

Prepared by:

CONDOMINIUM ASSOCIATION, INC.
(the "Association")

RESOLUTION REGARDING INSURANCE DEDUCTIBLES

P R E A M B L E

A. The Master Deed for _____, a Condominium (the "Master Deed"), dated (executed) _____, was recorded in the office of the _____ County Clerk on _____ in Deed Book _____, Page _____ et seq. and the By-Laws of Condominium Association, Inc. (the "By-Laws") were recorded as Exhibit E to the Master Deed. [The Master Deed and By-Laws, as well as any and all rules and regulations adopted by the Association, may be collectively referred to as the "Governing Documents."]

B. Pursuant to Section _____ of the Master Deed, each Unit Owner, as a member of the Association, is subject to all provisions of the Master Deed, the By-Laws, the Rules and Regulations of the Association, and the Articles of Incorporation of the Association, as well as to the South Carolina Horizontal Property Regime Act and other state Statues. Pursuant to Article _____, Section _____ of the By-Laws, the Board of Directors (the "Board") is empowered to adopt rules and regulations and take such other action as may be necessary and proper to enforce the terms and conditions of the Governing Documents, including, but not limited to, the collection of common expense assessments.

C. For the benefit and protection of the Association and of the individual Unit Owners, the Board deems it necessary and desirable to enact the supplementary procedures set forth within this resolution regarding insurance deductibles.

D. In the event insurance proceeds (therefore, "net" of any insurance deductibles) are paid to the Association by its insurance carrier, a portion of the proceeds may, in some instances, represent a reimbursement, in whole or in part, of the restoration costs to a Unit or property owned by a Unit Owner which the Association is not required to insure, although the premium has been paid to the insurance carrier by the Association. In addition, such proceeds may be insufficient to pay for all damages. (As used herein, the word "deductible" shall also mean and include any such shortfall in the insurance proceeds required to fully restore and repair the damage.) As outlined below, the affected Unit Owners shall be responsible for bearing the responsibility for and/or paying the deductible.

E. The Board has determined that it is more equitable and appropriate to allocate or prorate responsibility for insurance deductibles between the Association and the affected Unit Owners as further described below.

F. This Resolution was duly introduced and thereafter adopted pursuant to the terms and conditions of the Governing Documents.

NOW, THEREFORE, BE IT RESOLVED on this ____ day of _____, 20__ as follows:

1. Capitalized Terms. Unless specifically defined otherwise, all capitalized terms used in this Resolution have the same meaning as defined in the Governing Documents of the Association.

2. Application of Insurance Proceeds. If and to the extent the Association receives insurance proceeds pursuant to insurance policies placed, maintained, and paid for by the Association, which proceeds represent, in whole or in part, a reimbursement for damage to a Unit or the real property of a Unit Owner, then and in such event the proceeds shall first be applied to the cost of restoring damage to the Common Elements and the remaining balance of the insurance proceeds, if any, shall then be applied to the cost of restoring damage to the Unit or real property (including fixtures) of the Unit Owner and/or Unit. In the event of damage to multiple Units, the amount, if any, available to the affected Unit Owners shall be pro rated between the affected Unit Owners as follows: If the insurance adjuster prorates the damages to and between the Units, this proration shall be used to allocate the remaining balance of the insurance proceeds. If the insurance adjuster does not prorate the damages to or between the Units, then the Unit Owners' relative percentage interests shall be used to allocate the remaining balance of the insurance proceeds. If any insurance proceeds are insufficient to pay for the restoration of a Unit as necessary to place the Unit in habitable condition and, where applicable, to obtain a certificate of occupancy or similar approval, and the Unit Owner is required to contribute to the costs of such restoration but fails or refuses, the Association may advance such costs to repair and restore and any such advance on behalf of the Unit Owner shall be collectible in the same manner as a common expense assessment.

3. Deductibles. It is intended that insurance deductibles applicable to a claim and to the payment of insurance proceeds shall be handled and treated based on the source of the cause of the damage. If the source of the damage is from the exterior of the Unit the Association will be responsible for the payment of the deductible. If the source of the damage is from within a Unit, the Unit Owner shall be responsible for the payment of the deductible.

4. Review of Policy. Upon request by the Association, a Unit Owner shall provide the Association with a copy of such Owner's insurance policy(ies) which may be presented to the Association's insurance carrier for review.

5. Review of Owner Coverage. **Unit Owners are advised to review their casualty insurance policies covering their respective Units and are urged to consult with their insurance agents and/or carriers concerning this Resolution and the appropriate amounts and types of insurance coverage and deductibles.** Units Owners are urged to obtain insurance policies (typically referred to as “HO-6” policies) to cover, among other claims and losses, the Unit Owners’ liability for injury to persons, damage to personal property, Unit upgrades, betterments or improvements, above and beyond original builder grade installations, and responsibility for deductibles. Unit Owners are also advised to consult with the Association and/or its insurance agent in order to determine, from time to time, the amount of the casualty insurance coverage deductible being maintained by the Association and are advised that this deductible amount may change from time to time.

NOTICE AND RECORDING. The Association’s Managing Agent is authorized to prepare correspondence, in appropriate form and substance, and thereafter circulate same, along with a copy of this Resolution, to all Unit Owners. The Association also authorizes and directs its legal counsel to arrange for recordation of a copy of this Resolution with the _____ County Register’s Office in order to establish the recording of this clarification to the Master Deed in the chain of title. The _____ County Register is authorized and requested to annotate the Master Deed (for example, by reference in the margin) to reference the recording of this Resolution.

ATTEST:

**CONDOMINIUM
ASSOCIATION, INC.**

By: _____
_____, Secretary _____, President

STATE OF _____) SS.

COUNTY OF _____)

I CERTIFY that on _____, 20____, _____ personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) this person is the Secretary of **SUMMIT POINTE CONDOMINIUM ASSOCIATION, INC.** a corporation of the State of New Jersey, named in this document;
- (b) this person signed this document as attesting witness for the proper corporate officer who is _____, the President of the Association;
- (c) this document was signed and delivered by the Association as its voluntary act and deed by virtue of authority from its Board of Directors;
- (d) this person signed this acknowledgment to attest to the truth of these facts; and
- (e) this Resolution was duly introduced and was thereafter adopted at a regular scheduled meeting of the Board at which a quorum was present, by a majority vote of the members of the Board eligible to vote on this matter.

_____, Secretary

Signed and sworn to before me on the
_____ day of _____, 20____

Notary Public