

**BALTERRA CONDOMINIUM ASSOCIATION, INC.
INSURANCE AND DEDUCTIBLE POLICY**

The following Insurance and Deductible Policy was adopted the Board of Directors of the Balterra Condominium Association, Inc., ("Association"), at a regular meeting of the Board of Directors.

Effective Date: 07/16/2020

WHEREAS, Article VI of the Declaration sets forth the types of insurance the Association must and may carry and empowers the Board to establish policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment; and

WHEREAS, Article VII, Section 1(e) of the Bylaws grants the Board of Directors the power to exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Bylaws, the Articles of Incorporation or the Declaration; and.

WHEREAS, the Board of Directors of the Association believes that it is in the Association's best interests to adopt this Insurance and Deductible Policy.

NOW, THEREFORE, the Association adopts the following Insurance and Deductible Policy:

A. PROPERTY INSURANCE MAINTAINED BY THE ASSOCIATION

The Board must obtain and maintain in full force and effect, insurance policies which satisfy the requirements set forth in the Declaration. The Association's insurance may provide for a deductible not to exceed a reasonable and prudent amount as determined by the Board. The Association's insurance will be maintained in the name of the Association, for the use and benefit of all Owners. To the extent available, such property insurance will:

1. Permit a waiver of claims by the Association, and provide for a waiver of subrogation rights by the insurer as to claims against each Owner and the members of the Owner's household;
2. Be written as a primary policy, not contributing with and not supplemental to any coverage that any Owner carries;
3. Provide that, notwithstanding any provision that gives the insurer an option to restore damage in lieu of making a cash settlement, the option may not be exercised if the proper party(ies) elect(s) not to restore the damage in accordance with the provisions of the Act;
4. Provide that no act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, voids the policy or is a condition to recovery under the policy; and
5. Provide that it may not be canceled, nor may coverage be reduced, without thirty (30) days prior notice to the Association, or in the case of nonpayment of premium, ten (10) days prior notice.

Notwithstanding anything herein to the contrary, the Association shall not be obligated to file a claim with its property insurance carrier; to the extent that the Association elects not to file such a claim, it will "self-insure" the loss to the extent that it exceeds the amount of the deductible; deductibles shall be addressed as set forth herein below.

B. OWNER/TENANT INSURANCE

Owners are responsible for obtaining and maintaining property insurance for anything not insured by the Association as set forth herein above and as set forth in the Declaration. Such insurance is carried for the Owner's benefit and at the Owner's expense and shall be in such amounts, against such risks, and containing such provisions as the Owner may reasonably determine from time to time. It is not the Association's obligation to ensure that the Owner's obtain and maintain adequate insurance. To the extent available, such owners' property insurance will:

1. If reasonably available, permit a waiver of claims by the Owner and provide for a waiver of subrogation rights by the insurer as to claims against the Association, its directors, officers, employees and agents, the other Owners, and the members of such Owners' households;
2. Be supplemental to any coverage that the Association carries, with Association insurance being primary pursuant to this policy without causing the diminution or termination of Association insurance coverage; and
3. Provide that, notwithstanding any provision that gives the insurer an option to restore damage in lieu of making a cash settlement, the option may not be exercised if the proper party(ies) elect not to restore the damage in accordance with the provisions of this policy or the Act.

Tenants are also **strongly encouraged** to obtain their own insurance as recommended by their insurance agents. Under no circumstances shall the Association be responsible for Owners' or Tenants' contents or for any consequential damages. The Association shall have no liability for an Owner's failure to obtain insurance as required by this policy.

C. INSURANCE CLAIMS PROCEDURES

In the event an occurrence is made known to an Owner which results in damages or injury to an Owner, an Owner's Unit, or the Association and which may come within the Association's coverage; the following procedures shall be followed:

1. The Owner shall promptly notify the Association of the damage by providing written notice to the managing agent setting forth the Owner's home address (and the residence address if different from the home address) and phone number; the time, place and circumstances of the event; the damage or harm believed to be incurred, the Owner's rough estimate of the damage incurred, if possible; and the names and addresses of the injured (if any) and of available witnesses.

2. The Board shall then have fifteen (15) days after receipt of the Owner's complete (per paragraph 1 above) written notice of the potential claim within which to evaluate the claim. If the Association does not receive timely written notice of the potential claim, the Owner shall be responsible for all prejudice, increased costs, and consequential damages caused by the Owner's failure to timely submit notice of the potential claim to the Association. Within this fifteen (15) day timeframe, the Board shall, with consultation of advisors as the Board deems appropriate, determine whether the occurrence or claim consists of damages for which the Owner is responsible for insuring. If the Board determines that the occurrence or claim consists of damages for which the Owner is not responsible for insuring, the Board shall determine whether the occurrence or claim consists of damages for which the Association is responsible for insuring.
3. If the Board determines the damages are those for which the Association is responsible for insuring, apart from damages due to negligence as discussed herein below, the Board, on behalf of the Association as the insured, shall determine whether the Board should submit a claim under its policy by balancing the benefits conferred to the Association under the policy against the costs to the Association associated with making the claim.
4. In the event that the Board determines that it is in the best interests of the Association to submit a claim, the Board shall do so. If the Board believes that it is not in the Association's best interest to submit the claim, it may decline to submit the claim. In either case, the Board shall provide a written response to the Owner (within fifteen (15) days after receipt of the Owner's written notice) of the Association's position regarding the claim.
5. At all times, the Owner shall provide the Association and its agents and insurers reasonable access to inspect the subject matter of the potential claim. The fifteen (15) day period for the Association to respond may be extended upon the Owner's failure to provide reasonable and timely access to the subject matter of the potential claim.
6. If the Association declines to submit a claim to its insurance, and if the subject matter of the potential claim falls within the Association's insurance responsibilities and is valued in excess of the insurance deductible on the Association's policy, and if the Owner has strictly complied with the terms of this Insurance Claims and Deductible Policy, the Owner may then submit a claim to the Association's insurer directly.

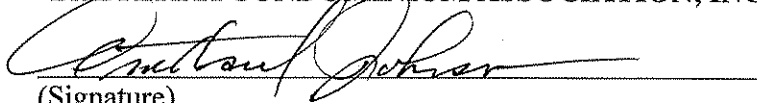
D. DEDUCTIBLE

The Association hereby establishes a policy of insurance adjustment regarding insurance losses, uninsured losses, deductibles, and increased premiums: In the event of an insurable cause of loss where wind/hail damages property insured by the Association, the Association shall be authorized to assign the Association's deductible portion of the repairs as an assessment, meaning that it would be a uniform apportionment across all Units. In the event of a loss covered by the Association's insurance, the party responsible for maintaining the damaged improvements shall

also be responsible for paying the policy deductible regardless of negligence or suspected negligence. In the event of damage to properties that is the responsibility of more than one party, the responsibility for paying the deductible shall be split between the parties in proportion to the damages for which each party is responsible.

The undersigned hereby certifies that the foregoing Insurance and Deductible Policy was adopted and made a part of the minutes of the meeting of the Board of Directors of the Association conducted on the 16 day of July, 2020.

BALTERRA CONDOMINIUM ASSOCIATION, INC.


(Signature)

By: Anthony Johnson, its: President.
(printed name) (office)