain coverage for this amount by this date, or plan to pay the deductible out-of-pocket. The current \$1000.00 deductible is in effect until October 1, 2015.

Please feel free to call with any questions. Terrie at HOA Management at 541-323-3033 is familiar with the project and will help in any way. Also, if the question directly concerns the insurance coverage or if you agent has questions, please call American Family Insurance at 541-312-4444.

Board of Directors
Copperstone HOA

COPPERSTONE HOMEOWNERS ASSOCIATION, INC.

**BOARD OF DIRECTORS RESOLUTION
REGARDING INSURANCE**

A. The Declaration of for Copperstone Phase 1 Also Known as Copperstone Townhomes at Awbrey Glen Part of a Planned Community Development (the "Declaration") states that Copperstone Homeowners Association, Inc. (the "Association") shall obtain and maintain in force policies of insurance as provided in the Declaration.

B. Section 3.6. of the Declaration prescribes the type of property insurance the Association is required to obtain covering the living units and common areas, and the type of liability insurance required to protect the Association and its members.

C. The Declaration and Bylaws of the Association do not specifically address responsibility for the payment of the deductible under the Association's insurance policies.

D. 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; and
4. Establish a rule allocating responsibility to pay the deductible amount in a manner that is fair, reasonable and predictable.

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

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 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 members shall exercise their reasonable business judgment.

(b) **Notice.** The Board 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 within thirty (30) days following the effective date of the change. The notice shall be delivered to each unit or mailed to the mailing address of each Unit or mailed to the mailing address designated in writing by the owners. The notice shall include substantially the following notice in 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) **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.

(b) **Tenants.** Tenants shall be responsible for insuring their own personal property for any loss or damage if they desire such coverage. Owners shall be responsible to notify their tenants that the tenants' personal property is not covered by the Association's policy.

(c) **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 five hundred thousand and No/100 Dollars (\$500,000.00) 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 common areas 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 Owner or tenant for:

(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

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

(e) **No Monitoring.** The Association has no obligation to monitor whether owners and tenants comply with their respective obligations to maintain required insurance.

1.3. Deductible or Other Uninsured Loss. The Association's Declaration and Bylaws do not specifically establish who is responsible to pay the deductible amount under the Association's property insurance policy in the event of a loss. As deductible amounts increase in the current insurance industry climate, it becomes more important for the Association to establish a rule determining who is responsible to pay the deductible. After considering its options, the Board has determined that the best

rule is to allocate the deductible to the party who is responsible for maintaining the damaged property under the Association's Declaration and Bylaws. This method is fair, predictable, avoids involving the Association in determination of negligence, and discourages Owners from filing numerous small claims, which can adversely affect the Association's insurability. For purposes of this Section 1.3, the term "deductible" includes both the deductible portion of an insured loss and a loss that is not insured when not required to be insured under the terms of the Declaration or Bylaws. The Board adopts the following rules for allocating the deductible:

(a) **Responsibility for Deductible Follows Responsibility for Maintenance.** The deductible amount under the Association's property loss insurance policy shall be paid by the party(ies) with responsibility for maintenance, repair, and replacement of the damaged item(s) without regard to whether the loss may have been caused by the negligence of any party. Since the Association is charged with maintenance, repair, and replacement of the common areas, and individual Owners are charged with maintenance, repair, and replacement of their individual Units, the Association will pay the deductible with regard to damage to the common areas, and individual Owners will pay the deductible for damage to their Units.

(b) **Allocation Among Several Parties.** If loss occurs to more than one Unit, or to 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 total respective losses. For example, if an event damages the common areas to the extent of \$100,000, and damages a single Unit to the extent of \$50,000, if the Association's deductible amount is \$10,000, the \$10,000 shall be allocated \$6,667 to the Association, and \$3,333 to the Unit Owner, since the Association suffered two-thirds of the total loss and the Unit Owner suffered one-third of the total loss.

(c) **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 the damaged portions of the Units, buildings, and other improvements to be insured. For example, if only Owner A's Unit is damaged and he believes the damage 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.

(d) **Flood and Earthquake Insurance.** The deductible under the Association's flood and earthquake insurance policies or endorsements shall be allocated among the Owners and Association in the same manner as set forth in Section 1.3 (a) and (b) above. Because deductibles under flood and earthquake policies tend to be substantially higher than conventional property loss policy deductibles, Owners should be aware of the amount of these deductibles and should discuss coverage for such deductibles with their insurance providers.

II. DUPLICATE INSURANCE COVERAGE In the event of duplicate insurance coverage (Association and an Owner have insurance covering the same element), the insurance policy obtained by the Association shall be considered the primary coverage.

III. PROCEDURE FOR HANDLING CLAIMS

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, as well as fees and costs for consultants, counsel, and other persons assisting the Association, shall be treated as part of the overall loss, apportioned, if at all, in the same manner as the deductible is apportioned.

IV. PROCEDURE FOR INVESTIGATION AND REPAIR

4.1 Investigation. Upon the occurrence of damage affecting any Unit(s) or common area, the Board of Directors shall conduct such investigation as it considers reasonable under the circumstances to determine the nature and extent of the damage, the likely cause of the damage, and the likelihood of insurance coverage for the same. The Board may retain such contractors, consultants or counsel as it considers appropriate under the circumstances.

4.2 Repairs to Common Areas. The Association shall always control the conduct of maintenance and repairs to common areas.

4.3 Repairs to Unit(s). In the event of damage to one or more Units with respect to which there is any coverage under the Association's insurance policy, the Association retains the right, but not the duty, to control the solicitation of bids and the conduct of repairs for such damage. In its discretion, the Board of Directors may choose to permit an individual Owner to control the conduct of repairs to the Unit, depending upon a) the relative financial contributions of the Association's insurance and the individual Owner or its insurance carrier; b) the Board's confidence that Unit repair work will not adversely affect the common areas or other Units; and c) other relevant factors.

IN WITNESS WHEREOF, the undersigned hereby certifies that the foregoing Resolution was adopted at a meeting of the Board of Directors on August 13, 2015.

**COPPERSTONE HOMEOWNERS ASSOCIATION.
INC.**

President – Tom LaBissoniere