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RESOLUTION

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**VILLAGE FOUR CONDOMINIUM
BOARD OF DIRECTORS RESOLUTION
REGARDING INSURANCE AND WATER LEAKS**

WHEREAS, Village Four Condominium ("Association") is governed by a Declaration of Horizontal Property Regime and Declaration of Condominium of the Village Four Condominium, recorded at recording number 87-005774, Official Records of Maricopa County, Arizona, and all amendments thereto ("Declaration").

WHEREAS, all Units within the Association are governed by the Declaration;

WHEREAS, Article I, Section 1.36 and Article VIII, Section 8.06 of the Declaration allows the Association to adopt reasonable rules and regulations.

WHEREAS, Article VIII, Section 8.01 of the Declaration provides that the Association is responsible for the maintenance and repair of the Common Elements.

WHEREAS, Article IV, Section 4.02 and Article of the Declaration provides that Unit Owners are responsible for the maintenance and repair of their Unit and certain areas used exclusively by the Unit Owner.

WHEREAS, Article VI, Section 6.12 of the Declaration provides that Unit Owners are responsible for damage caused to Common Elements or Units by the willful or negligent acts of the Unit Owner(s) or the Owner's residents, family, tenants, guests or invitees.

WHEREAS, Article X of the Declaration obligates the Association to carry hazard, liability, workmen's compensation, fidelity, and flood insurance for the benefit of the Association and the Unit Owners.

WHEREAS, the Association is a condominium and subject to Arizona's Condominium Act, and A.R.S. §33-1255(C) creates a mandatory obligation for condominium associations to "pass through" certain common expenses that

benefit fewer than all of the Units to the Units benefited. This statute allow applies to Limited Common Elements. The statute creates the rule, however, only when the Declaration does not "otherwise provide," and the Association's Declaration does not "otherwise provide".

WHEREAS, the Board of Directors is extremely concerned about water damage to Units and Common Elements, and the potential ramifications of such damage to the members of the Association in general, as well as any members specifically affected due to the damage caused to Units and the Common Elements and the increase in insurance premiums that result from numerous water claims.

NOW, THEREFORE, based on the power authorized to the Board of Directors and the responsibilities of the Owners, the Board of Directors hereby adopts the following resolution and makes the provisions below part of the Association's rules and regulations, concerning damage and destruction of Units, i.e. damage from hazards, perils, sudden losses, water leaks and intrusions, fire, acts of nature (e.g. hail, tornado), etc. that are not normal "wear and tear", as well as damage to an item that is a common expense but the item or common expense benefits fewer than all the Units (hereafter "damage"):

**RULES COVERING THE COSTS OF DAMAGE IF
LESS THAN THE INSURANCE DEDUCTIBLE**

1. If damage occurs solely to a Unit and the amount of such damage is less than the Association's insurance deductible, the owner of the Unit shall be responsible for the cost for repair, replacement or restoration thereof. The Association Board reserves the right to determine if any repairs for damage fall within the normal responsibility of the Association and what repairs the Association will perform. If the damages are clearly caused by the owner and/or tenant then the owner will bear the full responsibility.
2. If damage occurs to more than one Unit that is less than the Association's insurance deductible, each respective Owner shall be responsible for full payment of the cost of the repair, replacement or restoration thereof.
3. If damage occurs solely to the Common Elements and said damage is less than the Association's insurance deductible, the Association shall be responsible for the costs of repair, replacement or restoration thereof, unless the damage was caused by the negligence or willful misconduct of an Owner(s) or the Owners' guests, tenants, licensees or invitees for which the Owner shall be held responsible.

Provided however, if the damage occurs solely to the Common Elements

but due to the location of the Common Element damaged, the Common Element benefits fewer than all the Unit Owners, the cost of the repair (including the insurance deductible) shall be the responsibility of the Unit Owner(s) benefitted pursuant to A.R.S. § 33-1255(C). Additionally, A.R.S. §33-1255 also applies to Limited Common Elements.

4. Each Owner should be aware of the amount of the Association's insurance deductible so that the Owner carries proper insurance coverage to meet any gaps in insurance coverage. Each Owner is ultimately responsible for adequately insuring his or her own Unit, whether the Association insures or not.

**RULES RELATING TO PAYMENT
OF INSURANCE DEDUCTIBLES**

1. In the event that partial or complete damage to a Unit or Limited Common Elements covered by the Association's insurance policy, such Owner shall be liable for the full amount of any deductible on the Association's insurance policy, even if the Association causes contractors to be paid in order to facilitate adjusting the claim. The Association may ask for payment in advance from the Owner, or may ask for reimbursement. If there is damage to portions of a Unit or Limited Common Elements that are normally the Association's responsibility and that the Association maintains, then the Association Board reserves the right to determine what fractional portion, if any, of the deductible is apportioned to the Association.
2. In the event that more than one Unit is involved in any insured loss, and the cause of the damage results from the negligence, misuse or neglect of Unit Owner(s) but in which case the damage cannot be attributable to any one Unit or Owner, if there is a single deductible it will be proportionately distributed among all Units and Owners that have experienced the loss.
3. In the event that the cause of the insured loss is directly attributable to a failure in operation of a portion of the Common Elements Areas, the Association shall pay the deductible, unless the area damaged benefits fewer than all of the Units, then the cost of the deductible shall be assessed to the Unit(s) benefitted or the area damaged is caused by the negligence, misuse, neglect or willful act of an Owner, the Owner's residents, family, guests, tenants or invitees, such Owner(s) shall be liable for the full amount of any deductible on the Association's insurance policy, even if the Association causes contractors to be paid in order to facilitate adjusting the claim. The Association may ask for payment in advance from the Owner, or may ask for reimbursement.

RULES REGARDING INSURANCE
CLAIM PROCEDURES

1. Nothing herein shall relieve a Unit Owner of the absolute and primary responsibility to insure their property, including their condominium Unit, pursuant to the requirements of the Association's Declaration. In the event a Unit Owner or resident is insured for any loss to the condominium Unit or their property, the Association shall be entitled to require the Unit Owner or resident to claim any loss under such Owner or resident's insurance policy.
2. Unit Owners must file all claims on the Associations policies with the Association's managing agent, not with the Association's insurance agent. The managing agent will not refer the claim to the Association's insurance agent until the Unit Owner provides proof that the claim exceeds the applicable insurance deductible.
3. The Association shall disburse insurance proceeds pursuant to the requirements of Article XI, Section 11.05 of the Declaration.

A majority of the Board of Directors adopted the above Resolution on this 23 day of APRIL, 2019.

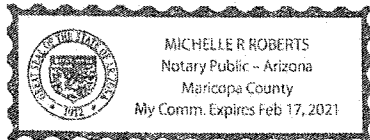
DATED this 25 day of APRIL, 2019.

VILLAGE FOUR CONDOMINIUM ASSOCIATION

By: *Thomas J. Lund*
Its: President

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this 25th day of April, 2019, before me the undersigned Notary Public, personally appeared Thomas J. Lund who acknowledged to me that he/she is the President of Village Four Condominium Association and that he/she executed the foregoing resolution on behalf of the Association for the purposed expressed therein.



Michelle R. Roberts
Notary Public