

December 15, 2015

Dear Belcorte Neighbors,

The Community Association has changed the scope of insurance coverage effective on the renewal date of December 16, 2015. **Farmers Insurance** has been selected as the policy holder for the Association. Farmers Insurance is one of the largest insurance providers in the U.S. The Association policy contains coverage for property, general liability, directors & officers liability, environmental impairment liability and fidelity. ***The Association insurance insures the residential buildings for the outer structure to the studs.***

NOTE: To be insured properly, it is recommended that each unit owner procure insurance called a Townhouse/ HO-3 policy. When updating your insurance, it is recommended in addition to the Townhouse/HO-3 Policy you also include the following coverage:

- Personal contents
- Personal liability
 - Host liquor liability
- Loss assessment
 - \$5,000 for Deductible/property loss
- Loss of use
- Loss of rents (in case you rent your property)
- Sewer back up coverage – options of \$10,000 to \$100,000

In addition, we have included the following documents:

- **Association - Certificates of Insurance for Property & Liability**
- **Belcorte Insurance Resolution adopted on December 15, 2015**

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Belcorte Homeowners Association
an Arizona non-profit corporation

A RESOLUTION OF THE BOARD OF DIRECTORS

Re: Insurance Coverage & Deductibles

In Compliance with A.R.S. 10-3821 and in Accordance with the Belcorte By-Laws, Article V, Meetings of Directors, Section 5.6, **Action Taken Without a Meeting**, “The Directors have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of a majority of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors”, the following resolution was adopted:

RECITALS

A. The *Declaration of Covenants, Conditions and Restrictions for Belcorte Homeowners Association* (the “Declaration”), Section 4.05, Items A through I, requires the Association to obtain and maintain in force “insurance covering the entire subdivision, including all Common Areas.

B. It is the intent of the Board of Directors to:

1. Ensure that the Association has adequate coverage for property and liability insurance;
2. Ensure the continuing insurability of the Association at a reasonable premium;
3. Prescribe a procedure for reporting and processing insurance claims.

C. The community documents are silent regarding responsibility for the payment of the Association insurance policy deductible.

NOW THEREFORE, BE IT RESOLVED THAT the following rules governing the administration of insurance coverage for Belcorte Homeowners Association are hereby adopted by the Board of Directors:

I. INSURANCE DEDUCTIBLE; OWNER & TENANT INSURANCE

1.1. Determination of Deductible; Notice.

(a) Determination of Deductible by Board. The Board of Directors shall determine the amount of the deductible for property loss insurance policies and any other insurance policies

obtained by the Association. In determining the deductible under the policies, the Board shall take into consideration the availability, cost and loss experience of the Association.

(b) Notice. The Board of Directors shall give written notice to the Owners of the amount of the deductible under the Association policies and any change in the deductible in renewal or replacement insurance policies not more than ten (10) days after the effective date of the change. The notice shall be delivered to each Lot Owner at his/her current mailing or electronic mail address in the Association's records as follows:

Notice of Change in Homeowners Association Insurance Coverage. There are changes in insurance policies carried by the Association. You should immediately notify your insurance agent of the changes described in the enclosed information and ask your agent to determine if changes to your insurance policies are necessary or advisable.

1.2. Responsibility for Insurance. The responsibility for insurance shall be as provided in this Section:

(A) Owner Property Insurance. Owners are responsible for obtaining and maintaining insurance policies insuring their dwelling units for any losses with damages less than the deductible amount under the Association's policies. In addition, each Owner is responsible to obtain his own insurance on the interior structures of their unit to include their garages/fences & walls as well as the contents of his own dwelling unit, and his additions, upgrades and betterments thereto and decorating and furnishings and personal property therein. The Association shall have no responsibility to obtain or assist in obtaining property loss insurance proceeds for any Owner or tenant for:

(1) Damage to a dwelling unit not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsements); or

(2) For any damage or loss to the Owner's or tenant's personal property.

(B) Tenants. Tenants are responsible for insuring their own personal property for any loss or damage, and should be so advised by their Landlord/Owner.

(C) Association. The Association's insurance policies generally cover the exterior of the dwelling units and Common Area, as well as damage to a dwelling unit caused by a covered event under the policy.

1.3. Deductible.

(A) Damage Not Resulting from Negligence:

(1) Damage Affecting More Than One Dwelling Unit. If a loss affects more than one dwelling unit, when there is no negligence by any party or if negligence cannot be readily determined, the parties who have sustained damage (the Association, Lot Owners or both), shall pay their proportionate share of the Association's deductible. The respective shares shall be based on calculating the cost of repair for those portions of the building, the non-casualty maintenance of which is the responsibility of the Unit Owner or the Association (as the case may be) under the community documents, as compared to the total of all building damage incurred in the loss.

(2) Damage Affecting One Dwelling Unit. If the damage is confined to a single dwelling unit, the Unit Owner is responsible to pay the entire deductible under the Association policy.

(B) Damage Resulting From Negligence. If a loss affects more than one dwelling unit, the Common Area or a combination thereof, the deductible shall be allocated to the negligent party.

(C) Owner Policy Deductible. Owners of damaged dwelling units shall be responsible for payment of their individual Owner's policy deductible.

II. DUPLICATE INSURANCE COVERAGE.

In the event of duplicate insurance coverage, the insurance policy obtained by the Lot Owner shall be considered the primary coverage.

III. PROCEDURE FOR CLAIMS HANDLING

3.1 All claims against the Association's insurance shall be processed through the Board of Directors or managing agents only. Owners are not to make claims directly to the Association's insurance carrier(s) or to take any steps to put the Association's insurance carrier or agent on notice of any such claim. The Association's insurance agent has been instructed not to accept the submission of any claims from individual Owners.

3.2 The Association shall seek reimbursement for all expenses of processing the claim from the pertinent Owner (s) when the insurance does not cover all the costs.

DATED this 15th day of December, 2015

**BELCORTE HOMEOWNERS ASSOCIATION
HOMEOWNERS ASSOCIATION,
an Arizona non-profit corporation**

By: _____
President Diana Iglesias

ATTEST:

Secretary