

**MUTUAL OPERATIONS****SHAREHOLDER/RESIDENT REGULATIONS****Personal Property and Liability Insurance****Definitions:**

The Seal Beach Mutual Corporation shall be referred to as the "Mutual."

The Mutual's shareholders shall be referred to as "shareholders."

Shareholder's apartments shall be referred to as "units."

**Shareholder's Responsibility:**

Shareholders, whether residing in their unit or not, shall carry general liability insurance – sometimes referred to as homeowner's insurance HO6 – with proper liability coverage. The general liability insurance policy shall cover the contents of their unit, any damage to their unit, any damage to the property owned by third-parties, and any personal injury occurring in the shareholder's unit or adjacent property, for which the shareholder is responsible. The general liability insurance policy requirements are set out below.

The shareholder shall:

- Obtain and maintain a general liability insurance policy, at his/her/its sole expense.
- Be liable for the cost of any deductible their policy has with respect to any claim for which a shareholder is insured and is liable.
- Obtain general liability insurance in an amount sufficient to cover personal injury to other persons who may be injured in their unit or on other property they are required to cover but in no event less than \$300,000.00.
- Ensure that the general liability insurance policy covers personal property stored or parked on the street or in the carport, such as property stored in or under the storage cabinets. With respect to a vehicle, a shareholder's automobile insurance policy may cover this risk. Please consult with your insurance agent.
- If a pet owner, policy must cover the shareholder in the event shareholder's animal causes bodily injury or property damage to a third party.

## **MUTUAL OPERATIONS**

### **SHAREHOLDER/RESIDENT REGULATIONS**

#### **Personal Property and Liability Insurance**

The shareholder should:

- Obtain coverage for additional living expenses, for no less than twelve months, should the shareholder be unable to occupy the unit for any period of time while repairs are made to their apartment.
- Obtain coverage to insure the value of any high value personal property that would not normally be covered by a general liability policy. For example, artwork, jewelry, antiques, or other items that would not normally be covered by a general liability policy for full replacement value. This is sometimes referred to as scheduling coverage for replacement value. This coverage is usually at an additional cost.

If the shareholder is a current shareholder at the time this policy comes into effect, the shareholder must provide to the Mutual proof of insurance within 60 days of the posting of this policy. If a person becomes a shareholder or changes units after this policy is effective, the shareholder must provide to the Mutual proof of insurance within 30 days from the date the shareholder enters into the Occupancy Agreement.

The shareholder is not relieved of any liability due to the shareholder's failure to insure their property.

#### **Property Damage:**

Notwithstanding any other provision in the governing documents, each shareholder shall be liable for his/her/its own negligent or intentional actions resulting in damage to property or personal injury, including the cost of any Mutual insurance deductible that shareholder causes the Mutual to incur. The shareholder is solely responsible for the cost of any damage caused by his/her/its own negligent or intentional actions, including repairing or replacing any damage he/she/it causes to any personal property in the unit, such as furnishings, interior improvements, floor and wall coverings, appliances, fixtures and any damage to the unit, any other unit, or the building caused by water intrusion from whatever source, fire, or any other cause.

The Mutual shall only be responsible for the routine maintenance, repair, or replacement of any common areas or facilities such as the unit roof system and for its own or its agents' and employees' negligent or intentional acts. The Mutual reserves shareholder's money to maintain, repair, and replace shareholder's standard fixtures, appliances, and plumbing systems but shareholder is responsible for any damage caused by the failure of these fixtures, appliances, or plumbing systems.

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Although a shareholder may be unable to occupy the unit while repairs are being made, the shareholder shall, nonetheless, be responsible for any living expenses incurred during repairs and the monthly assessment on the shareholder's unit regardless of who caused the damage. The shareholder, may, however, be indemnified by another person who is liable for the damage making the unit uninhabitable.

**MUTUAL****ADOPTION****AMENDMENTS**

SIX:

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