

**FEDERATION OF KINGS POINT ASSOCIATIONS, INC.
AMENDED AND RESTATED OPERATING PROCEDURES**

I SCOPE:

In addition to the Articles of Incorporation and By-Laws, Federation of Kings Point Associations, Inc. ("the Federation") shall publish and maintain a numbered and indexed library of approved Administrative Codes and Operating Procedures.

II DEFINITIONS:

1. Administrative Codes are legal supplements to the Articles of Incorporation and By-Laws and shall require review prior to approval by the Federation Board and the Federation Membership.
2. Operating Procedures set forth the procedures that shall apply to the Federation's business. Procedures affecting any committees of the Federation shall require review and comment by such committee prior to approval by the Federation's Board, unless otherwise determined by the Federation Board. Federation Membership approval may also be required, if such approval is provided for in the Articles of Incorporation or By-Laws.
3. Notwithstanding anything set forth in the Administrative Codes or Operating Procedures of the Federation, the Federation's Board of Directors may, upon unanimous written action of the Directors without a meeting or upon a majority vote of the Directors of the entire Board (5 of 9 Directors) at an open and duly noticed Board meeting, depart from any Administrative Code or Operating Procedure in the event of an Emergency. As used herein, an "Emergency" shall arise when imminent, irreparable harm to property or a person may occur without action by the Federation's Board of Directors.
4. In the event of a conflict between the Federation's Articles of Incorporation, By-laws, Administrative Codes and Operating Procedures, the following hierarchy of documents shall apply:
 - a. Articles of Incorporation;
 - b. By-Laws;
 - c. Administrative Codes; and
 - d. Operating Procedures.

For example, in the event of a conflict between the By-Laws and the Operating Procedures, the By-laws shall control.

III RESPONSIBILITIES:

1. From time to time, the Federation President or the Federation Board may authorize the preparation of proposed Administrative Codes and Operating Procedures, or amendments thereto.
2. The Federation Board may, at its discretion and in accordance with Article XVI of the By-laws, form special committees that shall promptly prepare and present proposed Administrative Codes and Operating Procedures to the Federation Board for review, approval and a determination whether subsequent Federation Membership approval of the proposed Administrative Codes or Operating Procedures is required. The Federation Board may schedule and notice a Federation Membership vote on proposed Administrative Codes or Operating Procedures, as provided for herein and as required by the Federation Articles of Incorporation or By-laws.
3. After receiving an invitation from the Federation President or the Federation Board, other persons may provide written comment to the Federation Board about proposed Administrative Codes and Operating Procedures. Such solicited written comments shall be duly considered by the Federation Board during deliberations about proposed Administrative Codes and Operating Procedures.

IV NUMBERING, INDEXING AND PUBLICATION:

Once approved by the Federation Board and, if required, by the Federation Membership, the Federation Secretary shall:

1. Assign a numerical designation to the approved Administrative Codes and Operating Procedures as follows: AC-1, AC-2, etc. or OP-1, OP-2, etc.
2. Update the Federation Document Index to include the new Administrative Codes and Operating Procedures.
3. Indicate on the proposed Administrative Codes or Operating Procedures, the approval date(s) of the Federation Board and the Federation Membership, if applicable.
4. Distribute copies of duly approved Administrative Codes and Operating Procedures to all Federation Officers and Directors and Federation Members.

Member Association Presidents shall maintain a binder of all Administrative Codes and Operating Procedures, including all amendments thereto, for their succeeding Presidents' use. The Federation's Management staff shall also maintain a binder of all Administrative Codes and Operating Procedures, including all amendments thereto, which binder shall be available for inspection and copying by any duly elected or appointed Federation Member representative.

April 20, 2012

OP-1

**FEDERATION OF KINGS POINT ASSOCIATIONS, INC.
AMENDED AND RESTATED OPERATING PROCEDURES
FOR THE FEDERATION MEMBERSHIP MEETINGS**

I REGISTRATION PROCEDURES

1. All meetings of the Federation Membership shall be recorded [audio only] by the Federation Management staff. Recording video of the Federation Membership meetings is permitted with the prior written consent of the Federation Board, which may enact reasonable rules and regulations from time to time concerning the manner in which recording video of the Federation Membership meetings may occur. Such reasonable rules and regulations may be adopted by the Federation Board to ensure that the business of the Federation Membership is not interrupted or disrupted. In no event shall the Federation be required to record and broadcast audio or video recordings of any Federation Membership meeting, although the Federation Board may elect to do so. Requests from a Federation Member Representative to record a Federation Membership Meeting shall be submitted to the Federation Board, in writing, not less than 5 calendar days prior to the Membership meeting.

2. Immediately prior to the commencement of each Federation Membership meeting, each Association's Member Representative shall register with the Recording Secretary. The Recording Secretary shall register each Association Member Representative by verifying the Member Representative's identification and authority to act and vote for their Association at the Membership meeting. The Recording Secretary need not include an Association in the roll call if an Association's Member Representative has duly registered with the Recording Secretary immediately prior to the Federation Membership meeting. For those Association's that do not have a Member Representative register immediately prior to the Federation Membership meeting, the Recording Secretary, who handles the computerized roll call tally program, shall call the roll via a public address system. Each unregistered Federation Member Representative's response during roll call, if any, shall be affirmatively acknowledged to ensure that it is duly recorded: (ie., Andover A [if answered, the Recording Secretary shall say "Present" through the public address system at the Federation Membership meeting]; Andover B [if not answered, the Recording Secretary shall say "Absent" through the public address system at the Federation Membership meeting]). The same shall apply for any roll call vote, responding with [association "For" or association "Against".]

3. The Federation Secretary shall verify, on the typewritten tally sheet prepared by the Recording Secretary, the eligibility of each person registering as a Member Representative immediately prior to the Federation Membership meeting or answering the roll call, as applicable, to represent his or her Association. The Federation Secretary shall advise the Recording Secretary if any person present at the Federation Membership meeting is ineligible to represent their Association, and the computerized roll call shall be adjusted accordingly. All tally sheets of registrations, roll calls and votes shall be preserved with the minutes of each Membership meeting where the tally sheets were recorded.

4. The Federation Secretary shall also verify any roll call votes on a typed Roll Call Tally Sheet, which Roll Call Tally Sheet shall be reconciled with the computerized tally, after each meeting. The Federation Secretary and the Recording Secretary shall both sign the file copy of each roll call and vote tally, verifying its correctness. In the event that an error occurs in any registration, roll call or vote tally of any kind, the error shall be disclosed to all Federation Members, in writing, within twenty four (24) hours of discovery, and the error shall be placed on the agenda of the next Federation Membership meeting. The Federation Membership shall determine if a re-count of the erroneous tally or other action, including a completely new vote, is necessary.

II ADDRESSING THE MEMBERSHIP

1. Federation Members, at the time of their request to the meeting Chairperson to speak, shall only speak regarding those agenda items being addressed at that time. Any discussion to come before the membership under old or new business agenda items shall be preceded by a motion. Other parties and subject matters may be recognized by the meeting Chairperson under Announcements or Good and Welfare agenda items.

2. Association Members wishing to include an item on the Agenda, shall do so by following the procedure detailed in Section III.

3. Any Federation Member or Federation Director wishing to speak shall request permission from the Chairperson as follows: "Permission to address the Chairperson," The Chairperson shall respond "The Chair recognizes [John Doe] " [John Doe] may then address the Chairperson.

4. Any person recognized to speak by the Chairperson shall clearly state his or her name, the association or organization represented, and the subject that the person intends to address.

5. All persons who are recognized by the Chairperson to speak, shall be required to speak through a microphone, so that their words will be audible through the public address system and duly recorded.

6. A person shall not be recognized by the Chairperson more than once to speak on any one subject, unless rebuttal is called for by the Chairperson.

7. No person, recognized by the Chairperson from the floor to speak about an agenda item shall be allowed to speak for more than 3 minutes. Scheduled speakers and committee representatives, in the course of their presentation or report, are not subject to this time restriction; however they are asked to be succinct. The Chairperson shall have the authority to extend or terminate any person's remarks or presentation, if necessary to facilitate the Federation's business.

8. It is expected that no person shall disturb the decorum of the Federation Membership meetings by using derogatory, inflammatory, or slanderous remarks or gestures. Additionally, arguing, shouting and other similarly disruptive conduct is strictly

prohibited. Should a person disrupt a Federation Membership meeting, the Chairperson may require that person to leave the premises.

III REQUESTING AGENDA ITEMS/MOTIONS:

1. Any Member Association's President wishing to include an issue on the agenda of a Federation Membership meeting shall do so by submitting a proposed motion and specific details, in writing, explaining the request to the Federation Board. To be timely, any such request shall be submitted to the Federation Board no later than ten (10) calendar days prior to the regularly scheduled Board meeting immediately preceding the Membership meeting to which the request applies. .
2. The Federation Board shall include each request submitted in accordance with Article III, Section 1 herein on the Board meeting agenda, supported by copies of the written request to each Federation Board Member, so that complete details are available for advance review by the entire Board of Directors.
3. The Federation Board shall discuss and vote on each such request individually.
4. If a majority of the Directors present vote to approve a proper request, the Federation Board Secretary shall include the issue on the next Federation Membership meeting agenda, supported by copies of the written request, so that complete details are available for review by all Federation Members.
5. If a majority of the entire Board (5 of 9 Directors) have good cause (which shall be defined and determined exclusively by the Federation Board of Directors) for not approving a request, such reasons shall be fully stated in the Federation Board meeting minutes and in a separate written response from the Federation Board Secretary to the Member Association's President who made the request.
6. The Member Association's President who made the request may appeal any such decision of the Federation Board by obtaining the signatures of at least nine (9) other Member Association Presidents on a written petition. The written petition shall be supported by a copy of the original request and the Federation Board Secretary's response referred to above. Each and every representative signing the petition shall have complete details of the request before signing the petition.
7. The Member Association's President who made the request shall then submit the signed petition to the Federation Board Secretary at least ten calendar (10) days prior to the next regularly scheduled Federation Membership meeting. The Federation Board Secretary shall then include the issue described in the petition on the next Federation Membership meeting agenda, supported with copies of the petition, as well as the Board's original rejection response. It shall be the policy of the Federation that all Members have complete details of each agenda issue in advance of all Federation Membership meetings, provided that delivery of such information is practicable.

**FEDERATION OF KINGS POINT ASSOCIATIONS, INC.
AMENDED AND RESTATED OPERATING PROCEDURES
FOR THE FEDERATION BOARD OF DIRECTORS MEETINGS**

I GOVERNING PRINCIPLES AND PROCEDURES

- a. This procedure is written pursuant to, and in accordance with, Article VI, Section 5 of the Federation's Bylaws.
- b. All Board meetings shall be open meetings, except for Federation Board meetings between the Federation Officers and Directors and the Federation's legal counsel concerning the following issues: (i) ongoing or potential litigation; (ii) personnel issues; (iii) contract negotiations wherein the public discussion of the issue could significantly impair the Federation's legal or financial interests; and (iv) Federation Board workshops or informational sessions where third parties are present, including Federation management, where no business is completed or where no action is taken. Representatives of Federation Members and members of Associations within Kings Point that are Federation Members are encouraged to attend open Federation Board meetings in order to express their viewpoints relative to agenda items and general community affairs.
- c. Recording video of the Federation Board meetings is permitted with the prior written consent of the Federation Board, which may enact reasonable rules and regulations from time to time concerning the manner in which recording video of the Federation Board meetings may occur. Such requests shall be submitted to the Federation Board, in writing, not less than 5 days prior to the Board meeting. Reasonable written rules and regulations may be adopted by the Federation Board to ensure that business of the Federation Membership is not interrupted or disrupted by video recording of any kind.
- d. All meetings of the Federation Board shall be recorded [audio only] by the Federation Management staff. In no event shall the Federation be required to record or broadcast video of any Federation Board meeting, although the Federation, through its Board, may elect to do so.

II ADDRESSING THE BOARD

- a. Federation Board meetings that are open to the Members and Owners shall be structured to recognize and receive audience comments at three specific stages, as follows:
 1. Open Forum: After calling the meeting to order, the Chairperson shall receive comments, suggestions or concerns from those eligible persons in the audience who wish to speak on agenda items, including the content of the agenda itself. Only Representatives of Federation Members and members of Associations within Kings Point that are Federation Members

shall be eligible to address the Federation Board during a Federation Board meeting, unless otherwise acknowledged by the Chairperson.

2. **During Business Session:** After Board discussion, but before Federation Directors vote on any issue, whether the issue is on the Board meeting agenda or raised by a Federation Director during the Board meeting, the Chairperson shall recognize those eligible persons in the audience who intend to speak at the Board meeting.
 3. **Good and Welfare:** Before adjourning the meeting, the Chairperson shall again recognize those eligible persons in the audience who intend to make announcements of general interest at the Board meeting.
- b. Any person recognized by the Chairperson to speak shall clearly state their name, position, and the Association that they represent, if applicable. A person shall not be recognized by the Chairperson more than once to speak on any one subject. Each person who is speaking at the Board meeting shall speak audibly and clearly for the benefit of all other persons who are present. All persons who are recognized by the Chairperson to speak at the Board meeting shall be required to speak through a microphone, so that their words will be audible through the public address system and duly recorded.
 - c. No person, recognized by the Chairperson from the floor to speak about an agenda item shall be allowed to speak for more than 3 minutes. Scheduled speakers and committee representatives in the course of their presentation or report, are not subject to this time restriction; however, they are asked to be succinct. The Chairperson shall have the authority to extend or terminate any person's remarks or presentation, if necessary to facilitate the Federation Board's business.
 - d. The Chairperson may choose to respond to the speaker's comments, or the Chairperson may not respond at all. The Chairperson may alternatively or additionally defer to another director or person present at the Federation Board meeting to respond to any person's question or comment.
 - e. If, in the opinion of the Chairperson, the comment session is continuing beyond a reasonable length of time or becoming redundant, the Chairperson may end that particular comment period and move on with the rest of the agenda or entertain a motion to recess or adjourn the Federation Board meeting.
 - f. As always, courtesy to others in actions and language is expected throughout the Federation Board meeting. It is expected that no person shall disturb the decorum of Federation Board meetings by making derogatory, inflammatory, or slanderous remarks or gestures. Additionally, arguing, shouting and other similarly disruptive conduct is prohibited. Should a person disrupt the Board meeting in such a manner, the Chairperson may require that person to leave the meeting premises.

**FEDERATION OF KINGS POINT ASSOCIATIONS, INC.
AMENDED AND RESTATED OPERATING PROCEDURES
CONCERNING BUDGETS**

I SCOPE:

- a. Both the Federation annual budget and the Member Associations' annual composite budget are addressed in these Procedures (OP-4).
- b. The budgetary provisions contained herein are based upon the Federation Articles of Incorporation and the Federation Bylaws. The budgetary provisions contained herein are intended to compliment and supplement the Federation's governing documents.
- c. Operating Income and Expense Budgets have been utilized to establish these Procedures. Requirements for a Capital/Lease Authorization Budget are, however, also listed herein, should those budget issues arise in the future, either at the Federation or Composite Association level.
 1. A Capital/Lease Authorization Budget shall be required for any proposed acquisition of capital assets or for lease arrangements, where the capital write-off period exceeds one (1) year.
 2. A Capital/Lease Authorization Budget shall include the following information, at a minimum:
 - a. A thorough description of the proposed project.
 - b. Data describing the need for or the benefits of the proposed project.
 - c. A description of the type or classification of the proposed project and all related expenditures, including future operating or carrying costs, such as insurance expenses (e.g., fixtures & equipment, vehicles, lease or lease purchase, leasehold improvements, or land.)
 - d. Total costs of the proposed project.
 - e. Financing terms, if any.
 - f. A description of the number of years the assets that are part of the proposed project may be depreciated, amortized or leased.
 - g. Identification of budgets to be affected (e.g., Federation, Member Association, or Master Association.)
 - h. Annual cost for each budget affected.

- i. If at Association level, cost per unit, per month.

II FEDERATION BUDGET:

- a. At least five (5) months prior to the next fiscal year, the Federation Treasurer, with the help of other knowledgeable Federation officers, directors, Management staff, Federation Member representatives, and Vendors, shall prepare a proposed budget for the next fiscal year. A proposed budget shall include any reserve provisions, as well as other proposed expenditures that can be reasonably identified or anticipated.
- b. The Federation Board shall vote on the proposed budget, and the Federation Board shall subsequently mail it, as proposed, to the Membership, at least fifteen (15) days prior to the Federation Membership meeting when the proposed budget shall be voted upon by the Federation Membership.
- c. The Federation Membership, at a duly called Membership Meeting, by a majority of those Federation Members who are present in person or by proxy, may adopt the budget as presented or make specific line item additions or deletions. (Note: The Federation By-laws require greater approval to acquire or mortgage real property.)
- d. The Federation budget, once duly approved, shall be incorporated into the Federation Member Associations Budgets as "Federation Expense."

III MEMBER ASSOCIATIONS' BUDGET:

- a. Under the Federation Management Contract, the Community Manager shall prepare and submit to the Federation Members proposed annual budgets (composite and individual Associations), not less than 120 days prior to the commencement of the next fiscal year.
- b. In doing so, the Federation Manager shall seek input from the Developer for unit sales plans, the Federation and the Master Association for their expenses, as well as projecting the Community Management Company expenses, under the structure authorized by the Federation in the Community Management Contract. Other expense elements shall be estimated based upon various contract provisions, required reserve projections and economic trends, including, but not limited to, any expense reduction plans or programs and unpaid assessment projections.
- c. The Federation Finance Committee shall function as the primary review body for the Community, subject to the authority vested in the Federation Board and the Federation Membership pursuant to the Federation Articles of Incorporation, By-laws and Administrative Codes. The Federation Finance Committee shall also assist the Community Manager in the overall process of calculating the proposed budget to be presented.

- d. Any proposed change in the number of Community Management Company personnel requires written approval of the Federation Board before implementation. Significant shifts in community services or programs are to be reviewed and approved by the Federation Board of Directors.

IV ANNUAL ASSOCIATION BUDGET REVIEW MEETING:

- a. At least three (3) working days prior to the Federation Board Budget Review Meeting, the Community Manager shall make available to each Association their individual Association's proposed budget, as well as the proposed Composite budget, supported by the line item/account budget analysis spread sheet and explanatory material.
- b. The Annual Association Budget Review Meeting shall be called as an official Federation Membership Meeting with proper notice, roll call, minutes and other normal meeting requirements.
- c. The first order of business shall be for the Federation Membership to adopt the Federation Operating Budget, as set forth in the Federation By-laws and herein.
- d. The Community Manager shall review the Composite Budget and all pertinent details, outlining areas of change from the current year to the next fiscal year.
- e. Any proposed significant shifts in community services, programs or organizational structure, as well as the Federation Board of Directors' recommendations as provided for herein, are to be explained in detail.
- f. While it is recognized that other parties, such as the Developer and the Master Association have the final authority over some items in the budget, the Federation Members, representing the Community as a whole, have the right to express their satisfaction with the Federation budget or to request reconsideration of the Federation budget prior to its adoption and implementation.

To this end, the Chairperson shall recognize such motions from the floor and, if seconded, call for a vote of the Federation Members.

The Community Manager and the Federation Officers and Directors shall, in good-faith, attempt to obtain concurrence of all recommendations from appropriate parties and, if accomplished, the proposed budget shall be revised and amended accordingly.

- g. It is also acknowledged that, notwithstanding anything herein to the contrary, pursuant to their respective governing documents and Florida law, by individual Associations, including the Boards administering them, have the ultimate authority to approve their respective budgets.

**FEDERATION OF KINGS POINT ASSOCIATIONS, INC.
OPERATING PROCEDURES (OP-5) STANDING ELECTION COMMITTEE
PROCEDURES FOR THE ELECTION OF DIRECTORS**

1. PREPARING FOR AND CONDUCTING ELECTIONS

a. The Standing Elections Committee ("SEC") shall conduct the Election of Directors beginning at least sixty (60) days prior to the end of the Federation fiscal year. The SEC shall direct the Management Company ("Management") as necessary to assist in conducting the elections.

b. Ballots and other voting materials shall be mailed by first class U. S. mail by the Federation Management to all of the Voting Interests within any District that has a Director whose term is expiring at the next annual meeting of the Federation. The voting materials shall be mailed not less than twenty-one (21) days prior to the Federation Membership Annual Meeting.

c. So the voter may easily distinguish between the Federation voting materials and the Member voting materials, the Federation voting materials shall be on color paper stock of a clearly different color than the Member Association voting materials.

d. Each Voting Interest shall receive one (1) ballot which shall have no markings to identify the voter; one (1) sealable, inner ballot envelope labeled with the word "**BALLOT**," but which will have no markings to identify the voter; and one (1) larger, sealable outer envelope with information on its face that will identify the Voting Interest. The larger envelope shall be preaddressed for U.S. mail to the Federation Manager. The Voting Interest shall also receive instructions about how to properly complete and submit the ballot.

e. Ballots shall be mailed to all Owners and must be returned by mail or hand delivery to the Federation no later than two (2) calendar days prior to the beginning of the actual counting of the ballots.

f. All outer envelopes received by the Federation Management shall be collected, checked against the Unit Owner roster of the Member, stamped as received, and recorded onto the respective Member's tally sheet. Then it shall be placed unopened into the respective Member's ballot container. If an outer envelope cannot be confirmed as from an Owner on the roster, it shall be marked as void, remain unopened, but retained by the Federation.

g. The Federation designated Management Agent ("Management") Management shall have custodial responsibilities related to the ballots throughout the election process. Management shall take control of all ballots and envelopes once they are delivered to the Federation, and Management shall retain custody of those ballots and envelopes for at least one (1) year following each election. Ballots and envelopes may be disposed of by Management one (1) year following each election if approved by the Federation's Board of Directors.

2. COUNTING THE BALLOTS

- a. Ballots shall be counted one (1) business day prior to the annual meeting of the Federation.
- b. The members of the SEC shall be the tally keepers ("Counters"). There shall be at least two (2) Counters, and they shall be seated at a "Counting Table" located in a central location in Kings Point that is open to all Federation members. The SEC may appoint additional support personnel as required to facilitate this process. Election results shall be officially announced as provided for in paragraph 2.h below.
- c. The Federation's Management Company ("Management") shall assign personnel and provide equipment and supplies sufficient so that Management's election responsibilities can be carried out efficiently.
- d. The Federation Management shall supply appropriate individual Recording Sheets to the Counters for the purpose of recording their counts. The Recording Sheets shall list the Associations in order and have a grid arrangement to make easier the job of marking the tally.
- e. Prior to the annual meeting the Federation Management shall sort and order the sealed voting materials by Association and place them in a file. The outer envelope shall not be opened prior to the beginning formal count. At the time Management, the Counters, and the additional support personnel, if any, shall open the inner and outer envelopes and remove the ballot from each envelope. When the ballots have been removed from the inner envelopes, they shall at that time and at all times thereafter be kept separate from the inner and outer envelopes to insure voter anonymity. The ballots shall be passed, one at a time and ordered by Association, to the counters at a reasonable pace. Once the counters have recorded the vote from a ballot, that ballot shall be passed to a management person who shall input the voting data from the ballots into a computer. The ballot shall then be placed in a "Recorded Ballot File" where the ballots shall be kept ordered by Association.
- f. At the conclusion of the count, a copy of the Federation Management's computer tabulation shall be printed out. The counters may use the computer printout as an aid in their work, but the election outcome shall rest solely on the result determined by the Counters.
- g. In the event of disagreement among the counters the computer printouts may be used to pinpoint specific disagreements. Where necessary, disagreements among the counters may be resolved by retrieving for reexamination the ballots in question from the Recorded Ballot File. Ballots so retrieved shall be returned to the Recorded Ballot File after reexamination.
- h. The names and vote count of all candidates ("election results") shall be read aloud to the Federation Membership by the Presiding Officer at the annual meeting.
- i. After the election results have been read to the Membership, election materials, including but not limited to, ballots, computer printouts and written tabulations, shall be placed in a container, sealed and signed by the SEC Chairperson. The sealed container with the election materials shall be stored by the Management Company with the Federation corporate records in accordance with paragraph 1.g above.

j. The election results shall be published as part of the minutes of the Annual Meeting.

k. The ballots are privileged. Subject to the exceptions enumerated in this paragraph, only the counters, selected management officials, and the observers may see the election materials. The exceptions to the foregoing restriction on viewing are:

1. In the event of a dispute of the election results at the Annual Meeting or within thirty (30) days following the election, the SEC Chairperson may authorize inspection of the election materials by the affected candidate and election committee.

2. Any statutory right to inspect the voting materials as set forth in Chapter 617, Florida Statutes, as amended from time to time.

l. At the end of any statutorily required storage period the election materials may be destroyed.

FEDERATION OF KINGS POINT ASSOCIATIONS, INC.
OPERATING PROCEDURE 6 (OP-6)
FEDERATION INSURANCE DEDUCTIBLE FUND (IDF)

- ABBREVIATIONS:**
- IDF** Insurance Deductible Fund maintained by the KP Federation Board
 - SIC** Special Insurance Committee appointed by the Federation President
 - ASI** American Strategic Insurance provides property insurance to KP Associations. This term shall refer to ASI or its successors.
 - FSR** First Service Residential provides property management services to KP. This term shall refer to FSR, its successors and assigns.

SCOPE

1. This procedure applies to property insurance claims on the ASI policy acquired by the Federation of Kings Point Associations, Inc. The ASI Policy is intended to fulfill the property insurance requirements set forth in Section 718.111(11), Florida Statutes in effect as of September 1, 2015, and as amended from time to time.
2. The ASI Policy applies to property damage that occurs from an “insurable event” which may include damage to property caused by fire, water, wind storm and lightening. The IDF does not cover or pay for Hurricane Damage, which damage would be subject to the 3% Hurricane Deductible established in the ASI Policy.
3. This Procedure applies only to those Associations that are insured through ASI. This includes all of the condominium associations that are members of the Federation. This procedure is not applicable to homeowners associations that require members to obtain an HO-3 policy or similar insurance product for their parcel and dwelling.
4. This procedure does not apply to the interior of units within the unfinished drywall surfaces, including personal property, fixtures and other improvements subject to coverage by an HO-6 insurance policy or similar insurance product. By way of examples, kitchen cabinetry, wood flooring, tile flooring, carpet, paint on walls, wallpaper, furnishings and personal belongings are not covered by the ASI Policy or the IDF. Those items are each unit owner’s responsibility to insure, either personally or with private insurance coverage.
5. The IDF does not apply to property damage claims of an Association or unit owner that resulted from lack of proper maintenance or the failure to make timely repairs or replacements of real property. For instance, slow water leaks where the damage occurs over days, such as leaks that resulted from the failure or refusal to maintain clean gutters, ground water intrusion, and misdirected sprinklers that were ignored, are excluded from coverage by the ASI Policy and will not be subject to IDF reimbursement.

INTENT

1. This Procedure is intended to provide guidelines for the use and administrative control of the IDF. The IDF is intended to reduce the financial impact of an insurance claim on an impacted Association that is a member of the Federation and eligible to enjoy IDF benefits. The IDF is intended to provide financial support to an eligible Association that would otherwise have an insurance deductible payment of up to \$5,000 for qualified claims. The IDF is used to share all or a portion of the cost of the ASI deductible with the other participating and eligible Associations in Kings Point.
2. The IDF is not intended to provide complete coverage for catastrophic events that affect a significant percentage of the Associations, such as tornado damage. It is recognized that when a significant percentage of the Associations have claims from a catastrophic event that impacts much or all of the Kings Point community, the IDF will be less effective, as funds may not be sufficient to substantially benefit multiple Associations in such a scenario.

ADMINISTRATION

- 51 1. This Procedure is administered by the SIC, with administrative assistance by FSR. The SIC shall be the final
52 authority for decisions concerning or relating to whether a claim or claims qualify for payment of funds
53 from the IDF.
- 54 2. The SIC shall be appointed each fiscal year by the Federation President and approved by the Federation
55 Board. The SIC shall consist of two Board members, plus one to four other owners of property subject to
56 the Federation's jurisdiction. The SIC shall appoint its own Chairperson.
- 57 3. No IDF funds shall be processed for payment without the signature of one of the Federation Board
58 members serving on the SIC.
- 59 4. Payments to an Association from the IDF will be subject to a \$500 deductible. For example, if an
60 Association makes a claim for reimbursement of a \$5,000 insurance policy deductible obligation, the
61 Association making such an application shall be responsible for the first \$500 and may, therefore, only
62 receive an IDF distribution of \$4,500. This is intended to discourage small claims that are more easily paid
63 for by an Association in its normal course of business. It is also intended to provide incentive for
64 Associations to take a more active role in preventing insured losses due to water and fire damage.
- 65 5. If any IDF payment does not include a \$500 deductible, the approval form must contain the signature of
66 both a Board representative and another member of the SIC.
- 67 6. SIC Board members may not approve claims for their own Association. In such a case, the SIC member
68 shall disqualify herself or himself from voting and acting on that claim.
- 69 7. If a disputed decision occurs, the Association President may appeal a decision to a special panel, which
70 shall include the SIC Chairperson (or Vice Chairperson in the event of a conflict), one other member of the
71 SIC, and either the FSR General Manager of Kings Point or an Assistant Manager in Kings Point. An SIC
72 member from the damaged Association is disqualified from making an appeal for his or her Association
73 and from hearing an appeal as part of the SIC.
- 74 8. FSR shall process IDF payments promptly to the afflicted Association once the SIC has approved a claim in
75 writing.
76

77 **FUNDING THE INSURANCE DEDUCTIBLE FUND**

- 78 1. The IDF shall begin each fiscal year with a minimum of \$60,000 available for claims during the fiscal
79 year. This may be a combination of money already present in the IDF and funds budgeted for this
80 purpose in the Federation-Administrative Expense account.
- 81 2. The SIC shall submit a written request for IDF budgeted funding to the Budget Committee by
82 September 15th of each calendar year.
- 83 3. Should the IDF funds be spent in their entirety in any fiscal year, the SIC shall approach the Federation
84 Treasurer and request, in writing, the reallocation of other funds that may be available to replenish
85 the IDF for the remainder of the fiscal year. The Federation Board shall approve any such
86 reallocation, which may or may not be granted in the exclusive discretion of the Federation Board of
87 Directors.
88

89 **CATASTROPHIC EVENTS**

90 Single events, such as a tornado or tropical storm, but excluding a declared hurricane, may affect a
91 significant percentage of the property covered by the AIS Policy.

- 92 1. For catastrophic events, no individual Association claims shall be approved for payment until all the
93 claims for this event are submitted. Claims shall be submitted within 60 days, unless otherwise
94 approved by the SIC due to justified circumstances.
- 95 2. If the sum of total claims to the IDF for a single event exceeds the value of the IDF, the Fund shall be
96 paid down to \$10,000 on a prorated basis to the claimants and the remainder retained for
97 subsequent claims unrelated to the single event in question.
98

99 **ADMINISTRATION OF REPAIRS**

- 100 1. For catastrophic events, repairs are handled directly by ASI with ASI preselected contractors working with
101 the impacted Association(s). When the repair work is completed, FSR shall verify the work is completed

102 and submit a request for payment for the Association from the IDF, if appropriate. FSR shall maintain a
103 record of the repairs for the Association and the SIC.

- 104 2. Where an Association departs from proper protocol to have a repair approved and an IDF payment
105 processed, it may waive its ability to obtain funds from the IDF.
106

107 **DETERMINATION OF IDF PAYMENTS**

- 108 1. The SIC representative may normally review a claim by an Association and pay the ASI deductible, less
109 \$500 that shall be borne by the afflicted Association. Therefore, each Association may enjoy the benefit of
110 up \$4,500 of deductible coverage from the IDF, per claim. For example, if there is a \$5,000 deductible for
111 an AIS insurance claim made by an afflicted Association, the Association must pay \$500 of that deductible
112 and may seek a \$4,500 contribution to the Association's deductible obligation from the IDF. The decision
113 to pay any such claim to the Association from the IDF shall be based upon clear and convincing evidence
114 that there was an insurable incident, and that the damage from that event has been covered by the ASI
115 Policy, subject to the Association's deductible.
- 116 2. The SIC representative may refuse any requested payment that does not comport with the requirements
117 in this Procedure. An example of a reason for denying a request for funds from the IDF is damage due to
118 a lack of maintenance. Such claims should not be submitted to the SIC, and they will be denied if they are
119 submitted.
- 120 3. The \$500 deductible exemption referenced in paragraph 1 above will usually be waived when a property
121 is in the process of lien or mortgage foreclosure and the owner cannot be located by the Association or its
122 legal counsel. It may also be waived in other unusual circumstances that place a significant hardship on
123 the Association. Such decisions shall be made by the SIC in its members' exclusive judgment, subject to
124 the appeal procedure set forth herein.
- 125 4. Where the ASI deductible payment is to be paid in full (with no \$500 deducted) the claim approval form
126 shall be signed by two (2) SIC members, at least one a member of the Federation Board.
127

128 **RECORDS**

- 129 1. FSR Office Manager shall maintain a file of IDF claims in the Federation Office for review by the SIC at any
130 Committee member's direction. All other records of insurance claims shall also be kept by Association's in
131 accordance with the FSR management contract.
- 132 2. FSR shall maintain a file of revisions to OP-6.