

The Legends at Grove City Condominium Association

Finance Policy

F-06

Policy on Insurance

Drafted: February 23, 2024

Adopted: June 9, 2025

Revised:

Policy on Insurance

1. The Association will provide Insurance coverage as outlined in the legal documents.
2. Single family unit owners are responsible for completely insuring their units.
3. Multi-family unit owner are responsible for insuring the contents and improvement to their units.
4. A portion of assessment funds multi-family unit owner's pay over the amount the single family unit owners pay will be used to cover the portion of the association's premium that covers their building.

Legal Document References

Public Offering: The Act requires that the Executive Board and the Association obtain and maintain insurance coverage for the Condominium as follows

(a) Hazard Insurance against all risks of physical loss commonly insured against. Such insurance shall cover both the Units and Common Elements, but not improvements and betterments installed by Unit Owners. Such improvements and Betterments are not covered by this insurance and each unit owner should maintain separate insurance for such property. The Association's Hazard insurance must be in an amount equal to eighty (80%) percent of the actual cash value of the property insured exclusive of land, excavations, foundations and similar items. All proceeds of this policy will be payable to the Association.

(b) Comprehensive General Liability Insurance including medical payments insurance insuring unit owners (in their capacity as Unit Owners), members of the Executive Board and any management agent in an amount to be determined by the Executive Board against any liability to the public or to the unit owners, their tenants or invitees for death, bodily injury and property damage. Each unit owner should also maintain his or her own unit insurance.

The Association may carry any other policies of insurance it deems appropriate to protect the Association or Unit Owners.

In the event that any building is damaged or destroyed, such damage or destruction shall be repaired by the Association, using the available proceeds of insurance, unless (80%) percent of the unit owners, including every Owner of a Unit or assigned Limited common Element which will not be rebuilt, vote not to rebuild as provided in (3312) of the Uniform Condominium Act.

The cost of repair or replacement in excess of insurance proceeds and reserves in a Common Expense.

Insurance coverage obtained by the Association is not a substitute for each unit owner evaluating its own insurance needs and obtaining such insurance coverages as appropriate to adequately address the needs and requirements of such unit owner.

Declaration of Condominium:

Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Property, or contents thereof, without the prior written consent of the Executive Board, which consent may be conditioned upon the Unit Owner of such Unit being required to bear the full cost of each increase. No Unit Owner shall permit anything to be done or kept in his Unit within the Common Elements which will violate any law, statute, ordinance or regulation of any governmental body or which will result in the cancellation of any insurance maintained by the Executive Board. No waste shall be committed in the Common Elements.

The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners as set forth above, if and to the extent reasonably available.

By-Laws: No Reference

PA Code: § 5312. Insurance to be carried by association. Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available, all of the following: (1) Property insurance on the common facilities and controlled facilities to the extent the controlled facilities can be insured separately from the unit and, if insurance for the unit is not pro-

vided by the association under subsection (b) or the declaration, insuring against all common risks of direct physical loss. The total amount of insurance after application of any deductibles shall be not less than 80% of the actual cash value of the insured property, exclusive of land, excavations, foundations and other items normally excluded from property policies. (2) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the executive board but not less than any amount specified in the declaration covering all occurrences commonly insured against for death, bodily injury and property damage, arising out of or in connection with the use, ownership or maintenance of the common elements. (3) Any property or comprehensive general liability insurance carried by the association may contain a deductible provision. (b) Units having horizontal boundaries.--In the case of a building containing units having horizontal boundaries described in the declaration, that insurance described in subsection (a)(1), to the extent reasonably available, shall include the units but need not include improvements and betterments installed by unit owners. (c) Other insurance carried by association.--If the insurance described in subsections (a) and (b) is not maintained, the association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all unit owners. The declaration may require the association to carry any other insurance. The association may carry any other insurance in such reasonable amounts and with such reasonable deductibles as the executive board may deem appropriate to protect the association or the unit owners. (d) Policy terms.--Insurance policies carried under subsections (a) and (b) shall provide all of the following: (1) Each unit owner is an insured person under the policy with respect to liability arising out of his membership in the association. (2) The insurer waives its right to subrogation under the policy against any unit owner or member of the owner's household. (3) No act or omission by any unit owner, unless acting within the scope of his authority on behalf of the association, will void the policy or be a condition to recovery under the policy. (4) If at the time of a loss under the policy there is other insurance in the name of a unit owner covering the same risk covered by the policy, the association's policy is primary insurance not contributing with the other insurance. (e) Proceeds from property insurance.--Any loss covered by the property policy under subsections (a)(1) and (b) shall be adjusted with the association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the association shall hold any insurance proceeds in trust for unit owners and lienholders as their interests may appear. Subject to the provisions of subsection (h), the proceeds shall be disbursed first for the repair or restoration of the damaged common elements and units, and unit owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the common elements and units have been completely repaired or restored or the planned community is terminated. (f) Unit

owner insurance.--A unit owner may insure his unit for all losses to his unit, including losses not covered by the insurance maintained by the association due to a deductible provision or otherwise. A residential unit owner shall insure the owner's unit except as insurance is provided by the association in accordance with this section or the declaration. An insurance policy issued to the association shall not prevent a unit owner from obtaining insurance for the owner's own benefit, including, but not limited to, insurance to cover any deductibles or losses not covered by the association's property or comprehensive general liability insurance. (g) Evidence and cancellation of insurance.--An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the association and, upon request, to any unit owner, mortgagee or beneficiary under a deed of trust. The insurance may not be canceled until 30 days after notice of the proposed cancellation has been mailed to the association, each unit owner and each mortgagee or beneficiary under a deed of trust to whom a certificate or memorandum of insurance has been issued. (h) Disposition of insurance proceeds.-- (1) Any portion of the planned community for which insurance is required to be maintained by the association by this section or the declaration and which is damaged or destroyed shall be repaired or replaced promptly by the association unless: (i) the planned community is terminated; (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (iii) 80% of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild. Except for the costs of repair or replacement which are not covered due to deductibles, the cost of repair or replacement in excess of insurance proceeds and reserves, which have not been identified by the executive board to fund costs of capital expenditures budgeted for the current fiscal year of the association, is a common expense. (2) Any portion of the planned community for which insurance is required to be maintained by the unit owner by this section or the declaration and which is damaged or destroyed shall be repaired or replaced promptly by the unit owner unless: (i) the planned community is terminated; (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (iii) 80% of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote to not rebuild. The cost of repair or replacement of these portions in excess of insurance proceeds is the unit owner's expense. (3) If the entire planned community is not repaired or replaced, the following apply: (i) The insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the planned community. (ii) The insurance proceeds attributable to units shall be paid to unit owners except those proceeds attributable to controlled facilities for which insurance is separately maintained by the association under this section or the declaration shall be distributed to all unit owners in proportion to their common expense liability. Proceeds attributable to limited common facilities which are not rebuilt shall be distributed equally

to owners of units to which those limited common facilities were assigned. (iii) The remainder of the proceeds shall be distributed to all the unit owners in proportion to their common expense liability. (4) If the unit owners vote not to rebuild any unit, that unit's votes in the association and common expense liability are automatically reallocated upon the vote as if the unit had been condemned under section 5107(a) (relating to eminent domain), and the association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations. (5) Notwithstanding the provisions of this subsection, section 5220 (relating to termination of planned community) governs the distribution of insurance proceeds if the planned community is terminated. (i) Nonresidential planned communities.--The provisions of this section may be varied or waived in the case of a planned community all of whose units are restricted to nonresidential use. (j) Recovery of deductibles.--If any insurance policy maintained by the association contains a deductible, then that portion of any loss or claim which is not covered by insurance due to the application of a deductible, as well as any claim or loss for which the association is self-insured, shall be levied by the executive board in accordance with section 5314(c) (relating to assessments for common expenses)

Rules & Regulations: No Reference