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THE PRESERVE AT KIOWA NORTE CONDOMINIUM OWNERS ASSOCIATION

BOARD RESOLUTION

Rules Covering Payment of the Insurance Deductible and
Costs of Damage Not Covered By Insurance

WHEREAS, The Preserve at Kiowa Norte Condominium Owners Association ("Association") is governed by the Declaration of Condominium and Covenants, Conditions and Restrictions for The Preserve at Kiowa Norte, recorded at recording number 03-029845, records of Mohave County, Arizona, and all amendments thereto ("Declaration");

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

WHEREAS, the Board of Directors is extremely concerned about water damage to Condominium 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 and the responsibilities of the Owners, the Board hereby adopts the following resolution and makes the provisions below part of the Association's rules and regulations:

POLICIES RELATING TO PAYMENT OF INSURANCE DEDUCTIBLE

1. Except as set forth in paragraph 6, if damage occurs solely to one Condominium Unit, the Owner of the Unit shall be responsible for payment of the insurance deductible in full. In the event that the cost for such repair, replacement, or restoration to such Condominium Unit is less than the insurance deductible, the Owner shall be responsible for full payment of the cost for repair, replacement, or restoration thereof, unless the damage was caused by another Owner's negligence or actions.
2. Except as set forth in paragraph 6, if damage occurs to more than one Condominium Unit

but not to the Common Elements, the deductible shall be prorated based on the percentage of damage caused to each Condominium Unit. In the event that the costs for repair, replacement, or restoration to such Condominium Units are less than the insurance deductible, the costs shall be prorated based on the percentage of damage caused to each Condominium Unit and each respective Owner shall be responsible for full payment of his or her pro rata share, unless the damage was caused by another Owner's negligence or actions.

3. Except as set forth in paragraph 6, if damage occurs to one or more Condominium Units and to the Limited Common Elements which the Owners are obligated to maintain under Article XI, Section 1 of the Declaration, the deductible shall be prorated based on the percentage of damage caused to each Condominium Unit and the damage caused to such Limited Common Elements. In the event that the costs for repair, replacement, or restoration to such Condominium Units and Limited Common Elements are less than the insurance deductible, the costs shall be prorated based on the percentage of damage caused to each Condominium Unit and the damage caused to the Limited Common Elements; and each respective Owner shall be responsible for full payment of his or her pro rata share, unless the damage was caused by another Owner's negligence or actions.
4. Except as set forth in paragraph 6, if damage occurs to one or more Condominium Units, to the Limited Common Elements which the Owners are obligated to maintain under Article XI, Section 1 of the Declaration, and to the Common Elements which the Association is obligated to maintain under Article XI, Section 2 of the Declaration, the deductible shall be prorated based on the percentage of damage caused to each Condominium Unit and Limited Common Elements and the damage caused to such Common Elements. The Association shall be responsible for paying for the pro rata share of damage to Common Elements it is obligated to maintain under the Declaration and each Owner shall be responsible for paying the pro rata share of damage to his or her Condominium Unit and to the Limited Common Elements Owners are obligated to maintain under the Declaration. In the event that the costs for repair, replacement, or restoration to such Condominium Units and Common Elements are less than the insurance deductible, the costs shall be prorated based on the percentage of damage caused to each Condominium Unit and the damage caused to the Common Elements; and the Association and each respective Owner shall be responsible for full payment of his or her pro rata share, unless the damage was caused by another Owner's negligence or actions.
5. Except as set forth in paragraph 6, if damage occurs solely to the Common Elements which the Association is obligated to maintain under Article XI, Section 2 of the Declaration, the Association shall pay the deductible, unless the damage was caused by an Owner's negligence or actions.
6. If the negligence or actions of an Owner (or the Owner's residents, tenants or guests) causes the damage, the Owner shall be responsible for the full amount of the deductible. In the event that the costs of repair, replacement, or restoration for such damage to a Condominium Unit, Limited Common Elements, or the Common Elements is less than

the insurance deductible, the Owner shall be responsible for full payment of the costs thereof.

7. The Board shall determine the amount of deductible, or cost incurred if the amount is less than the deductible, to be paid by each party. If an Owner is required to pay a deductible, or cost incurred if the amount is less than the deductible, to repair any Condominium Unit, Limited Common Elements, or the Common Elements other than the Owner's Condominium Unit, the Association shall charge the Owner for the cost of the deductible, or cost incurred if the amount is less than the deductible. Any such cost shall be assessed exclusively against the Owner's Condominium Unit.
8. If damage is caused to the Common Elements that is not covered by insurance, and if such damage was caused by the negligence or actions of an Owner, or an Owner's residents, tenants, guests, or household pets the Association shall charge the Owner for the cost to repair such damage, which cost shall be paid by the Owner, upon demand, to the Association. Any such cost shall be assessed exclusively against the Owner's Condominium Unit.
9. If damage is caused to one Condominium Unit by another Condominium Unit, the Owners of the Condominium Units involved shall be responsible for determining who is responsible for paying for the damage and paying for any deductible, or costs thereof if less than the deductible. The Association does not intend to get involved in disputes between Owners regarding damage.
10. Each Owner needs to 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 should check with his insurance carrier to ensure that his policy will cover the cost of the Association's insurance deductible.

RULES RELATING TO MAINTAINING UNITS TO HELP PREVENT WATER LEAKS

1. If an Owner leaves a Condominium Unit vacant for more than three (3) days, the Owner shall shut off the water to the Condominium Unit. If the Owner is on a common water line and cannot shut off all of the water to the Condominium Unit, the Owner shall shut off all water valves inside of the Condominium Unit to shut off water to the Condominium Unit to the greatest extent possible. Furthermore, if an Owner leaves a Condominium Unit vacant for more than one (1) week, the Owner shall have a person perform weekly inspections of the Condominium Unit to ensure that no water leaks or other damage has occurred to the Condominium Unit.

ADDITIONAL OWNER OBLIGATIONS

1. Any Owner, member of the Owner’s family, Owner’s resident(s), tenant(s), or guest(s) is prohibited from throwing or flushing any foreign object (i.e., any item that is not intended to enter into the sewer/plumbing system) into the sewer/plumbing system, including but not limited to, female hygiene products, and paper products, other than toilet paper.
2. Each Owner shall be responsible for the repair or service upon a sewer/plumbing line exclusively serving or uniquely related to his/her Condominium Unit at his/her own expense, whether or not such need for repair or service is caused by any foreign object or the like.
3. In the event that any foreign object (as discussed in paragraph 1 of this section) has caused the need for repair or service upon a sewer/plumbing line that serves the Common Area or forms part of any system serving more than one Condominium Unit, the cost of such repair or service shall be charged and assessed against such Owner and such assessment shall constitute a lien against the Owner’s Condominium Unit.

POLICY RELATING TO MOLD AND MOLD REMEDIATION

1. As mold is not covered under the Association’s insurance policy, the Owner of the Condominium Unit is responsible for all remediation of mold that occurs within a Condominium Unit and to the Limited Common Elements which the Owner is obligated to maintain under Article XI, Section 1 of the Declaration. The Owner is also responsible for remediating any mold to the Common Elements, Limited Common Elements, or any Condominium Units if the damage is caused to the Common Elements, Limited Common Elements, or Condominium Units by the act or neglect of an Owner or his invitee, or guest or other authorized occupant or visitor of such Owner, or due to the Owner’s failure to comply with any of the above provisions. If the Owner is responsible for remediating any mold as set forth in this paragraph, the Owner must provide the Association with certification that the mold has been properly remediated. Furthermore, the Owner is responsible for remediating any mold on any items contained within the Condominium Unit, including, but not limited to, costs of cleaning contaminated furniture, clothing or floor coverings. Additionally, the Owner is responsible for any other costs that may be associated with mold within the Condominium Unit, including but not limited to, the cost of alternate lodging or storage until the mold is remediated.
2. In the event that an Owner refuses to remediate the mold in the Common Elements, Limited Common Elements, or any Condominium Units which was caused by the act or

neglect of an Owner or his invitee, or guest or other authorized occupant or visitor of such Owner, or due to the Owner's failure to comply with any of the above provisions, the Board, an authorized representative of the Board, or of the manager or managing agent, or authorized contractor of the Association shall be entitled to reasonable access to each of the Condominium Units as may be required in connection with the mold remediation and shall have the authority to remediate such mold and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such Owner and such assessment shall constitute a lien against the defaulting Owner's Condominium Unit.

- 3. In the event that Board, the manager or managing agent, receives information of possible mold infestation, the Board has the right but not the obligation to test said questioned Common Elements, Limited Common Elements, or Condominium Unit(s). If mold is discovered and is the result of, the act or neglect of an Owner or his invitee, or guest or other authorized occupant or visitor of such Owner, or due to the Owner's failure to comply with any of the above provisions, all expenses to the Association, including but not limited to, the cost of the testing shall be charged and assessed against such Owner and such assessment shall constitute a lien against the Owner's Condominium Unit.

The Board of Directors adopted the above resolution on FEBRUARY 5, 2008.

DATED this 5th day of FEBRUARY, 2008.


THE PRESERVE AT KIOWA NORTE
CONDOMINIUM OWNERS ASSOCIATION

By: [Signature] 1-30-08

Its: H.O.A. PRESIDENT

STATE OF ARIZONA)
) ss.
County of Mohave)

On this 5th day of FEBRUARY, 2008, before me personally appeared TONY CONRAD, whose identify was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed the above/attached document.



Notary Public

Notary Seal:

