

ASSOCIATION OF APARTMENT OWNERS OF KEONEKAI VILLAGES

WATER LEAK PROCEDURE POLICY

(Adopted by the Board of Directors on 9/19/18)

Background

When there are damages resulting from a water leak or break, pursuant to Hawaii Revised Statutes (“HRS”) § 514B-143, the Association is obligated to pay for all repairs to the common elements and for damages to all owners’ units to be rebuilt “as original” without any improvements or upgrades. The owner will need to pay for their contents, household goods and any improvements and betterments, which includes means all decorating, fixtures, and furnishings installed or added to and located within the boundaries of the unit, including electrical fixtures, appliances, air conditioning and heating equipment, water heaters, or built-in cabinets installed by unit owners.

The Board of Directors for the Association has the option of who pays the Association’s deductible. HRS § 514B-143(d) states:

The board, in the case of a claim for damage to a unit or the common elements, may:

- (1) Pay the deductible amount as a common expense;
- (2) After notice and an opportunity for a hearing, assess the deductible amount against the owners who caused the damage or from whose units the damage or cause of loss originated; or
- (3) Require the unit owners of the units affected to pay the deductible amount.

The Board of Directors for the Association of Apartments Owners of Keonekai Villages (“Association”) desires to adopt a policy to determine the procedure in the event of a water leak and who pays the deductible.

Terms of Policy

Should a water leak occur in any unit, limited common element, and/or common element, the following shall be the procedure(s) implemented by the Association:

1. If a water leak is detected and/or reported, the Association’s, manager or other representative or contractor (“Association Rep”) shall attempt to isolate the water source by closing the nearest shut off valve.
2. The Rep shall notify the unit owner(s) affected by the water and promptly work with the owner(s) to take action to have the water removed to prevent further damage. The owner is required to notify his or her insurance agent to invoke the homeowner policy and/or rental policy coverage.

3. The Association may obtain estimates for repair cost and time involved by licensed and insured contractors in order to repair the damaged areas. The Rep shall contact the Association President, managing agent, and insurance agent.

4. The deductible amount of the Association's insurance policy shall be assessed against the owner(s) who caused the damage or from whose unit(s) the damage or cause of loss originated. Such owners will first be notified in writing of the assessment and provided an opportunity for a hearing at the next regularly scheduled Board meeting or special meeting of the Board to dispute the assessment.

5. If no owner caused the damage and/or the damage originated from a common element, the deductible shall be paid as a common expense or shall be assessed to the units affected, as determined by the Board.

IN WITNESS WHEREOF, the Board of Directors on behalf of the Association of Apartment Owners of Keonekai Villages have executed this Policy the 19 th day of September in the year 2018, and the Policy shall be included with the corporate records.

ASSOCIATION OF APARTMENT OWNERS OF
KEONEKAI VILLAGES

Matt Chierek
Authorized Signature

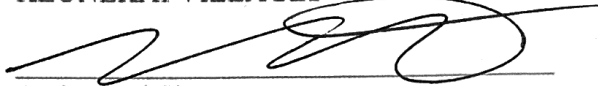
Matt Chierek
Printed Name

By Its: President

CERTIFICATE

I, hereby certify that the foregoing is a true copy of the resolution duly adopted at a meeting of the Board of Directors duly held on September 19 2018 and duly entered in the book of minutes of the Association, and that this Policy is in full force and effect.

ASSOCIATION OF APARTMENT OWNERS OF
KEONEKAI VILLAGES



Authorized Signature

MATEO MANZANI

Printed Name

By Its: Secretary