



INSURANCE RESOLUTION

The incorporating and governing documents of the Evergreen Estates Service Association, Inc. (*hereinafter referred to as "Association"*) are silent on the subject of insurance coverage. The insurance practices for the development, known as "*Evergreen Estates of Charleswood*" were determined by Heritage Homes (*hereinafter referred to as "Developer"*) and such practices were initiated during the development phase of Evergreen Estates. These practices to date have been as follows:

ASSOCIATION, purchased Commercial General Liability insurance coverage

HOMEOWNERS, purchased Homeowners insurance coverage

Following a year of research, discussion at Association meetings, receiving the counsel of insurance advisors, and allowing an extended period of time to receive and answer questions, the membership of the Association at their May 24, 2011 meeting directed the Board of Directors to prepare and release an RFP and to receive BIDS. The BIDS were received, opened and reviewed at the Board of Directors meeting held on July 13, 2011. Subsequently the bid information was shared with the Association membership (*all homeowners*) and their vote was solicited regarding a conversion of the insurance practices noted above, to:

ASSOCIATION, purchases "*property*" insurance coverage on the building structures (*hereinafter referred to as "structure insurance"*) located within Evergreen Estates and also providing property coverage of Association fences, street lights, and mechanical gates along with Commercial General Liability coverage with an additional endorsement for Habitational Directors & Officers insurance, in addition to Umbrella insurance. The premium for these insurances to be paid annually by Homeowners to the Association based on the square footage valuation of each homeowners owned unit.

HOMEOWNERS, purchases "*condo*" insurance from the insurance agency and insurance carrier of their choice providing *usual and customary* protection for the interior space of their home and the homeowners personal contents.

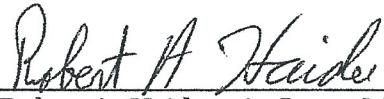
The Board of Directors received the results of that vote at their meeting held on August 10, 2011, such vote indicating 54 eligible homeowners, of which 81.5 % (44) voted in favor of converting to the new insurance practice, 14.8 % (8) voted against, 3.7 % (2) did not submit their vote. With the wishes of the homeowners expressed to the Board of Directors, motion was made by Edward O. Magarian, second by Glen F. Thompson, to accept the wishes of the majority and implement the new insurance practices as noted above, with a conversion date of September 1, 2011; the Board Secretary then called the roll: Robert A. Haider-aye, Glen F. Thompson-aye, Edward O. Magarian-aye, Kenneth L. Pierce-aye, Michael J. Tomasko-aye, the motion carried unanimously.

The *structure insurance* referred to in this resolution is customarily described in the insurance industry as: 1335 - Condominium without Interior Finishes, this occupancy to be used when states or insurance policies require, or association memberships wish to have the Association be responsible to insure the building structure and additionally many of the "systems" and interior components of the home.

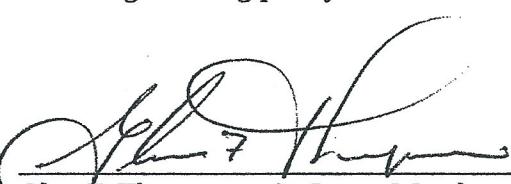
"*Structure Insurance*" insures any component having to do with the structure of the home. This would include: the foundation, structural framing, roof, rafters, exterior walls and finishes, doors, windows, garage doors, partition and interior walls, stairways when appropriate, floor boards and joists. "*Structure Insurance*" also insures the following "systems": electrical, plumbing, heating and cooling, water softener, water heater wiring and plumbing, and communications wiring. These systems are further defined as follows: electrical wiring running within the walls, hot and cold water pipes running within the walls or below the slab, air conditioning coil, sewer and ventilation stacks, structured communication wiring. Specifically excluded from coverage are the following which are referred to as "fixtures": electrical fixtures, plumbing fixtures, air conditioner units, water heaters, sinks, showers, toilets, appliances, cabinets, and interior finishes (floor, ceiling, wall finishes), window treatments, swimming pools, elevators, security systems and fixtures. "*Structure Insurance*" coverage for decks, patios and balconies may be purchased by the homeowner at their expense from the Association. Structure insurance coverage for sewer backup and sump-pump failure will be in excess of the homeowners condo insurance coverage in force at the time of loss.

Association members, *each homeowner*, is required to present this Resolution to their personal insurance agent/carrier as evidence of structural insurance coverage and the definition of such coverage. Such presentation allows for the homeowners personal insurance agent/carrier to prepare the homeowners personal condo insurance coverage to ensure there are no gaps between "*structure insurance*" and "*condo insurance*" coverages. The Association retains the right to request of a member (*homeowner*) evidence that they are condo-insured in a manner that is standard for the industry, and in return the Association warrants that it will provide evidence of the Association's structure insurance policy to each member (*homeowner*).

This RESOLUTION dated the tenth day of August, 2011, approved and adopted on the same day by the duly elected Association Board of Directors who have on this same day so affixed their signatures thus designating this Resolution as a governing policy of the Association.



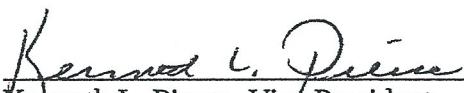
Robert A. Haider, At-Large Member



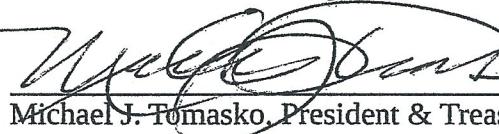
Glen F. Thompson, At-Large Member



Edward O. Magarian, Secretary



Kenneth L. Pierce, Vice President



Michael J. Tomasko, President & Treasurer