

SHADOW LAKE COUNCIL OF CO-OWNERS, INC.

ADMINISTRATIVE RESOLUTION

PAYMENT OF INSURANCE DEDUCTIBLES

WHEREAS, Article VII, Section 7.01 of the By-Laws of Shadow Lake Council of Co-Owners, Inc. (“By-Laws”), empowers the Board of Directors to exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Shadow Lake Council of Co-Owners, Inc. (“Council”), including, under Article VII, Section 7.02(e) of the By-Laws and Article VI, Section 6.01 of the Master Deed Declaration of Property To The Horizontal Property Regime For Shadow Lake Condominium (“Declaration”), the obtaining and maintenance, to the extent obtainable, in accordance with sound industry practices, property insurance covering loss or damage by fire and other perils normally covered by standard extended coverage, and all other perils which are customarily covered; and

WHEREAS, Article VI, Section 6.01 of the Declaration further requires that the Council obtain and maintain a comprehensive policy of general liability insurance insuring all of the Common Areas including the buildings containing the units and common elements therein (including all of the buildings, units, fixtures, equipment and any improvements and betterments whether part of a unit or common area, but not including the furniture, furnishings, personal property, contents or personal liability of the individual unit owners), together with all central utility and other central equipment contained therein, and all buildings, fixtures, equipment and personal property owned by the Council, in an amount not less than one hundred percent (100%) of the current replacement cost, and;

WHEREAS, the Board has powers to determine the extent to which the Council shall carry insurance, above the minimum requirements of the By-Laws; and

WHEREAS, the requirements of insurance as stated in the Declaration are in excess of the maintenance responsibilities and ownership responsibilities of the Council; and

WHEREAS, because of the discrepancy between the items the Council is responsible for insuring and the ownership and maintenance responsibilities of the Council, questions have arisen with regard to the payment of the insurance deductible of the Council's master policy upon loss; and

WHEREAS, the Board deems it in the best interest of the Council to clarify its position relative to the insurance deductible pursuant to Article VI, Section 6.01 of the Declaration;

NOW, THEREFORE, BE IT RESOLVED that the following procedure shall control the payment of deductibles by the Council:

1. Where a loss occurs which is insured by the Council, and for which the Council has maintenance or ownership responsibilities (such as a loss to the common area), the Council shall pay the deductible.
 2. Where a loss occurs and the Council insures against the loss, but the Council does not carry any maintenance or ownership responsibilities for the items of loss (such as a loss to the unit), the Council shall pay the deductible only if the loss occurred as a result of the negligence of the Council. Otherwise, if the loss did not occur as a result of the negligence of the Council, the owner(s) shall pay the deductible.
 3. If the loss is a combination of a loss to an area for which the Council has maintenance or ownership responsibilities (ie: common areas) and a loss to an area for which the Council
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does not have maintenance or ownership responsibilities (ie: a unit), then the deductible shall be proportioned between the Council and the unit owner appropriately. For example, where the total loss is \$100,000.00 (\$70,000.00 to the common area and \$30,000.00 to a unit) and if the deductible is \$2,500.00, then the Council shall pay \$1,750.00 of the deductible and the owner shall pay \$750.00.


4. Losses for which the Council carries insurance and for which the Council has an ownership or maintenance interest shall be repaired or rectified by the Council, and the unit owner must allow reasonable access to the unit at reasonable times for the Council to accomplish the repair.
5. Losses for which the Council may carry insurance, but for which the Council has no maintenance or ownership responsibilities, must first be submitted to the homeowner's HO6 policy for adjustment. The HO6 insurance carrier may then negotiate with the Council's insurer to determine if coverage is available. Losses of this type which do not exceed the deductible of the Council's insurance policy must either be paid by the homeowner's HO6 carrier or directly by the homeowner. Deductibles for any claim for loss of this type submitted to the Council's insurance will also be the responsibility of the homeowner. The deductible shall be collectable in the same manner in which assessments are collected, and the failure to pay the deductible shall carry with it the same consequences as the failure to pay assessments pursuant to Article V of the Declaration.

6. Damage negligently caused to the common elements by a unit owner shall be paid for by the unit owner, but in no event will the unit owner's liability for the deductible payment exceed the total deductible.
7. The Council shall not subrogate against any unit owner concerning an insurance claim.

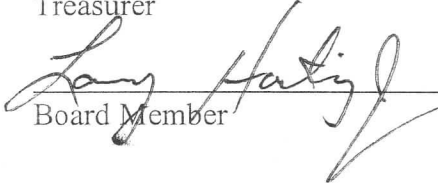
Adopted this 7 day of July, 2011.



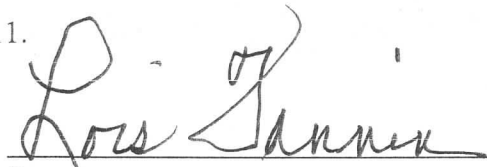
President



Treasurer



Board Member



Secretary



Board Member