

From: Shannon Plessel splessel@associatedasset.com
Subject: The Village at Rio Paseo Condominiums
Date: Aug 30, 2021 at 4:01:54 PM
To: Michele Beauchamp mbeaudeesign@me.com
Cc: Tracy Blake tracyblakebod@yahoo.com, Sean McCarty
seanvillageshoa@gmail.com, Daniel Bucklin dbucklin@gmail.com,
KATHLEEN SCHWARTZ kschwartzriopaseo@aol.com

Hello Michele

This is a done issue. We've received legal opinion on this matter and the now the insurance carrier's opinion based on the CC&Rs. This issue will not be revisited. If the insurance carrier wanted to make more money of course they'd offer a higher coverage policy. I think we need to move onto other issues to be resolved.

Thank You

Shannon L. Plessel

Community Manager

AAM, LLC

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From: Michele Beauchamp <mbeaudeesign@me.com>
Sent: Monday, August 30, 2021 2:45 PM
To: Shannon Plessel <splessel@AssociatedAsset.com>
Cc: Tracy Blake <tracyblakebod@yahoo.com>; Sean McCarty
<seanvillageshoa@gmail.com>; Daniel Bucklin <dbucklin@gmail.com>;
KATHLEEN SCHWARTZ <kschwartzriopaseo@aol.com>
Subject: Re: The Village at Rio Paseo Condominiums

Hello Shannon,

Has the broker done a updated assessment/appraisal for the property value and the rising cost of lumber due to inflation? \$17 million does not add up to at least 80% of the actual value which excludes 20% for the unit to be picked up by the unit owner. 80% Associations responsibility and 20% Unit owners responsibility. Also in the appraisal the square footage for the garage units are under estimated. Each garage units are the same square footage as my unit 1339 ft.².

I will use my unit as an example:

The last unit sold with my floor plan was **\$289,000. X 144 units = \$41,616,000**

80% of \$41,616,000 = \$33,292,800, Insurance coverage by the Association.

20% of \$289,000 = \$57,800 Plus the cost of any upgrades. Insurance coverage by the Unit Owner.

The highest unit sold this year is the three-bedroom for **\$306,000**.

And we would still be under insured because this figure is based upon the lowest unit property value. Do the math.

So the insurance policy that the Association had before April 2021 covered water damage but now the revised policy doesn't though we have the same coverage? And a Unit Owners HO-6 Policy automatically covers for interior water damage because it is the Unit Owners responsibility for the interior of his unit. Unless the Unit Owners can show proof that the Association failed to maintain the Common Element or Property which caused the damage to the interior of the unit. I don't believe we had an "**All In**" Policy before April 2021, which would cover interior, exterior and all upgrades and betterments. Because in order for a Unit Owner to obtain a mortgage it is written in the mortgage document that the Unit Owner has to show proof of insurance on the interior, the Unit. And if the Association holds the insurance coverage for the interior of the Unit the Association would have to show proof of insurance on the interior of the Unit to the mortgage provider so a wavier would be documented in the mortgage, Proof of insurance. I don't recall seeing that wavier in my mortgage documents but I did have to get Insurance for the interior of my Unit 20% of the actual value of the Unit plus all upgrades and betterments. And that is how it is written in the CCRs.

Because of my findings showing proof of insurance to the mortgage provider by the Association was proof that the Association was not responsible for the water damage in the interior of a unit. Unless the Unit Owners can show proof that the Association failed to maintain the Common Element or Property which caused the damage to the interior of the unit. I don't see how the board or our insurance company approved water claims for the interior of the Unit when the Association did not have insurance on the unit. And there is a addendum to our insurance policy which does not cover the interior of a unit if it is occupied. Unless these board members approve to have that unit covered which would result in higher insurance costs and would be treating that member different than any other unit owner. Approving insurance coverage when the Association did not have to pay out on this claim.

I'm just a board member doing my fiduciary duty by reading all documents and finding out what are the differences in insurance policies and how they affect a unit owners insurance policy. And who is responsible for the damage.

From the CCRs:

1.4 Description of Common Elements. The Common Elements shall include all portions of the Condominium other than the **Units**, including, without limitation, the land upon which the Buildings are located, the structural part of Buildings, all bearing walls, columns, vertical supports, roofs, space above the upper horizontal boundaries of Units (except as provided below), floors, foundations, slabs, all waste, Water and gas pipes, ducts, flues, chimneys, conduits, wires, swimming pool and pool equipment, recreation buildings, cabanas, landscaping, exterior

lighting (including lights attached to the Buildings), fences, trash collection bins, walkways, streets, private drives, guest parking spaces, utility meters, outdoor cooking facilities, patios and all other devices and premises not situated within a Unit; provided, however, air conditioning and heating units not located within a Unit but serving the Unit are owned by the Owner of the Unit and, provided further, any portion of a stairway or elevator from one story of a Unit to another that passes through the space above or below the upper or lower horizontal boundary of a Unit are part of the Unit.

2.13 "Common Elements" shall mean all portions of the Condominium other than the **Units**, including, without limitation: (a) streets located within the Condominium and (b) any other land, together with all improvements situated thereon, which the Association at any time owns in fee or in which the Association has a leasehold interest for as long as the Association is the owner of the fee or leasehold interest. To the extent that any streets within the Condominium are to be dedicated to the City of Goodyear, the Association shall be responsible for meeting all City requirements. All private streets, sidewalks, signage and street lighting constructed by Declarant shall be maintained by Declarant until such time as any portions thereof are dedicated to the City of Goodyear or until such time at the Association becomes bound by the Covenants, as provided in Paragraph 3.2.

2.44 "Unit" means a portion of a Building designated for separate ownership or occupancy, the boundaries of which are described in Paragraph 1.4.

10.5.2 Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the Association shall maintain, to the extent reasonably available, both:

(a) Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against or, as determined by the Board against fire and extended coverage perils. **The total amount of insurance after application of any deductibles shall be not less than eighty per cent of the actual cash value of the insured property** at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies.

Michele Beauchamp

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Please excuse any typos or grammar due to dictating or typing on electronic devices.

On Aug 30, 2021, at 1:23 PM, Shannon Plessel
<splessel@associatedasset.com> wrote:

Hello Board

I will be attaching the below email to the board packet for review. It's on the agenda to clear this issue up from questions raised at the last board meeting. The determination of the carrier is that your coverage is sufficient based on your CC&Rs. I sent her a copy to review prior to her response.

Thank You

Shannon L. Plessel

Community Manager

AAM, LLC

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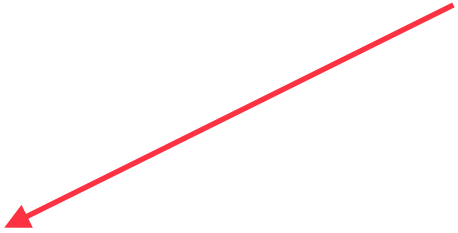
602.647.3034 (after hours emergency line)

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Good Morning Shannon,

I reviewed the Insurance section of the CC&Rs for the Village at Rio Paseo and I have to agree with the legal opinion the Board obtained previously. The documents only require the Association to maintain coverage for the common elements which do not include the actual Units. The documents are written in such a way as to give the Association the option of covering the Units although they are not responsible for them. I believe the reasoning to amend the coverage at the beginning of the year was to help eliminate water damage claims which will help protect the Association's future insurability. Hope that helps. Let me know if you have any additional questions.



Thank you,

Nicole Smith | Account Manager - Commercial Lines | nsmith@mahoneygroup.com
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