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NOTICE  
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**CERTIFICATE OF CORPORATE RESOLUTION**  
**THE PINES CONDOMINIUM ASSOCIATION, INC.**  
**(INSURANCE DEDUCTIBLE)**

RP-2016-448044  
10/04/2016 RP2 \$32.00

10/4/16

The undersigned Secretary of The Pines Condominium Association, Inc., a Texas non-profit corporation (the "Association"), does hereby certify that at a duly constituted meeting of the Board of Directors of the Association held on September 21, 2016, with at least a majority of the Board of Directors present, the following resolution was duly made and approved by the Board of Directors:

WHEREAS, pursuant to applicable provisions of Chapter 81 and Chapter 82 of the TEXAS PROPERTY CODE, and that certain "Condominium Declaration for The Pines Condominiums" recorded in Volume 48, Page 30, et seq. of the Condominium Records of Harris County, Texas, together with all amendments thereto (the "Declaration"), the Association is responsible for administering The Pines condominium regime, and the covenants, conditions, and restrictions set forth in the Declaration; and

WHEREAS, the Association is required to insure the insurable common elements and units in accordance with the Declaration and applicable law to the extent that such property insurance is reasonably available; and

WHEREAS, the Board of Directors, having considered all relevant factors, and based on its business judgment to secure such insurance on a commercially reasonable basis, has agreed to certain policy deductibles, which the Board has determined to be appropriate and necessary; and

WHEREAS, the Board of Directors is of the opinion that under certain circumstances, in the event of a casualty loss, unit owners should be responsible for the payment of all or portions of the applicable policy deductible(s), and therefore it is necessary to adopt and enforce an equitable policy in regard to the allocation of liability for payment of the applicable deductible; and

WHEREAS, Section 82.111(a) and (b) of the TEXAS UNIFORM CONDOMINIUM ACT ("TUCA") generally provide that the Association must, to the extent reasonably available, obtain and maintain insurance policies covering the buildings, common elements, and units, but need not include improvements and betterments installed by the unit owners; and

WHEREAS, Section 82.111(c) of TUCA provides that if the insurance required by 82.111(a) and (b) of TUCA is not reasonably available, that generally the Association shall cause notice of that fact to be delivered or mailed to all unit owners and lienholders; and

WHEREAS, the Board of Directors has obtained insurance policies required by 82.111(a) and (b) of TUCA, however the Board, having considered all relevant factors and based upon its business judgment, has determined that such insurance is only available with certain commercially reasonable policy deductible(s) applicable to the respective insured risks, and it is reasonable and customary for a condominium association located

in Houston, Harris County, Texas to obtain such insurance with stated policy deductible(s) applicable to the respective insured risks; and

WHEREAS, Section 82.111(k) of TUCA provides that the Association, acting through its Board, may by resolution determine the allocation and responsibility for the payment of the cost of the policy deductible and costs incurred before insurance proceeds are available; and

WHEREAS, the Board of Directors is desirous of, pursuant to this Resolution: (i) notifying all unit owners and lienholders pursuant to 82.111(c) of TUCA that the insurance required by 82.111(a) and (b) has been obtained and shall be maintained with a stated policy deductible, so that while the Association shall procure such insurance covering the buildings, common elements and units, such coverage shall be LESS and EXCEPT such deductible amount; and (ii) pursuant to 82.111(k) of TUCA adopting and enforcing an equitable policy in regard to the allocation of responsibility for payment of the applicable deductible and costs incurred before insurance proceeds are available.

NOW THEREFORE, BE IT RESOLVED THAT:

1. Notice is hereby given to all unit owners and lienholders that the insurance obtained by the Association as required by 82.111(a) and (b) of TUCA has one or more stated deductible(s) applicable to the respective insured risks, and as a result, the insurance obtained by the Association covering the buildings, common elements, and units is for an amount LESS and EXCEPT such deductible amount.
2. If the Association's insurance provides coverage for the loss and the cost to repair the damage to a unit or common elements is more than the amount of the Association's applicable insurance deductible, the entire cost of the applicable stated insurance deductible and costs incurred before insurance proceeds are available shall be assessed against the unit owner and the unit owner's unit and paid to the Association by the unit owner under any of the following circumstances:
  - a. if such insured loss was caused by or was the result of the negligence, willful misconduct, or wrongful act of the unit owner, an occupant of the owner's unit, or the unit owner's or occupant's family, guests, employees, contractors, agents, or invitees; or
  - b. if such insured loss was due to an occurrence or condition within the owner's unit which was a result of or arose from (i) the failure or malfunction of any component or item within or forming a part of the owner's unit, whether constituting a fixture (plumbing, electrical, etc.), or appliance, or any item of personal property; or (ii) the failure or malfunction of any item or component for which the unit owner is responsible to maintain, repair, or replace under the Declaration, By-Laws, Rules, or applicable law, all irrespective of any negligence; or

- c. if the cause of the insured loss cannot be determined, but such loss originated wholly within the owner's unit or the limited common elements appurtenant thereto (or from any item for which the unit owner is responsible to maintain, repair, or replace under the Declaration, By-Laws, Rules, or applicable law).

In situations other than those described above, the Association will pay the applicable policy deductible, as a common expense. In accordance with the Association's dedicatory instruments, such common expense may be levied by the Association as an assessment (i.e., special assessment, insurance loss assessment or other type of assessment) against the Units, and the Unit Owners shall be responsible for payment of such assessment.

3. If the cost to repair damage to a unit or common elements covered by the Association's insurance is **less than the amount of the Association's applicable insurance deductible**, then except as provided by Paragraph 4 hereof, in accordance with the provisions of Section 82.111(j) of TUCA, the party who would be responsible for the repair in the absence of insurance shall pay the cost of the repair of the unit or common elements.
4. Notwithstanding anything to the contrary in Paragraphs 2 and 3 hereof, and consistent with applicable provisions of Paragraph 2 hereof: (i) in accordance with the provisions of Section 82.111(l) of TUCA, if the damage to a unit or common elements is due wholly or partly to an act or omission of any unit owner or a guest or invitee of the unit owner, the Association may assess the deductible expense and any other expense in excess of the insurance proceeds against the unit owner and the owner's unit; (ii) a unit owner may also be subject to additional liability pursuant Paragraph 16 of the Declaration; and (iii) a unit owner may also be subject to additional liability pursuant to the provisions of the dedicatory instruments of the Association.
5. The determination of whether a loss is one described in Paragraph 2 or Paragraph 4 above shall be made in the reasonable and sole discretion of the Board of Directors, whose decision shall be final. Sums determined to be payable by the unit owner to the Association as above required shall be payable within ten (10) days after written demand therefore addressed to the unit owner and sent by certified mail/return receipt request to the unit owner's last known mailing address according the records of the Association, or by personal delivery.
6. Nothing herein shall be construed as to treat the Association's insurance policies as other than primary, or to in any way diminish or modify the coverage provided by the Association's insurance policies. Nothing herein shall be construed or intended to, nor shall same create, any contract for the benefit of any third party or insurer, either voluntarily or by estoppel. Nothing herein shall be construed to extend either insurance coverage or the Association's obligation, with respect to maintenance, repairs, or replacement to a unit and a unit owner's personal property and

improvements as set forth in the Declaration, By-Laws, Rules, or applicable law. Nothing herein shall affect the right of a unit owner or insurer to recover sums paid on account of the loss caused as described in Paragraph 2 and Paragraph 3 above from a person or entity other than the unit owner whose wrongful or negligent acts may have caused such loss, or to recover such sums from the unit owner whose acts or omissions may have caused such loss if permitted by applicable law. Nothing herein shall create or constitute any limitation on the liability of a unit owner for any loss or damage caused by the negligence, willful misconduct, or wrongful acts of such unit owner which are not covered by the Association's insurance. Further, nothing herein shall prevent modification of this policy at any time, prospectively but not retroactively, by action of the Board of Directors.

7. This Resolution shall be deemed effective upon the recordation of same as a "dedicatory instrument" in the Official Public Records of Harris County, Texas.

THE PINES CONDOMINIUM ASSOCIATION, INC., a  
Texas non-profit corporation

x Betty L. Martin  
Betty L. Martin, Secretary

STATE OF TEXAS

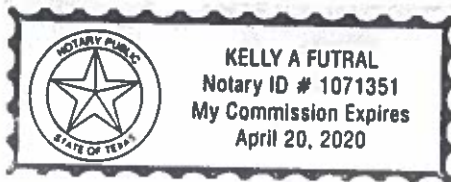
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COUNTY OF HARRIS

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This instrument was acknowledged before me on this 21<sup>st</sup> day of September, 2016, by Betty R. Martin, Secretary of The Pines Condominium Association, Inc., a Texas non-profit corporation, on behalf of such corporation.



Kelly A. Futral  
Notary Public - State of Texas

**RECORD AND RETURN TO:**

Frank, Elmore, Lievens,

Chesney & Turet, L.L.P.

Attn: K. Slaughter

9225 Katy Freeway, Suite 250

Houston, Texas 77024



FILED FOR RECORD  
8:00 AM

OCT -4 2016

*Stan Stewart*  
County Clerk, Harris County, Texas

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL  
PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.  
THE STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time  
stamped hereon by me; and was duly RECORDED, in the Official Public Records of Real Property of Harris  
County, Texas.

OCT -4 2016



*Stan Stewart*  
COUNTY CLERK  
HARRIS COUNTY, TEXAS