

**VILLAS AT PROSPECT POINT CONDOMINIUM ASSOCIATION
INSURANCE CLAIMS AND DEDUCTIBLES RESOLUTION**

Effective Date: August 8, 2008

The Board of Directors wishes to establish a uniform and systematic policy for submitting claims to the Association's insurance carriers and allocating deductibles.

The Association hereby adopts the following resolution with respect to insurance claims and deductibles:

1. The Association shall maintain property insurance and liability insurance for the Buildings (including the Common Elements and Units), as required by Article 11 of the Declaration. The Owner is responsible for obtaining insurance on furniture, furnishings and other items of personal property, as well as liability insurance for the Owner's actions.
2. If an Owner has a claim that the Owner believes to be covered by the Association's insurance policy, the Owner must promptly advise the Association in writing regarding the subject matter of the claim. The Association shall be given a reasonable opportunity to inspect the damage and determine whether to make a claim. If the Association determines not to make a claim, it shall respond in writing to the Owner within 15 days of the date the Owner's written notice is received. The Association shall determine whether to submit a claim by balancing the benefits conferred to the Association under the policy with the costs associated with the claim to the Association.
3. If the Association sends written notice that it will not make the claim, and if the subject matter of the claim falls within the Association's insurance responsibility, the Owner has the right to make a claim directly to the insurance carrier pursuant to Colorado law.
4. In the event that the Board determines that it is in the Association's best interests to submit a claim under its insurance policies, the Board shall follow the procedures set out in the policies describing the insured's duties in the event of an occurrence, claim, or suit.
5. In the event that the Board determines that it is not in the Association's best interests to file a claim, the Association shall still be obligated to complete repair of the damages as if a claim had been made, if the loss would be covered. The Owner will remain responsible for the amount of the deductible as provided below, even if the Association performs the repair of the damages without submitting a claim.
6. Pursuant to Article 11, Section 11.2 of the Declaration, the Association shall act as the attorney-in-fact for any Owner to adjust or negotiate any losses and the payment of any insurance proceeds.
7. Whether a claim is submitted or not, the payment of the deductible for claims covered under the Association's policies shall be as follows:
 - A. The deductible shall be paid by the Association if the Association would normally be responsible for the maintenance of the damaged property (i.e. those Common Elements for which the Association is responsible pursuant to Article 9 of the Declaration) or if the loss originates from property for which the Association has maintenance responsibility. However, if such damage results from an Owner's intentional act or negligence, then the Owner shall be responsible for the deductible and the deductible shall become an assessment and lien against the Owner's Unit.
 - B. The deductible shall be paid by the Owner if the damage results from an item for which the Owner has maintenance responsibility and the damage is limited to that Owner's Unit

or items for which the Owner has the maintenance responsibility. The deductible shall become an assessment and lien against the Owner's Unit.

C. In the absence of an intentional act or negligence, the deductible shall be paid by the Association if the damage results from an item for which the Owner is responsible, but the damage extends to those portions of the Common Elements for which the Association is responsible or to another Unit. If, after notice and an opportunity for a hearing, the Association determines that such damage results from an Owner's intentional act or negligence, the deductible shall be paid by that Owner and shall become an assessment and lien against the Owner's Unit.

IN WITNESS WHEREOF, the undersigned certify that this resolution was adopted by the Board of Directors of the Association on this 8th day of August, 2008.

VILLAS AT PROSPECT POINT CONDOMINIUM ASSOCIATION, a
Colorado nonprofit corporation,

By: Robert C. Bullard
Its: President

ATTEST:

By: [Signature]