

THE VILLAGE

Welcome to CAU's association master insurance program. This two-page fact sheet is designed to assist you in:

- Purchasing your own individual insurance
- Filing claims
- Ordering certificates of insurance

Key information regarding the association's master policy:

1. The common elements, limited common elements and units are covered.
2. Units are covered based on original condominium plans and specifications. For example, fixtures, cabinets, floor coverings and appliances would be replaced with new items of **like kind and quality to those originally installed. Upgrades are not covered.** This includes but is not limited to upgrades to carpeting, cabinets, appliances, wall coverings, built-in bookshelves and other permanently installed fixtures.
3. "Special Form" coverage, which includes fire, lightning, windstorm, hail explosion, riot, aircraft and vehicle damage, smoke, vandalism, falling objects, weight of ice, snow or sleet, collapse, sudden rapid water escape or overflow from plumbing or appliances, frozen pipes, and convector units.
4. No coverage is provided for wear and tear, deterioration, damage by insects or animals, mold, settling or cracking of foundation, walls, basements or roofs. **There is no coverage for damage caused by repeated leaking or seeping from appliances or plumbing. This includes leaking from around the shower, bathtub, toilet or sink.** These events are properly classified as maintenance items. The policy contains full details on coverages, limitations and exclusions.

Key information regarding unit owner's insurance needs:

1. You need a condominium owner's policy, also known as an HO-6, to pick up coverage for your personal property, furniture, additional living expenses (in the event your unit is uninhabitable due to a covered claim), all upgrades, improvements and betterments and personal liability.

In older communities, it may be difficult to differentiate between the original specifications of your unit and subsequent improvements that were made. In cases where you are uncertain about your needs, consult with your personal insurance agent about adding an estimated amount of insurance coverage to your HO-7 policy.

2. The association master policy carries a \$2,500 deductible. In the event of a claim, the association may seek to recover the deductible from the unit owner(s) involved in the claim. Your obligation to pay the deductible may be offset by your HO-6, subject to your own deductible, if you add building coverage. Some insurers cover the claim under loss assessment. Ask your personal insurance agent.

Claims

If you have a claim, notify your association's Manager or designated Board member and your own homeowner's insurance carrier. **Claims that involve your personal property, furniture and upgrades, must be placed with your homeowners insurance carrier.**

Claim payments under this policy are made to your board of directors as insurance trustee.

Certificates of Insurance

Certificates of insurance may be requested by calling (800) 228-1930 Ext. 7110 or by visiting our website at www.cauinsure.com.

If your mortgage holder sends you a written request, please send a copy to us:

**Certificate Department
Community Association Underwriters
2 Caufield Place
Newtown, PA 18940**

Requests can also be faxed to us at (267) 757-7410.

We appreciate your business, and we are committed to providing you and your community with prompt and professional service. Please call our customer service department at 800-228-1930, Ext. 7149 or Ext. 7163 if we can be of further assistance.

When recorded, return to:

Wendy Ehrlich, Attorney PLLC
9671 N. Horizon Vista Place
Oro Valley, Arizona 85704

BOARD RESOLUTION
INSURANCE DEDUCTIBLES AND NON-COVERED LOSSES
THE VILLAGE HOMEOWNERS ASSOCIATION

WHEREAS, the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Village recorded at document no. 2009-18234 in the official records of Navajo County, Arizona (“Declaration”) and Arizona Revised Statutes §33-1201, *et seq.* govern the real property known as The Village which is legally described as follows:

UNITS 1 through 48 of THE VILLAGE, according to the plat recorded in Book 20 of Plats at Page 16 in the official records of Navajo County, Arizona, as amended by the plat recorded in Book 20 of Plats at Page 23 in the official records of Navajo County, Arizona (“Property”);

WHEREAS, The Village Homeowners Association, an Arizona nonprofit corporation, is the governing body for the Property. All owners of Units within the Property are members of the Association.

WHEREAS, pursuant to the Declaration, Section 8.1, the Association maintains insurance for the entire Property, including all Units, exclusive of improvements and betterments installed by Unit owners;

WHEREAS, pursuant to the Declaration, Section 8.3, members may obtain any additional or other insurance for their Units;

WHEREAS, pursuant to the Declaration, Section 5.2(a), members are responsible for maintaining, repairing and replacing, at their own expense, all portions of their Units;

WHEREAS, pursuant to Arizona Revised Statute §33-1255(E), any common expense or portion of a common expense benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited;

NOW, THEREFORE, the Board of Directors hereby adopts the following resolution governing payment of the Association’s insurance deductible and repair responsibility for non-covered losses;

1. When damage occurs only to one Unit, the Unit owner shall be responsible for paying the full amount of the Association's insurance deductible.
2. Except as set forth in Paragraph 4, when damage occurs to more than one Unit, each Unit owner shall be responsible for that portion of the Association's insurance deductible proportionate to the cost of reconstruction and repair to their respective Units, as determined by the Board of Directors.
3. Except as set forth in Paragraph 4, if damage occurs to both Common Elements and Units, the Association shall be responsible for that portion of the Association's insurance deductible proportionate to the cost of reconstruction and repair to the Common Elements. The Unit owners shall be responsible for that portion of the Association's insurance deductible proportionate to the cost of reconstruction and repair to their respective Units, as determined by the Board of Directions.
4. If damage is caused to the Common Elements or other Units by the action or inaction of the Unit owner, his family, guests, tenants, invitees, or other occupants, such owner shall be responsible for the full cost of the insurance deductible applicable to the claim.
5. Each Unit owner may obtain, at his own expense, insurance coverage to cover any deductibles applicable to the Association's insurances coverage if the owner so chooses.
6. If damage is caused to any Unit(s) which is not covered by the Association's insurance policy, or the cost of repair of such damage is less than the Association's insurance deductible, the owner(s) of the damaged Unit(s) shall be solely responsible for the cost of such repairs except as set forth in Paragraph 7.
7. If damage is caused to any Unit(s) which is not covered by the Association's insurance policy, or the cost of repair of such damage is less than the Association's insurance deductible, and the damage was the result of the intentional act or negligence of an owner, his family, guest, tenant, invitee, or other occupant, then such owner shall be responsible for the full cost of repairs and such amounts (together with interest, costs and attorneys' fees) shall be part of the assessment lien against the owner's Unit.

DATED this 8th day of August, 2011.

BOARD OF DIRECTORS
THE VILLAGE HOMEOWNERS ASSOCIATION

By: signature of Allan C. Johnson
President

BY: signature of Frances L. Stephens
Secretary