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1400 East Southern Avenue, Suite 400
Tempe, Arizona 85282

LOS RACIMOS0001RES-5-1-1--
ramirezp

LOS RACIMOS, INC.

**BOARD OF DIRECTORS RESOLUTION
REGARDING INSURANCE DEDUCTIBLES &
WATER LEAKS**

WHEREAS, Los Racimos, Inc. ("Association") is governed by a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Los Racimos Phase I at docket 14032, page 182, Official Records of Maricopa County, Arizona, and all amendments thereto; a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Los Racimos Phase II-A at docket 14677, page 842, Official Records of Maricopa County, Arizona, and all amendments thereto; a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Los Racimos Phase II-B at docket 14677, page 918, Official Records of Maricopa County, Arizona, and all amendments thereto; a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Los Racimos Phase II-C at docket 15841, page 576, Official Records of Maricopa County, Arizona, and all amendments thereto; and a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions for Los Racimos Phase II-D at docket 15841, page 640, Official Records of Maricopa County, Arizona, and all amendments thereto (collectively the "Declaration");

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

WHEREAS, Section 17 of the Declaration allows the Association to adopt reasonable rules and regulations;

WHEREAS, Section 4 of the Declaration provides that the Association is responsible for the maintenance and repair of the common elements;

WHEREAS, Section 12 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, Section 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 or the Owner's lessees, occupants or invitees;

WHEREAS, Sections 9 of the Declaration obligates the Association to carry property, liability, workmen's compensation, fidelity and other insurance at the Association's option for the benefit of the Association and the Unit Owners;

WHEREAS, Section 9 of the Declaration classifies the cost of insurance as a common expense;

WHEREAS, A.R.S. § 33-1255(C), (E) allows the Association to assess certain common expenses to Unit Owners;

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, 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:

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

1. If damage occurs solely to one Unit that is less than the Association's insurance deductible, the owner of the Unit shall be responsible for full payment of the cost for repair, replacement or restoration thereof, unless the damage was caused by another Unit Owner's willful or negligent act.
2. If damage occurs to more than one Unit but not the Common Elements that is less than the Association's insurance deductible, each respective Unit Owner shall be responsible for full payment of the cost of the repair, replacement or restoration thereof, unless the damage was caused by another Unit Owner's willful or negligent act.
3. If damage occurs to one or more Units and to the Common Elements that is less than the Association's insurance deductible, the costs of repair, replacement or restoration thereof shall be prorated based on the percentage of damage caused to each Unit and the damage caused to the Common Elements, and each respective Unit Owner shall be responsible for full payment of his or her pro rata share and the damage caused to the Common Elements, unless the damage was caused by another Unit Owner's willful or negligent act.
4. If damage occurs solely to the Common Elements that 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 another Unit Owner's willful or negligent act.
5. Notwithstanding the foregoing paragraph 4, if damage occurs solely to a Common Element(s) or Limited Common Element(s) that benefit fewer than all of the Units that is less than the Association's insurance deductible, the owner of the Unit(s) to which such Common Element(s) or Limited Common Element(s) are allocated shall be responsible

for full payment of the cost for repair, replacement or restoration thereof, unless the damage was caused by another Unit Owner's willful or negligent act.

6. If a willful or negligent act of a Unit Owner (or the Owner's residents, tenants, guests or agents) causes damage, the Unit Owner shall be responsible for the full costs of repair, replacement or restoration thereof.
7. The Board of Directors shall determine the costs to be paid by each party if the amount of damage is less than the Association's insurance deductible. Any amount determined to be the payment obligation of a Unit Owner to repair the Common Elements or any Unit other than the Owner's Unit shall be charged to the Owner and collectible in the same manner as a regular assessment.
8. If damage is caused to the Common Elements that is not covered by insurance, and if such damage was caused by the willful or negligent act of an Owner, or an Owner's lessees, occupants or invitees, the Association shall charge the cost to repair such damage to the Owner, which is collectible in the same manner as a regular assessment.
9. 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.

RULES RELATING TO PAYMENT OF INSURANCE DEDUCTIBLES

1. In the event that loss or damage covered by the Association's insurance policy is caused by a willful or negligent act of a Unit Owner, the Owner's lessees, occupants or invitees, or from unknown causes within the Unit without any negligence being attributable, the Association shall pay the deductible as a Common Expense, and shall assess said Common Expense deductible to the Unit Owner.
2. In the event that more than one Unit is involved in any insured loss, and the cause of the damage cannot be attributable to any one Unit or Owner, the deductible will be proportionately distributed among all Units who 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 Common Element, the Association shall pay the deductible.

RULES REGARDING INSURANCE CLAIM PROCEDURES

1. 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 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 the Declaration and/or A.R.S. §33-1253(E).

**RULES RELATING TO MAINTAINING UNITS TO
HELP PREVENT WATER LEAKS**

1. Each Owner must provide the name of the Owner's insurance company, agent name, address and telephone number to the Association within forty-five (45) days from the date that the Association requests this information.
2. Each Owner shall install steel-braided toilet tank fill hoses with steel connectors and ball valve shutoffs at the wall. These will replace the fill hoses with plastic connectors at the toilet tank and screw-type shutoff valves. This provision is not applicable if the Owner has installed braided fill hoses with steel connectors and ball valve shutoffs.
3. Each Owner shall install steel-braided washer hoses to replace plain rubber hoses provided at purchase. This provision is not applicable if the Owner has installed steel-braided hoses.
4. Each Owner shall install copper, steel-braided, or nylon mesh tubing on ice maker refrigerators to replace plain plastic tubing. This provision is not applicable if the Owner has already installed authorized tubing as described above.
5. Each Owner shall install steel-braided hoses with steel connectors and ball valve shutoffs at the wall connecting any and all bathroom or kitchen sink(s) to its water supply.
6. Each Owner shall install copper or steel-braided hoses with steel connectors on any and all dishwasher water connections.
7. Each Owner shall install copper or steel-braided hoses with steel connectors on any and all water heater connections. Each Owner shall also install water heater catch pans and water drainage lines where installation of the water drainage lines is feasible.
8. If an Owner leaves a Unit vacant for more than seven (7) days, the Owner shall shut off the water to the Unit. If the Owner is on a common water line and cannot shut off all of the water to the Unit, the Owner shall shut off all water valves inside of the Unit to shut off water to the Unit to the greatest extent possible. Furthermore, if an Owner leaves a Unit vacant for more than two (2) weeks, the Owner shall have a person perform weekly inspections of the Unit to ensure that no water leaks or other damage has occurred to the Unit.
9. Each Owner shall provide the Association with an emergency contact person with appropriate contact information, including telephone number.

10. Failure to comply with the above rules may result in violation notices, monetary penalties, legal action or the Owner being held responsible for any water leaks as outlined above with said failure to comply being conclusive evidence of an Owner's willful or negligent act.

A majority of the Board of Directors adopted the above Resolution on this 27th ^{EJK} day of March, 2015.

LOS RACIMOS, INC.

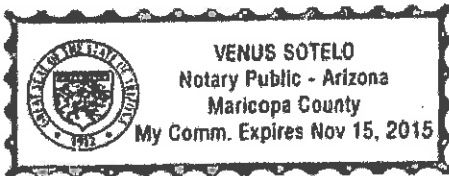
By: Elizabeth J. Kycek
Its: President

STATE OF ARIZONA)

) ss.

COUNTY OF MARICOPA)

On this 27th day of March, 2015, before me the undersigned Notary Public, personally appeared Elizabeth J. Kycek, who acknowledged to me that he/she is the President of Los Racimos, Inc. and that he/she executed the foregoing resolution on behalf of the Association for the purposed expressed therein.



[Signature]
Notary Public