

✓ breaches of the watertight integrity of the improvements, and for the presence of Mold. If any water leaks and/or Mold are detected within the Unit, the Owner shall immediately take appropriate corrective steps to repair the leak, and/or remove the Mold and to maintain proper ventilation within enclosed areas, and to maintain humidity levels to reduce the risk of Mold growth, and take such prudent steps as may be appropriate to prevent Mold growth, or eliminate any existing Mold. Any Mold or other infestation detected shall be noted to the Board in writing for appropriate action.

✓ 10.5 Owner's Failure to Maintain. In the event the Owner fails to carry out such maintenance within one (1) week, the Board may, following notice and hearing as provided in the Bylaws, cause such work to be done and charge the cost of the work to such Owner to the Association as a Reimbursement Assessment which, until paid in full, shall be subject to a late charge as provided in Article 9 ("Assessments and Liens") and shall bear interest at the rate of twelve percent (12%) per annum (but no greater than the maximum rate authorized by law).

## ARTICLE 11 INSURANCE

✓ 11.1 Insurance Coverage to Be Maintained by Association. The Association shall procure and maintain, as a common expense of all Owners, the types of insurance described in Section 11.3 ("Hazard Insurance to Be Maintained by Association"), Section 11.4 ("Commercial General Liability Insurance to Be Maintained by Association"), and Section 11.5 ("Other Insurance to Be Maintained by Association"), if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost.

✓ 11.2 Premiums. The costs of insurance obtained by the Association shall be a common expense of the Association, shall be included in the Regular Assessment, and shall be paid for out of the operating fund of the Association.

ok sum mhr ✓ 11.3 Hazard Insurance to Be Maintained by Association. The Association shall obtain and maintain a master hazard policy insuring all improvements, equipment and fixtures in the Project (including the Units as originally constructed) with policy limits of either: (a) full replacement value of the covered improvements or (b) no less than eighty percent (80%) of replacement cost of the covered improvements, ~~excluding foundations and footings in either instances,~~ unless otherwise required by FNMA or FHLMC requirements as set forth in Section 11.6 ("Amount, Term, and Coverage"). The following endorsements should be included in any such master hazard policy, if commercially reasonable to obtain:

(a) Changes in building codes ("ordinance or law endorsement");

- (b) Inflation guard coverage;
- (c) Demolition coverage;
- (d) "Agreed-amount" endorsement (to eliminate a coinsurance problem);
- (e) Replacement cost endorsement; and
- (f) Primary coverage endorsement.

11.4 Commercial General Liability Insurance to Be Maintained by Association. The Association shall maintain commercial general liability insurance insuring the Association, its officers and directors, its manager, and the Owners against any liability incident to ownership, maintenance, and repair of the Common Area, but excluding the liability of an Owner incident to personal bodily injury and property damage occurring within that Owner's Unit or in any other Unit or upon the Common Area resulting from the negligence of that Owner. The limits of liability shall be set by the Board but shall in no event be less than Three Million Dollars (\$3,000,000) or any higher applicable limit set forth in *Civil Code* section 5805.

11.4.1 Scope of Coverage. Such liability insurance policy shall insure against bodily injury, death, or property damage occurring in, on or about any portion of the Common Area and if available and at a reasonable cost as determined by the Board shall include:

- (i) water damage liability,
- (ii) hired and non-owned vehicle coverage, theft and collision coverage,
- (iii) liability for property of others,
- (iv) elevator liability coverage, ~~if applicable,~~
- (v) off-premises employee coverage, and
- (vi) such other risks as are customarily covered in condominium projects.

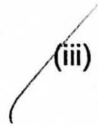
11.4.2 Other Provisions. If available and at a reasonable cost as determined by the Board, such liability insurance policy:

- (i) shall contain a waiver of subrogation as to claims against the Association, the Board members, the Owners and members of

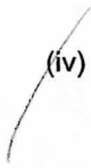


the Owner's family who reside with such Owner, except in cases of arson or fraud;

(ii) shall contain a waiver of the defense of invalidity on account of the conduct of any Owner over which the Board has "no control;"



(iii) shall require that at least thirty (30) days' prior written notice be given to the Association by the insurer before cancellation except that in the case of cancellation for nonpayment of premiums or for fraud the notice shall be given no less than ten (10) days prior to the effective date of the cancellation;



(iv) shall provide that in no event shall the insurance be brought into contribution with insurance purchased individually by Owners or their Mortgagees; except to the extent that such policy shall be used to pay the property deductible for an insured loss under the Association hazard policy;



(v) shall exclude policies obtained by the individual Owners from consideration under any "other insurance" clause; and



(vi) shall contain a provision requiring the insurer to defend lawsuits for which there is coverage under the policy even if the allegations are fraudulent, but authorizing the insurer to make such investigation and settlement of any claim or suit within the policy limit as it deems expedient.

11.5 Other Insurance to Be Maintained by Association.

11.5.1 Directors' and Officers' Insurance. The Association shall maintain directors' and officers' liability insurance with limits to be set by the Board but in no event less than One Million-Dollars (\$1,000,000) or any higher applicable limit set forth in Civil Code section 5800, and containing a cross-liability endorsement and waiver of subrogation as to the Association, the officers, and the directors, and the agents and employees of any of them. Coverage for prior acts, to the extent obtainable, shall be included.

Handwritten notes: "all swim 4/17/19", "5/14/19", "14/19", "4/3/19", "Boards TO", "out".

11.5.2 Workers' Compensation Insurance. The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws and may carry such insurance at any time as determined by the Board.

11.5.3 Fidelity Bond. The Association shall maintain a standard fidelity bond or insurance covering dishonest acts on the part of officers and directors of the Association, the manager, and any employees or volunteers who are responsible to handle funds of the Association. ✓

11.5.4 Earthquake Insurance. The Association shall maintain earthquake insurance to the extent required by law, and if not required by law, then to the extent available at commercially reasonable rates in the opinion of the Board. ✓ OK Swm 11/17/19

11.5.5 Other Insurance. The Association may maintain at any time and from time to time any other insurance and bonds as the Board may from time to time deem necessary or desirable. ✓

11.6 Amount, Term, and Coverage. The amount, term, and coverage of any policy required hereunder (including the type of endorsements, the amount of the deductible, the named insureds, the loss payees, standard Mortgage clauses, notices of changes or cancellations, and the insurance company rating) shall satisfy the minimum requirements imposed for this type of project by the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") or any successor to either of those entities (except for earthquake insurance, the purchase of which shall be within the discretion of the Board, as provided in Section 11.5.4 ("Earthquake Insurance"). If the FNMA or FHLMC requirements conflict, the more stringent requirement shall be met. ~~If FNMA or FHLMC do not impose requirements on any policy required hereunder, the term, amount and coverage of such policy shall be no less than that which is~~ 11. customary for similar policies on similar projects in the area. The Board shall adopt a policy regarding payment of deductibles on any insurance coverage. Unless the Board determines otherwise, the Association shall pay deductibles required under any insurance claims from Association funds, unless insufficient funds are available to the Association from the Association's accounts or from funds borrowed by the Association in accordance with this Declaration, in which event the Association shall levy a Special Assessment, in accordance with Section 9.7 ("Regular Assessment") and Section 9.8 ("Special Assessments") of this Declaration, with respect to the amount of any such deductible which exceeds funds available to the Association from Association funds or from borrowing. ✓

11.7 Representation for Claims. Each Owner appoints the Association or any insurance trustee designated by the Association to act on behalf of the Owners in connection with all insurance matters arising from any insurance policy maintained by the Association, including without limitation, representing the Owners in any proceeding, negotiation, settlement or agreement. ✓