

WESTLAKE LAKE MANAGEMENT ASSOCIATION

VENDOR/CONTRACTOR CONTRACT POLICY

Effective March 2024

Westlake Lake Management Association (“Association”) requires a policy that creates minimum requirements every contract between the Association and a vendor/contractor must satisfy for the Association to accept any offer for goods or services from a vendor/contractor. This Policy contains an exhibit that will define certain requirements all contracts between the Association and a vendor/contractor must meet that the Association’s Board of Representatives (the “Board”), through its Executive Committee, shall review before accepting any contract on behalf of the Association. The purpose of this policy is to protect the Association from liability for claims that may be subrogated to the Association from insurance carriers of contractors and vendors hired by the Association and to minimize Association liability for any claims brought against it by insurance carriers, contractors, and vendors.

This policy has been adopted by the Executive Committee in the exercise of its duty to maintain and enhance the value of Westlake Lake (“Lake”), as well as the property and financial interests of all Association Members, by expressing a consistent policy for the Executive Committee to follow when approving and entering into vendor/contractor contracts.

GOVERNING LEGAL AUTHORITY

The Tenth Certificate of Amendment of the Westlake Lake Recreational Area Restrictions (the “CC&Rs”) provides that the Board, acting on behalf of the Association, has the “power to do any and all lawful things which may be authorized, required or permitted to be done under the Articles and CC&Rs, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety and general welfare of the Members and the community of Westlake regarding the environment of the Lake.” (Art. 5, § 5.3)

The Association’s Bylaws provides, “The corporate powers of the Association shall be vested in, exercised by, and under the authority of, and the affairs of the Association shall be controlled by, a Board of Representatives who are members from the respective Districts described in the Westlake Lake Restrictions.” (Bylaws, Art. III, Sec. 3.1)

The Association’s Executive Committee, created by the Bylaws, provides that it has authority to act with the same force and effect as though a full quorum of the Board were acting. (Bylaws, Art. V, Sec. 5.2)

1. OBLIGATION OF THE BOARD/EXECUTIVE COMMITTEE TO REVIEW EACH CONTRACT

The Executive Committee and/or its agents shall review or cause to be reviewed the terms of every contract for goods and/or services proposed by a vendor/contractor and use the checklist in Exhibit "A" to confirm each contract satisfies the requirements of the checklist in Exhibit "A" before having the Association accept the contract.

The Executive Committee and/or its agents shall consult with the Association's legal counsel to review each contract proposed to ensure compliance with the requirements set forth in Exhibit "A". Each contract reviewed shall include additional investigation into the provisions of insurance held by the vendor/contractor, as outlined in Exhibit "A".

The Executive Committee, after the review of each contract and confirming its conformance with the requirements outlined in Exhibit "A", shall determine, in its discretion, whether to accept the contract on behalf of the Association and exercise the standard of care owed to the Association under Corporations Code Section 5231 when making that decision. The Executive Committee shall consult with the Association's legal counsel when considering new contracts and renewals of contracts.

The Executive Committee will retain ultimate authority to decide whether to accept any proposed contract on behalf of the Association. Upon approval of any contract by the Association, at least two officers of the Executive Committee shall sign said contract.

EXHIBIT “A”

**Vendor / Contractor Contract Checklist
(Attached)**

WESTLAKE LAKE MANAGEMENT ASSOCIATION

EXHIBIT A

VENDOR / CONTRACTOR CONTRACT CHECKLIST

Contractor/Subcontractor Legal Name: _____

Contractor/Subcontractor "DBA" Name: _____

Expected Start Date: _____ Expected Completion Date: _____

Trade: _____ Contractors License #: _____

✓	Date Completed	
		CONTRACT AND PRELIMINARY REQUIREMENTS
		Confirmed contractor's license status at www.cslb.ca.gov / relevant licensing authority.
		Contract was reviewed by Association's legal counsel and includes necessary indemnity provisions.
		Contract requires contractor's/ subcontractor's General Liability carrier (1) name both the Association and the Management Company as an " Additional Insured ," (2) waive subrogation against both parties, and (3) offer primary and non-contributory coverage for any claims arising from the contractor's/ subcontractor's operations.
		Contract will be signed by two officers of the Board of Directors (not the management agent) after completion of this checklist.
		Certificate of Insurance and "Additional Insured" endorsements (formal policy endorsements) have been received prior to work commencing.
		Received an accompanying letter from the contractor's insurance agent/broker confirming that the insurance policy covering the contractor/subcontractor does NOT contain: <ul style="list-style-type: none"> (a) a multi-family exclusion (or similar provision) which would preclude coverage for vendor's work on a common interest development/Association. (b) an "Insured vs. Insured" exclusion (or "Cross Suits" exclusion or similar provision) which would preclude coverage for suits brought by the Association against the contractor due to the Association's status as an "Additional Insured".
		Confirmed the carriers providing coverage have a rating of "A-" or better from A. M. Best (www.ambest.com).
		Work/Services confirmed by Lake Operations or Finance Operations, if applicable.
		Contract approved by Board or, consistent with its Charter, the EC.
		Confirmed CAL OSHA requirements complied with.
		GENERAL LIABILITY COVERAGE
		"Occurrence" box checked.
		Commercial General Liability (CGL) limits at a minimum of \$5,000,000 or higher (including Products/Completed Operations coverage), or lower coverage if approved by Association's legal counsel and/or insurance broker.

		Is the General Liability coverage expiration date well beyond the expected completion date of the work performed? (If not, pend the file to request an updated Certificate at least 30 days prior to the expiration of the current policy.)
		AUTOMOBILE LIABILITY COVERAGE
		Minimum Auto Liability limits of \$1,000,000 per person/\$1,000,000 per occurrence/\$1,000,000 property damage (or higher)?
		Any Auto, Owned Autos or Scheduled Autos, checked.
		Non-Owned Autos, checked. (not applicable if "Any Auto" is already checked)
		Is the Auto Liability expiration date well beyond the expected completion date of the work performed? (If not, pend the file to request an updated Certificate at least 30 days prior to the expiration of the current policy.)
		EXCESS (UMBRELLA) LIABILITY
		When required, this policy can be used to meet higher liability obligations imposed by the contract.
		Is the expiration date well beyond the expected completion date of the work performed? (If not, pend the file to request an updated Certificate at least 30 days prior to the expiration of the current policy.)
		WORKERS COMPENSATION
		Certificates have been received prior to work being performed. If Executive Officers/ Principals are excluded (and they personally will be performing work on the premises), consider reviewing the contract with legal counsel for additional hold harmless provisions or independent contractor language.
		Has subrogation been waived? (Has the column titled "SUBR WVD" been checked?)
		Is the expiration date well beyond the expected completion date of the work performed? (If not, pend the file to request an updated Certificate at least 30 days prior to the expiration of the current policy.)

"ADDITIONAL INSURED" ENDORSEMENT(S)		
		Are the Association and Management Company reflected as an "Additional Insured" on the endorsement?
		Are both the name of the Association and Management Company spelled correctly?
		Are the listed mailing addresses, for both the Association and the Management Company, correct?
		CERTIFICATE(S) OF INSURANCE
		To your knowledge, does the "description of operations" reflected on the Certificate describe the nature of the work actually being performed for the Association?
		Is the Certificate of Insurance signed?
		Have both the Association and the Management Company's name been spelled correctly?
		Are the Association and Management Company both listed as Certificate Holders and "Additional Insureds" on the Certificate?