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SHREWSBURY COMMONS CONDOMINIUM TRUST

AMENDMENT TO RULES AND REGULATIONS

Insurance Resolution

We the undersigned, being a majority of the Board of Trustees of the Shrewsbury Commons Condominium Trust under Declaration of Trust dated January 28, 1974 and recorded with the Worcester County South District Registry of Deeds in Book 5434, Page 224 ("Trust"), as amended, do hereby adopt the following policy resolution to establish policies and procedures relating to property insurance, insurance claims, repairs and deductibles pursuant to the provisions as set forth in Article VII, Section 4 of said Trust as follows:

The Trustees and the Unit Owners shall obtain and maintain the following insurance policies:

1. Casualty Insurance. The Trustees shall obtain and maintain, to the extent reasonably obtainable and permitted by applicable law, so-called master policies of casualty insurance providing fire-with-extended coverage and Special Peril all risk coverage insurance, insuring the Condominium, including, without limitation, the Common Areas and Facilities, all of the Units with all fixtures, additions, alterations and improvements thereof, all heating and cooling equipment and other service machinery, apparatus, equipment and installations comprised in the Common Areas and Facilities, and also all such portions normally deemed to constitute part of the buildings and customarily covered by such insurance, but not including any furniture, furnishings, or household and personal property belonging to and owned by individual Unit Owners or Tenants, in an amount

equal to the full replacement cost thereof (as that term is used for insurance purposes), subject to such reasonable deductible as the Trustees may determine, and which shall include, if available at a reasonable cost, so-called Agreed Amount, Inflation Guard, Construction Code and Replacement Cost Endorsements. The Trustees may purchase a so-called "blanket" policy covering all of the buildings, if there be more than one, if they deem it advisable. In determining full replacement value, the Trustees may reasonably rely upon the advice of the insurer or their agent. The name of the insured under such policy shall be stated in form, substance and effect similar to the following: "TRUSTEES OF THE SHREWSBURY COMMONS CONDOMINIUM TRUST" for use and benefit of the Unit Owners of SHREWSBURY COMMONS CONDOMINIUM and their mortgagees as their interests may appear". Such insurance shall contain the standard mortgagee clause and shall name the Trustees as Insurance Trustees for the use and benefit of all Unit Owners of the SHREWSBURY COMMONS CONDOMINIUM and their mortgagees as their interest may appear, with losses payable to and adjusted by the Trustees as Insurance Trustees in accordance with the provisions of these By-Laws. The Trustees may insure against such other hazards or risks of casualty as the Trustees from time to time in their discretion shall determine to be appropriate, including, but not limited to, vandalism, malicious mischief, windstorm and water damage, earthquake, flood and machinery explosion or damage.

2. Liability Insurance. The Trustees shall obtain and maintain, to the extent obtainable and/or applicable, master policies of insurance with respect to the Common Areas and Facilities for the benefit and protection of the Trust and all Unit Owners for: (i) comprehensive public liability insurance in such limits as the Trustees may, from time to time, determine but in no case less than \$3,000,000/\$3,000,000 in coverage, covering the Trust, the Trustees, the Property Manager, if any, and each Unit Owner with respect to liability arising out of ownership, maintenance or repair of the Common Areas and Facilities of the Condominium, such insurance providing for cross claims by the co-insureds, and containing a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Condominium Unit Owner because of

negligent acts of the Trust, the Trustees or other Unit Owners, and other provisions commonly referred to as a “Special Condominium Endorsement” or its equivalent; (ii) workmen’s compensation and employee’s liability insurance; (iii) if applicable, boiler and machinery insurance in such limits as the Trustees may, from time to time, determine but in no case less than \$2,000,000 or the insurable value of the building(s) housing the boiler or machinery, whichever is less; (iv) non-owned automobile liability insurance with the same limits as item (i) and (v) such other liability insurance as the Trustees may from time to time deem appropriate and desirable, including non-owned automobile liability insurance.

3. Fidelity Coverage. The Trustees shall obtain fidelity coverage against dishonest acts on the part of the Trustees, the Property Manager, if any, employees or volunteers responsible for handling funds belonging to Trust or administered by the Trustees. This fidelity insurance shall name the SHREWSBURY COMMONS CONDOMINIUM TRUST as the named insured and shall be written in an amount equal to the maximum amount that will be in the custody of the Trust at any one time, but in no event less than three months Common Expenses plus all reserves. In connection with such coverage, an appropriate endorsement to the policy to cover persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

4. Directors and Officers Liability Insurance. The Trustees shall obtain Directors and Officers Liability Insurance in such amounts and upon such terms as they deem appropriate, but at least equal to their general liability policy limits provided above.

5. FHLMC and FNMA Insurance Requirements. If the Federal Home Loan Mortgage Corporation (FHLMC) or the Federal National Mortgage Association (FNMA) or any other so-called Secondary Mortgage Market Agency holds any interest in one or more mortgages on Units of which the Trustees have received notice, the Trustees shall obtain and maintain, to the extent reasonably obtainable, such other insurance as may be required from time to time by whichever of FHLMC, FNMA or other holds any interest in one or more mortgages on Units. All such policies shall be in such amounts and contain such terms as may be

required from time to time by whichever of FHLMC, FNMA or other holds such interest.

6. Unit Owners' Insurance. Unit Owners shall carry insurance for their own benefit insuring their furniture, furnishings and other personal property located within their respective Units or its appurtenances, and for such as is not covered by the Condominium master policies. In particular, unit owners shall obtain coverage for the master policy deductible, inclusive of the separate deductible for claims involving water damage. The water casualty deductible is \$10,000 per unit, per occurrence, as of the recording of this Resolution.

Unit owners shall ensure that the existence and application of the deductible on the Condominium master policy shall be treated as if there was no insurance coverage for the purposes of the application of any so-called other insurance clause on a Unit Owner's individual policy; provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Trustees shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner, or if so effected, it shall be deemed that the Unit Owners' insurance coverage has been assigned to the Trust to the extent of such effect. Unit Owners shall in all events maintain liability insurance covering damage to the Property in such reasonable amounts as the Trustees may determine and, upon request, provide evidence thereof to the Trustees.

7. Terms and Conditions Of Policies. Policies for casualty insurance, and to the extent applicable, such other policies of insurance, shall provide: (i) that the insurance company waive any right of subrogation against the Trustees, their agents and employees, and the Unit Owners, their respective employees, agents, tenants and guests to the extent they are not specifically obligated hereunder; (ii) that the insurance shall not be prejudiced by any act or neglect of any Unit Owners or occupants or any other person or firm (including employees and agents of the Trustees) when such act or neglect is not within the control of the Trustees (or Unit Owners collectively) or by failure of the Trustees (or Unit Owners collectively) to comply with any warranty or condition with regard to any portion of the premises over which the Trustees (or Unit Owners collectively) have no

control; (iii) that such policies may not be cancelled or substantially modified without at least twenty (20) days' prior written notice to all Unit Owners and mortgagees of Units to whom certificates of insurance have been issued; (iv) that recovery thereunder shall not be affected on account of the availability of proceeds under any policies obtained by individual Unit Owners covering their Units; and (v) if obtainable, that the company shall waive any right it may have under the policy to repair or restore damage should the Unit Owners elect to terminate the Condominium because of such damage.

Such insurance policies may provide for a reasonable deductible from the coverage thereof as determined by the Trustees in their sole discretion. In the event of any loss which relates in part to insurable portions of a Unit, or Units, and/or in part to the Common Elements, the Trustees shall apportion the deductible amount directly proportional to the amount of such loss related to such Unit, or Units, and/or the amount of the loss related to the Common Areas and Facilities. Where such loss is solely to a Unit, the deductible amount shall be borne solely by the Unit Owner thereof. Where such loss is solely to the Common Elements, such shall be borne from the common funds. Additionally, all costs of adjusting and/or administering a loss shall be so apportioned and deducted from the insurance proceeds.

8. Insurance Appraisal. The Trustees may obtain an appraisal of the full replacement cost of the property to be insured in accordance with the foregoing provisions of this Section, without deduction for depreciation, for the purpose of determining the amount of insurance to be maintained pursuant to this Section and/or may rely thereon, or upon the advice of the Trust's insurance agent as to the amount of necessary coverage.

9. Trustees as Insurance Trustees. The Trustees (i) shall have exclusive authority to negotiate all losses as herein provided for, (ii) shall collect and receive all loss insurance proceeds, and (iii) shall hold, use, apply and disburse the same in accordance with the applicable provisions of these By-Laws for the benefit of the Unit Owners and their respective mortgagees. With respect to losses which affect portions or elements covered by such insurance of more than one Unit and/or the Common Elements to different extends, the proceeds relating

thereto shall be used, applied and disbursed by the Trustees in their judgment in a fair and equitable manner, primarily based upon the relative losses.

10. Authorized Insurance Representative. Notwithstanding any of the forgoing provisions and requirements to the contrary relating to physical damage or liability insurance, there may be named as an insured, on behalf of the Trustees, the Trustees' authorized representative, including any Trustee, with whom such Trustees may enter into any Insurance Trust Agreement or any successor to such Trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such physical damage or public liability insurance. Each Unit Owner appoints the Trustees, or any Insurance Trustee or substitute Insurance Trustee designated by the Trustees, as his attorney-in-fact for the purpose of purchasing, maintaining and administering such insurance, including without limitation the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

11. Notification of Mortgagees. The Trustees, shall, when requested by mortgagees of Units, give written notice to such mortgagees of such loss to the Common Areas and Facilities, or to the Unit mortgaged, as the mortgagee requests.

12. Certificates of Insurance. Certificates of insurance with proper mortgagee endorsements, when requested, shall be issued to Unit Owners or their designees. The Trustees may charge a reasonable fee for issuing such certificates.

13. Notification to Trustees Of Improvements. Each Unit Owner shall notify the Trustees in writing of all improvements to his/her Unit (except personal property other than fixtures) which exceed a total value of Ten Thousand Dollars (\$10,000.00) within twenty (20) days after the commencement of construction or installation of such improvement. Any premium increase caused by insuring such improvements may be assessed to the Owner of the improved Unit as a Common Expense attributable to such Unit. This notification does not shift the responsibility away from the Trust to insure such improvements and betterments.

14. Waiver of Claims. To the extent the Trustees maintain the casualty insurance herein provided for, the Unit Owners shall be precluded from making any claim against the Trust and/or its Trustees for property damage to the Units and/or the property of the Unit Owner kept within the Condominium and the Unit Owners shall look solely to such property insurance as they may personally maintain.

15. Damage in Excess of Master Policy Deductible. The following steps should be followed when damage occurs in a unit in excess of the Condominium Trust's master policy deductible:

- A. Damage in excess of the Condominium Trust's Master Policy deductible must be reported within 24 hours to the Management Agent. Failure to report claims promptly may result in the claim being denied by the Insurance Carrier. The Trust will not honor claims that are denied by the Carrier because of failure to report in a prompt fashion. Unit Owners shall also notify their Insurance Carrier at the same time. The damage may be inspected to assess the approximate cost of the damage.
- B. The Management Agent will notify the Trust's Insurance Agent of the loss. Should immediate repairs need to be made in order to insure the safety of unit occupants, the Management Agent will secure approval for these repairs from the Insurance Carrier.
- C. The Management Agent will instruct the Unit Owner to secure bids to repair the damage within thirty (30) days. These bids are to be submitted to the Management Agent with a cover sheet itemizing the costs and totaling the same. This sheet must contain the Unit Owner's signature. If the damage is less than the Master Policy Deductible, the Unit Owner need not submit anything further and should deal with their own insurance agent or carrier, as per paragraph 6 in this Resolution.
- D. During the bidding and damage assessment process, the Unit Owner must work closely both with the Management Agent and the Master Policy Insurance Adjuster in order that the scope of work is agreed upon by all parties prior to commencement of said restoration work. This includes, but is not limited to, making the unit available for inspection, securing additional bids should the Insurance Adjuster request it, and promptly responding to requests made by the Insurance Adjuster and/or Management Agent. The Trust will not be responsible for the timeliness of Insurance claims

being paid. If a claim payment is delayed, no interest, penalties or other claims will be honored.

- E. In the event there is a dispute, the final approval of settlement costs is with the Insurance Company and the Unit Owner must abide by its decision.
- F. Once it is agreed by all parties what the scope and amount of the claim will be, the Unit Owner will be given permission to commence work. Unit Owners may ask that the Trust request payment of the claim in order that the Unit Owner has funds to initiate restoration work. If the Insurance Carrier forwards this amount to the Trust, then the Trust may pass the benefit of this early payment to the Unit Owner. The Trust will only issue payment of the applicable insurance proceeds to the Unit Owner upon receipt of a signed Release, as attached hereto, by the Unit Owner.
- G. Final payment will be made when:
 - i. The Insurance Adjuster has had the opportunity to inspect all repair work, if required.
 - ii. The Trust has received the final payment from the Insurance Carrier.
 - iii. The Unit Owner has signed a Release.

16. Repairs to Units. The Trust shall have no obligation or responsibility to perform or cause to be performed repairs to an individual unit.

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