

VILLAGE AT FOREST HEIGHTS HOMEOWNERS ASSOCIATION, INC.

Resolution Number 4 – Insurance – May 2003 Revision

WHEREAS, Article 4.4, Owner Insurance, and Article 7.5, Insurance, of the Declaration of Protective Covenants and Restrictions of the Village at Forest Heights Homeowners Association, Inc., 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 WHEREAS, Article 3.13 Insurance, and Article 9, Insurance, of the Bylaws of the Village at Forest Heights Homeowners Association, Inc., further clarifies the type of insurance and the responsibilities of the Association and the owners to place and maintain in force at all time appropriate insurance to protect the owners, the Association and its members;

AND WHEREAS, it is the intent of the Board of Directors to:

1. Ensure that the Association has adequate coverage for property and liability insurance, and
2. The continuing insurability of the Association at a reasonable price, and
3. A program to minimize the number of insurance claims, and
4. A procedure for reporting and processing insurance claims.

NOW THEREFORE BE IT RESOLVED THAT, the following conditions and procedures are to be observed:

1. The Association maintains property insurance coverage (fire or other hazards, including extended coverage, vandalism and malicious mischief) on the Buildings and Common Property as required by the Declaration and the Bylaws. The Association's property insurance coverage is subject to a deductible of between \$1,000 and \$10,000, as determined by the Board of Directors. As of March 23, 2003, the deductible is \$5,000. The Association will assess the owners to the extent of the deductible and also to the extent insurance proceeds fall short of the costs of repair or reconstruction, including any Managing Agent's fee for administrative services related to the claim. Owners are encouraged to obtain their own insurance to cover such assessments.
2. Each owner is responsible for obtaining insurance coverage on the owner's own unit, as required by the Declaration (Article 4.4) and the Bylaws (Article 9.5). The owner's policy must cover loss or damage to the owner's unit, including: all interior Improvements including interior and exterior glass; window casements, sashes, frames and screens; doors; mechanical, electrical

and hardware (exterior as well as interior); and outdoor Improvements. Owners may not obtain insurance coverage on Buildings or Common Property covered by the Association's insurance.

3. The insurance company requires all owners to maintain a working smoke detector in each unit they own.
4. The respective responsibilities of owners and the Association for insurance (and maintenance) are described in greater detail in Resolution No. 3. Currently, the Association's insurance covers sheetrock but does not cover the following items: wall, ceiling, and floor coverings, including carpeting, mirrors, tile, texturing, paint, and wallpaper; draperies and other window coverings; lighting fixtures; and appliances. Owners are responsible for adequately insuring such items, and are encouraged to consult their personal insurance agents with respect to the amount and extent of such coverage.
5. The Association will obtain coverage for full replacement cost of any repair or reconstruction if such insurance is available at reasonable cost as determined by the Board of Directors. Typically, earthquake insurance, if obtained, would not cover full replacement cost.
6. The minimum Directors & Officers liability coverage is \$1 million, with higher limits as may be determined by the Board.
7. The Directors and Officers and the Managing Agent shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the Board of Directors, any officer, or the Managing Agent of the Association is made a party to any proceeding because the individual is or was a director or officer or manager of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.
8. All Association claims shall be processed through and coordinated by the Managing Agent, who shall also coordinate the repairs. Determination of whether a claim is to be borne by the Association or submitted to the Association's insurance carrier will be made by the Board of Directors consistent with this policy resolution. The Managing Agent's fee usually does not include insurance claims administration, which is subject to an additional fee. To the extent such fee is not covered by the Association's insurance it will be assessed to owners, and may be covered by the owner's individual policy.
9. Owners will need to provide timely cooperation with Management in handling insurance claims and repairs to help minimize the costs.

10. Requests for certificates of insurance should be made to:

Priscilla Sawyer
USI Northwest
700 NE Multnomah St. #1300
Portland, OR 97232
Telephone: 503-295-6369
Fax: 503-224-8319
E-mail: priscilla.sawyer@usi.biz

Resolution updated and approved by Board of Directors May 12, 2003
5.9.03

Application by Owner to Association for Insurance Claim

1. Phone the Association office to report the event immediately.
2. Provide information relating to the event, including
 - a. Date:
 - b. Time:
 - c. Name(s) of individual present/observing the event:
 - d. Description of the event:
 - e. Other units affected (please ask these owners to contact the association office and submit an application for their units):