

FORUM WEST CONDOMINIUM ASSOCIATION

SECTION I AND SECTION II

PROCEDURE FOR PROPERTY INSURANCE AND PROPERTY CLAIMS EFFECTIVE

September 15, 2016

Pursuant to the Declaration and By Laws of Forum West, the Board Members hereby revoke any prior rules and procedures regarding insurance and enact the following rules and procedures.

ITEM I. PROPERTY INSURANCE

The Association shall provide a Master Policy of property insurance to cover the Common Elements, Limited Common Elements **and the Units** for Earthquake and Special Causes of Loss, which generally covers all losses except those specifically excluded such as, but not limited to flood, insect damage, wear and tear. Coverage under the Master Policy includes replacement cost on the buildings and the Units. Units include attached interior finishing such as carpeting or other flooring, plumbing and lighting fixtures, built -in appliances and cabinets; but only to the extent, type and quality of such items as installed when the Unit was originally sold to the first Owner. The additional value of Unit improvements or additions made by current or prior Owners shall be insured by **Owners.**

ITEM 111. MASTER INSURANCE POLICY DEDUCTIBLE

The Master Policy deductible is \$25,000 for covered losses, other than Wind, Hail and Earthquake. The Master Policy Wind and Hail deductible is 1% of each building's insurance limit. A current estimate of each Owner's share of damage below the Wind and Hail deductible is **\$2,600** if all the Units in a building are damaged. The Master Policy Earthquake deductible is **10%** of each building's insurance limit. A current estimate of each Owner's share of damage below the Earthquake deductible is approximately **\$26,000** if all the Units in a building are damaged. Since the insurer does not pay for the first dollars of repair or reconstruction below these deductibles, the responsibility to pay for the damage below the deductible shall be as follows:

1 If a loss is to the Common Elements only (other than Limited Common Elements) and is caused by other than Wind and Hail, the damage below the deductible shall be paid by the Association. However, if such loss is caused by the negligence of an Owner or his/her household member, then the loss shall be paid by that Owner.

2 If Wind and Hail loss is to the Common Elements and/or Limited Common Elements, the Owners whose building is damaged shall share the amount of damage below the Master Policy deductible equally as an assessment for property owned by members collectively.

3 If a loss involves one Unit and/or Limited Common Elements serving that one Unit, the Owner shall be responsible to pay the damage below the Master Policy deductible.

4 **If a loss involves more than one Unit** and/or Limited Common Elements serving those Units, then the Owners involved in the loss shall share the amount of damage below the Master Policy deductible equally, not to exceed the amount of damage to their respective Unit and/or Limited Common Elements,

except:

If a loss originates in a particular Unit, the damage below the Master Policy deductible shall be paid first by that Owner, not to exceed the amount of damage to his/her Unit and/or Limited Common Elements. The remainder of the damage below the Master Policy deductible shall be shared equally among the other Owners who sustain damage, not to exceed the amount of damage to their respective Unit and/or Limited Common Elements. **If the loss is caused by the negligence of an Owner** or his/her household member, then the damage below the Master Policy deductible shall be paid by that Owner in full.

ITEM III. OWNERS' RESPONSIBILITIES

Each Owner should purchase a Unit Owner's Policy to cover their personal property, personal liability, and the first dollars of their Unit damage below the Master Policy deductibles shown above. This policy should include **Special Form, Earthquake, and Sewer or Drain Back Up** coverage. The Dwelling Limit should be high enough to cover damage below the largest Master Policy deductible, plus the additional value of **Improvements and Additions** made to the Unit by current and prior Owners. The Unit Owner's Policy should include at least **\$2,600 Loss Assessment** to cover Wind or Hail loss to Common Elements, such as roofs. Each Owner is responsible for the deductible on his own Personal Policy, regardless of the cause of loss.

ITEM I.V. NON-COVERED LOSSES

The Association is not responsible for property losses occurring to property owned or used exclusively by an Owner when the loss is not covered by the Association's Master Policy.

ITEM V. DISCRETION REGARDING CLAIMS

The Association reserves the right to NOT file small claims due to willful, intentional or negligent conduct, vandalism, malicious mischief, damage resulting from tenant occupancy, or from using charcoal grills on decks. If the Board elects not to file a claim in order to protect the insurability for ALL the Owners, then the Owner(s) responsible for the damage shall pay for the entire loss or a proportionate share thereof. **Negligent** conduct includes, but is not limited to, failure to maintain a temperature of at least 62 degrees Fahrenheit when the outside temperature is below freezing.

ITEM VI. ADJUSTMENT OF LOSSES

The Board shall adjust all losses covered by the Association's Master Policy. No Owner shall have the right to adjust a loss directly with the Association's Insurer, even for damage solely to his Unit. The Owner shall give the Association and its contractor reasonable access to his Unit to adjust and repair the Unit and any damaged adjoining Units.

The Association, through its own agents and contractors, shall repair all damage, but may approve contractors hired by Owners if a firm written proposal is approved by the Board and the Association's Insurer in advance. In the event an Owner shall employ his own contractor, the Board may pay the contractor directly, but only after the work has been inspected or certified that it is fully completed according to the allowed adjustment by the insurer, all lien waivers are received, and the Owner signs any required release. If the Owner does not fully repair the Unit according to the insurer's allowed adjustment, any excess insurance funds will be held in trust until the work is completed. If the work is not completed within 180 days of the date of loss, then the "Actual Cash Value" of the damaged property, (Replacement Cost less depreciation), may be distributed to the Owner, unless the Board decides it is necessary for the Association to complete the repairs in order to protect the interests of other Owners.

The Master Policy premiums are common expenses of the Association, which are provided for in the assessments paid by the Owners. All assessments shall be paid in full prior to any disbursement of insurance proceeds to any Owner for his damage. The Board shall apply all or a portion of any insurance proceeds first to payment of delinquent assessments, and then disburse the balance of such proceeds to the Owner for repair of the Unit.