

**AMERICANA CENTRE CONDOMINIUM, INC.**

**POLICY RESOLUTION NO. \_\_\_\_\_**

(Policy Regarding Master Property Damage Insurance & Deductibles)

**WHEREAS**, pursuant to Section 11-114 of the Maryland Condominium Act (“Act”) and Article XII, Section 1 of the By-laws of Americana Centre Condominium, Inc. (“Bylaws”) the Board of Directors (“Board”) of Americana Centre Condominium, Inc. (“Council”) is required to obtain and maintain a hazard/property damage insurance policy (“Master Policy”) covering the units and common elements against fire and other common perils; and

**WHEREAS**, pursuant to Section 11-114 of the Act such Master Policy should exclude betterments and improvements installed by the unit owner and Article XII, Section 3 of the Bylaws recommends that unit owners obtain additional insurance to cover improvements and betterments installed by unit owners in units; and

**WHEREAS**, pursuant to Section 11-114 of the Act if a claim under the Master Policy originates in a unit owner’s unit, that unit owner shall be responsible for reimbursing the Council for any deductible (“Master Deductible”) under the Master Policy up to \$5000 (or such greater amounts that from time to time are permitted by the Act); and

**WHEREAS**, it is in the best interests of the Council to outline and properly establish procedures which promote budgetary stability and continuing insurability for the Condominium while fairly and clearly allocating the risks and expenses for the related Master Deductibles that must be satisfied when covered claims are made.

**NOW THEREFORE**, the foregoing recitals incorporated herein, the Board adopts the following policy:

**I. RESPONSIBILITY FOR INSURANCE.**

- A. As directed by the Bylaws and as specifically required by the Act, the Board shall obtain and maintain a Master Policy covering damages to the common elements and the individual units from fire and other common perils determined from time to time by the Board with the advice of management and its insurance advisor (“Insured Loss”).
- B. The Master Policy does not cover every type of damage to units including, but not limited to a unit owner’s or tenant’s personal property, furniture, wall/floor and ceiling coverings/decorations, furnishings, fixtures, appliances, equipment, including betterments and improvements to the unit (except where such items were installed by the Developer at the time the Condominium was created).

- C. unit owners are strongly encouraged to obtain and maintain individual (“HO6”) insurance covering their personal property, the Master Deductible and other damages not covered under the Master Policy.

## II. DETERMINATION OF DEDUCTIBLE; NOTICE.

- A. The Board shall be responsible for determining the amount of the Master Deductible under the Master Policy taking into consideration the cost of the annual premium, the loss history of the Council and related issues.
- B. unit owners shall be responsible for reimbursing the Council for the Master Deductible up to the amount allowed by the Act (currently \$5000 as of the date of this policy) for Insured Losses which originate in the unit owner’s unit.
- C. The Board shall provide unit owners with written notice, at least annually, of the amount of the Master Deductible and the unit owner’s potential responsibility for such Master Deductible.
- D. Per Section 11-135 of the Act, management shall further disclose in each Resale Packet certificate, the amount of the Master Deductible and the unit owners potential responsibility for such Master Deductible.

## III. LOSS INVESTIGATION

- A. In the event a unit owner suffers damage to his or her unit, the unit owner must report the damage as soon as possible to management and management will conduct an investigation into the loss to determine the source (“Origination Point”), the extent of the damage or loss and whether such damage is an Insured Loss. Failure to promptly report damage may jeopardize coverage.
- B. In the event of an emergency, the unit owner shall immediately contact management but the unit owner will be responsible for reasonable efforts to mitigate the damages (e.g., shutting off water supply valves in the unit).
- C. The unit owner and other affected unit owners/tenants, shall provide management with the immediate right of entry into the units to investigate the loss or damage and, in the case of an emergency threatening other units or the common elements, management will take or direct immediate action to access units (whether the owner is present or not) and attempt to stop or minimize the threat.
- D. If the damage or loss does not constitute an emergency in which immediate remedial action is needed, the unit owner is obligated to file a “damage report” within five (5) calendar days of the date when the damage occurred. Failure to submit a complete damage report within such time frame may jeopardize the Council’s ability to obtain any insurance coverage.

1. The damage report may be in a form approved or promulgated by the Board of Directors, but which, in any event, shall include, at a minimum:
  - the name and address of the unit owner making the claim;
  - a statement of when the incident of damage occurred;
  - the purported cause and/or origin of the damages (if known);
  - a preliminary list of claimed damages;
  - authorization for the Council and its agents to enter the unit for the purpose of investigating the loss;
- E. management shall further investigate and/or consult with the Council's insurance agent to determine if the loss would: 1) constitute an Insured Loss under the Master Policy; and, if so, 2) whether the damage estimates will likely exceed the amount of the Master Deductible.
- F. management shall, in making the determinations under III(E) above, be entitled to rely upon the advice of Council's insurance agent, consultants, tradesman and/or other advisors (as well as the management's own internal resources) to determine whether the loss would be an Insured Loss and the estimated repair costs and damages.

#### **IV. REPAIR RESPONSIBILITY/COST ALLOCATION**

- A. The Council is responsible for repairing and replacing units and common elements damaged in an Insured Loss.
- B. In the event that damage from an Insured Loss only involves damage to the unit which was the Origination Point of the loss, the Council may work with such unit owner and his or her insurer to determine how to best accomplish such repairs and may allow the unit owner to complete the repairs (with appropriate releases and assurances that the work is completed).
- C. If the loss is an Insured Loss, then any proceeds over and above the Master Deductible shall be applied towards the damages (first to pay for any common element damage and then to any unit damages pursuant to 11-114(d) of the Act).
- D. Repairs to units or the common elements associated with an Insured Loss but which are not covered by insurance proceeds (including deficiency due to the application of the Master Deductible portion) shall be allocated:
  - 1) to the unit owner of the unit in which the Origination Point occurred up to \$5000 (or such greater amount permitted by the Act from time to time);
  - 2) to the Council in the case the cause of the damage which first originated in the common elements;

- E. Damages to property or repairs which are excluded from an Insured Loss shall be the responsibility of the party who otherwise would have been responsible for such maintenance or repairs under the Council's Master Deed and Bylaws.

This resolution was adopted pursuant to Section 11-111 of the Maryland Condominium Act.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

The effective date of this Resolution shall be \_\_\_\_\_, 2016.

AMERICANA CENTRE CONDOMINIUM, INC.

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Virginia Onley, President

AMERICANA CENTRE CONDOMINIUM, INC.

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Duly adopted at a meeting of the Board of Directors held \_\_\_\_\_.

Motion by: \_\_\_\_\_ Seconded by: \_\_\_\_\_

VOTE: YES NO ABSTAIN ABSENT

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

Resolution effective: \_\_\_\_\_, 2016.