

CERTIFICATE OF CORPORATE RESOLUTION

**THE VICTORIAN OWNERS ASSOCIATION, INC.,
A TEXAS NON-PROFIT CORPORATION**

**RELATING TO
INSURANCE DEDUCTIBLE(S)**

The undersigned is an Officer of **THE VICTORIAN OWNERS ASSOCIATION, INC.**, a Texas non-profit corporation (the "Association"). The Association manages and administers **THE VICTORIAN CONDOMINIUM** (the "Condominium") pursuant to that certain "Condominium Declaration for The Victorian", recorded under County Clerk File No. 8216085 of the Official Public Records of Galveston County, Texas, together with all amendments thereto (the "Declaration"); (b) the Bylaws of the Association ("Bylaws"); (c) the Rules and Regulations of the Association (the "Rules"); (d) Chapter 81 of the Texas Property Code; and (e) portions of Chapter 82 of the TEXAS PROPERTY CODE. The undersigned Officer hereby certifies that at a duly called and constituted meeting of the Board of Directors ("Board") held on February 3, 2018, the Board adopted the following **INSURANCE DEDUCTIBLE RESOLUTION**:

INSURANCE DEDUCTIBLE RESOLUTION

WHEREAS, pursuant to Chapter 82 of the TEXAS PROPERTY CODE, the Declaration, and the Bylaws, the Association, acting by and through its Board of Directors ("Board") is responsible for administering the Condominium and the covenants, conditions, and restrictions set forth in the Declaration; and

WHEREAS, generally the Association is required to insure the insurable Common Elements and Condominium Units in accordance with the Declaration and applicable law to the extent that such property insurance is reasonably available; and

WHEREAS, the Board, having considered all relevant factors, and based on its business judgment to secure such insurance on a reasonably available basis, has agreed to obtain one or more policies of insurance containing certain policy deductible(s), which are both reasonable and necessary; and

WHEREAS, the Board is of the opinion that under certain circumstances, in the event of a casualty loss, Owners should be responsible for the payment of all or portions of the applicable policy deductible(s), and therefore it is necessary to adopt and enforce an equitable policy in regard to the allocation of liability for payment of the applicable policy deductible(s); and

WHEREAS, Section 82.111(a) and (b) of the Texas Uniform Condominium Act ("TUCA") generally provides that the Association must, to the extent reasonably available, obtain and maintain insurance policies covering the buildings, Common Elements, and Units, but need not include improvements and betterments installed by the Unit Owners; and

WHEREAS, Section 82.111(c) of TUCA provides that if the insurance required by 82.111(a) and (b) of TUCA is not reasonably available, that generally the Association shall

cause notice of that fact to be delivered or mailed to all Owners and lienholders; and

WHEREAS, the Board has obtained insurance policies required by 82.111(a) and (b) of TUCA, however the Board, having considered all relevant factors and based upon its business judgment, has determined that such insurance is only reasonably available with certain policy deductible(s) applicable to the respective insured risks, and it is reasonable and customary for a condominium association located in Galveston, Galveston County, Texas to obtain such insurance with stated policy deductible(s) applicable to the respective insured risks; and

WHEREAS, Section 82.111(k) of TUCA provides that the Association, acting by and through its Board, may, by resolution, determine the allocation and responsibility for payment for the cost of the policy deductible and costs incurred before insurance proceeds are available; and

WHEREAS, the Board is desirous of, pursuant to this Resolution: (i) notifying all Owners and lienholders pursuant to 82.111(c) of TUCA that the insurance required by 82.111(a) and (b) has been obtained and shall be maintained with a stated policy deductible, so that while the Association shall procure such insurance covering the buildings, Common Elements and Condominium Units, such coverage shall be LESS and EXCEPT such deductible amount; and (ii) pursuant to Section 82.111(k) of TUCA, adopting and enforcing an equitable policy in regard to the allocation and responsibility for payment of the applicable policy deductible and costs incurred before insurance proceeds are available;

NOW THEREFORE, BE IT RESOLVED THAT:

1. Notice is hereby given to all Owners and lienholders that the insurance obtained by the Association as required by 82.111(a) and (b) of TUCA has one or more stated deductible(s) applicable to the respective insured risks, and as a result, the insurance obtained by the Association covering the buildings, Common Elements, and Condominium Units is for an amount LESS and EXCEPT such respective deductible amounts applicable to the respective insured risks.
2. *If the Association's insurance provides coverage for the loss and the cost to repair the damage to a Condominium Unit or a Common Element **is more than the amount of the applicable insurance deductible**, then the entire cost of the applicable stated insurance deductible and costs incurred before insurance proceeds are available shall be assessed against the Owner and the Owner's Unit and paid to the Association by the Unit owner *under any of the following circumstances:*
 - a. if such insured loss was caused by or was the result of the negligence, willful misconduct, or wrongful act of the Owner, an occupant of the owner's Condominium Unit, or the Condominium Unit Owner's or occupant's family, guests, employees, contractors, agents, or invitees; or
 - b. if such insured loss was due to an occurrence or condition within the Owner's Condominium Unit which was a result of or arose from (i) the failure or malfunction of any component or item within or forming a part of the owner's Condominium Unit, whether constituting a fixture (plumbing, electrical, etc.), appliance, or any item of personal*

property; or (ii) the failure or malfunction of any item or component for which the Owner is responsible to maintain, repair, or replace under the Declaration, Bylaws, Rules, or applicable law, all irrespective of any negligence; or

- c. if the cause of the insured loss cannot be determined, but such loss originated wholly within the Owner's Condominium Unit, or from any item for which the owner is responsible to maintain, repair, or replace under the Declaration, Bylaws, Rules, or applicable law.


In situations other than those described above, the Association will pay the applicable policy deductible, as a common expense.

3. *If the Association's insurance provides coverage for the loss but the cost to repair damage to a Condominium Unit or Common Element covered by the Association's insurance **is less than the amount of the applicable insurance deductible**, then except as provided in Paragraph 4 hereof, in accordance with the provisions of Section 82.111(j) of TUCA, the party who would be responsible for the repair in the absence of insurance shall pay the cost of the repair of the damage to the Unit or Common Elements.*
4. Notwithstanding anything to the contrary in Paragraphs 2 and 3 hereof, and consistent with the applicable provisions of Paragraph 2 hereof: (i) in accordance with the provisions of Section 82.111(l) of TUCA, if damage to a Unit or Common Elements is due wholly or partly to an act or omission of any Owner or a guest or invitee of the Unit owner, the Association may assess the deductible expense and any other expense in excess of insurance proceeds against the Owner and the Owner's Unit; and (ii) an Owner may also be subject to liability pursuant to applicable provisions of the Declaration, Bylaws, and/or Rules.
5. The determination of whether the occurrence or cause of a loss is one described in Paragraph 2 or Paragraph 4 above shall be made in the reasonable and sole discretion of the Board, whose decision shall be final. Sums determined to be payable by the Owner to the Association as above required shall be payable within ten (10) days after written demand therefore addressed to the Owner and sent by certified mail/return receipt request to the Owner's last known mailing address according the records of the Association, or by personal delivery.
6. Nothing herein shall be construed as to treat the Association's insurance policies as other than primary, or to in any way diminish or modify the coverage provided by the Association's insurance policies. Nothing herein shall be construed or intended to, nor shall same create, any contract for the benefit of any third party or insurer, either voluntarily or by estoppel. Nothing herein shall be construed to extend either insurance coverage or the Association's obligation, with respect to maintenance, repairs, or replacement to a Unit and an Owner's personal property and improvements as set forth in the Declaration, Bylaws, Rules, or applicable law. Nothing herein shall affect the right of an Owner or insurer to recover sums paid on account of the loss caused as described in Paragraph 2 and Paragraph 3 above from a person or entity other than the Owner whose wrongful or negligent acts may have caused such loss,

or to recover such sums from the Owner whose acts, or omissions may have caused such loss if permitted by applicable law. Nothing herein shall create or constitute any limitation on the liability of an Owner for any loss or damage caused by the negligence, willful misconduct, or wrongful acts of such Owner which are not covered by the Association's insurance. Further, nothing herein shall prevent modification of this policy at any time, prospectively but not retroactively, by action of the Board.

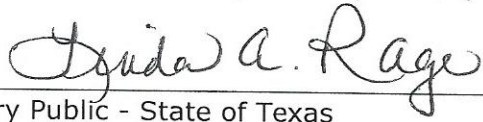
7. This Policy Resolution shall supersede and replace, in its entirety, any existing policies or resolutions of the Association now in existence relating to insurance deductibles.
8. The Policy Resolution shall be deemed effective upon the recordation of same as a "Dedictory Instrument" in the Real Property Records of Galveston County, Texas.

**THE VICTORIAN OWNERS
ASSOCIATION, INC., a Texas non-profit
corporation**

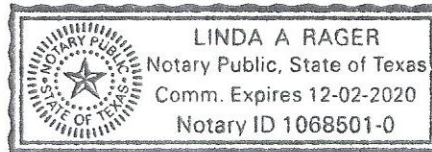
By: 
(signature)
RANDY JUNEAU
(name printed)
Its: Treasurer
(title/position)

STATE OF TEXAS §
COUNTY OF Montgomery §

This instrument was acknowledged before me on this 6th day of February, 2018 by Randy Juneau, Treasurer of **THE VICTORIAN OWNERS ASSOCIATION, INC.**, a Texas non-profit corporation, on behalf of such corporation.


Notary Public - State of Texas

RECORD AND RETURN TO:
Frank, Elmore, Lievens,
Chesney & Turet, L.L.P.
Attn: Richard C. Lievens
9225 Katy Freeway, Suite 250
Houston, Texas 77024



FILED AND RECORDED

Instrument Number: 2018009056

Recording Fee: 38.00

Number Of Pages:5

Filing and Recording Date: 02/14/2018 10:29AM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.



Dwight D. Sullivan

Dwight D. Sullivan, County Clerk
Galveston County, Texas

DO NOT DESTROY - *Warning, this document is part of the Official Public Record.*