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**Vision Community Management
16625 S. Desert Foothills Pkwy.
Phoenix, AZ 85048**

Attn: Regis Salazar

**SHADOW MOUNTAIN VILLAS
CONDOMINIUM ASSOCIATION OF PHOENIX
RESOLUTION OF THE BOARD CONCERNING
WATER INTRUSION AND RELATED DAMAGE
AND INSURANCE DEDUCTIBLES**

AUTHORITY

WHEREAS, the Association is governed by the Declaration of Condominium and of Covenants, Conditions and Restrictions for Shadow Mountain Villas Condominium, recorded on February 8, 2006, in recording number 2006-0181307, official records of the Maricopa County Recorder's Office ("Declaration"), any amendments thereto, the Bylaws (as amended), the Articles of Incorporation, and any rules and regulations adopted by the Board of Directors ("Board"). These documents are collectively referred to herein as the ("Governing Documents");

WHEREAS, all units ("Units") within the Association are governed by the Governing Documents as well as the Arizona Condominium Act [A.R.S. § 33-1201 *et. seq.*];

WHEREAS, Article 3, Section 3.2 of the Declaration and Article 3, Section 3.11(B)(ii) of the Bylaws authorize the Board to adopt and amend reasonable Rules and Regulations to regulate the use of and occupancy of the Units and the Common Elements;

WHEREAS, Section 8 of the Declaration provides that the Association is responsible to obtain and maintain insurance for the buildings, including the Common Elements and Units, exclusive of Improvements and betterments which were not part of the original construction;

WHEREAS, Article 5, Section 5.1 of the Declaration maintain and repair their Units along with the Limited Common Elements;

WHEREAS, pursuant to Article 5, Section 5.0 of the Declaration, the Association is responsible for the maintenance, repair and replacement of the structural portions of the Buildings, Common Elements, Recreational Amenities and certain other Improvements.

WHEREAS, Article 3, Section 3.11(x) of the Bylaws and Article 6, Section 6.0 of the Declaration, authorize the Board to take other action it deems appropriate even if such power is not expressly enumerated in the Declaration if such action is for the benefit of the Association and the Owners;

WHEREAS, the Board has determined that in the cases where an Owner fails to properly maintain his/her/their/its Unit, it is in the best interest of the Owners to authorize the Association to enter the Unit, make the necessary repairs and charge the common expenses incurred in doing so through to the Unit Owner(s);

WHEREAS, in order to properly maintain the Buildings, the Association is obligated to promptly repair all leaks or other damage to the structural portion of the Buildings (such as roofs) of which the Association has notice, in writing;

WHEREAS, the Board of Directors is extremely concerned about water damage to Units and the Buildings, and the potential ramifications of such damage to the members of the Association, as well as any members specifically affected due to the damage caused to Units and the Common Elements and the related increase in insurance premiums that result from numerous claims from water damage;

WHEREAS, pursuant to the Board's broad authority granted in the Declaration, the Bylaws, the Articles of Incorporation, and Arizona law, the Association will seek reimbursement from owners of the repair costs relating to the Common Elements if such water damage is due to the willful or negligent act of an Owner or a member his family or guest, occupant or visitor; and

NOW, THEREFORE, based on the power bestowed upon the Board of Directors and the responsibilities of the Owners in the Association's governing documents and Arizona law, the Board of Directors hereby adopts the following resolution and makes the provisions below part of the Association's Rules and Regulations:

**RULES RELATING TO MAINTAINING UNITS
AND REPORTING WATER LEAKS**

1. Any Owner, Lessee or Occupant that leaves their Unit unoccupied for more than seven (7) consecutive days shall turn off the water to all toilets and the clothes washer in the Unit. If an Owner leaves a Unit vacant for more than seven (7) days, the Owner shall shut off the water to the Unit. If the Owner is on a common water line and cannot shut off all the water to the Unit, the Owner shall shut off all water valves inside of the Unit to shut off water to the Unit to the greatest extent possible. Failure of a Unit Owner to meet the obligations of this section shall be deemed willful or negligent for purposes of liability and responsibility for any resulting damage.

2. If a Unit is vacant for more than more than seven (7) days, the Owner shall have a person perform weekly inspections of the Unit to ensure that no water leaks or other damage has

occurred to the Unit. Failure to provide for inspection of the Unit shall be deemed willful or negligent for purposes of liability and responsibility for resulting damage.

3. Pursuant to the Declaration, the Board may establish rules and regulations to govern certain items relating to the buildings such as doors, windows, etc. The Board hereby implements a duty for owners to inspect and maintain all windows and doors to ensure that they are free from and impermeable to any leak, water intrusion, or flooding. Failure to ensure that the windows and doors of a Unit are free from and impermeable to any leak, water intrusion, or flooding shall be deemed willful or negligent for purposes of liability and responsibility for resulting damage.

4. Each Owner shall provide the Association with an emergency contact person with appropriate contact information, including telephone number.

5. Every Unit Owner shall have an absolute duty to report any leak, water intrusion, or flooding observed in their Unit, in the Common Areas that serve or adjoin their Unit, or the limited Common Elements allocated to their Unit to the Association through its duly authorized managing agent immediately upon discovery. Failure to report an observed leak, water intrusion or flooding within 24 hours of discovery shall be deemed willful or negligent for purposes of liability and responsibility for resulting damage. The duty to report shall apply whether the Unit Owner became aware of the leak, water intrusion, or flooding personally or by means of information provided by their tenants, invitees, licensees, guests or co-occupants of their Unit.

6. Owners may not pour grease down drains or sinks. If any objects are found to have caused a water/sewer back-up into the Units, the Association shall pass the common expenses for the repairs through to the owner(s) responsible.

7. The Association may not be responsible to repair/replace flooring or other finished surface resulting from a water/sewer intrusion into the Units.

8. In the event of water damage or a damage claim, each affected Owner must provide the name of the Owner's insurance company, agent name, address and telephone number to the Association within forty-five (45) days from the date that the Association requests this information.

9. Any duty of an Owner pursuant to these Rules shall not be excused by reason of a Unit being used and/or occupied by a tenant, guest, invitee, licensee or any individual or party other than the Unit Owner.

**RULES COVERING THE COSTS OF DAMAGE IF
LESS THAN THE INSURANCE DEDUCTIBLE**

1. If damage occurs solely to one Unit and/or the Limited Common Elements allocated to a Unit that is less than the Association's insurance deductible, the Owner of the Unit

shall be responsible for full payment of the cost for repair, replacement or restoration thereof unless the damage was caused by another Unit Owner's willful or negligent act.

2. If damage occurs to more than one Unit and/or the Limited Common Elements allocated to the Units, but not the Common Elements, that is less than the Association's insurance deductible, each respective Unit Owner shall be responsible for full payment of the cost of the repair, replacement or restoration thereof unless the damage was caused by another Unit Owner's willful or negligent act.

3. If damage occurs to one or more Units and/or the Limited Common Elements allocated to the Units, and to the Common Elements, that is less than the Association's insurance deductible, the costs of repair, replacement or restoration thereof shall be prorated based on the percentage of damage caused to each Unit and the damage caused to the Common Elements, and each respective Unit Owner shall be responsible for full payment of his or her pro rata share and the damage caused to the Common Elements, unless the damage was caused by another Unit Owner's willful or negligent act.

4. If damage occurs solely to the Common Elements that is less than the Association's insurance deductible, the Association shall be responsible for the costs of repair, replacement or restoration thereof unless the damage was caused by an Owner's willful or negligent act.

5. Notwithstanding the foregoing paragraph 4, if damage occurs solely to a Limited Common Element that benefits fewer than all of the Units that is less than the Association's insurance deductible, the owner of the Unit(s) to which such Limited Common Elements are allocated shall be responsible for full payment of the cost for repair, replacement or restoration thereof, unless the damage was caused by another Owner's willful or negligent act.

6. If a willful or negligent act of a Unit Owner (or the Owner's residents, tenants, guests or agents) causes damage, that Unit Owner shall be responsible for the full costs of repair, replacement or restoration thereof.

7. The Board of Directors shall determine the costs to be paid by each party if the amount of damage is less than the Association's insurance deductible. Any amount determined to be the payment obligation of an Owner shall be charged to the Owner and collectible in the same manner as a regular assessment.

8. If damage is caused to the Common Elements that is not covered by insurance, and if such damage was caused by the willful or negligent act of an Owner, or an Owner's lessees, occupants or invitees, the Association shall charge the cost to repair such damage to the Owner, which is collectible in the same manner as a regular assessment.

9. Each Owner should be aware of the amount of the Association's insurance deductible so that the Owner carries proper insurance coverage to meet any gaps in insurance coverage.

**RULES RELATING TO PAYMENT
OF INSURANCE DEDUCTIBLES**

1. If damage occurs to a Unit due to another Owner's negligence or willful misconduct, the Owner of the Unit where the damage originated will be responsible to pay the deductible. By way of example, if a leak originates from a townhouse located in the middle of a townhouse row that causes damage to a neighboring unit, the Owner of the townhouse in which the leak originated shall be responsible to pay the deductible.

2. If damage occurs to more than one Unit and the cause of the damage cannot be attributable to any one Unit or Owner, the deductible will be proportionately distributed among all Unit owners who have experienced the loss. By way of example, if a pipe bursts and multiple townhouses sustain damage, all Unit Owners shall be responsible to split the cost of the deductible evenly.

3. If the cause of the insured loss is directly attributable to a failure in operation of a Common Element, and a Unit Owner has not been willful or negligent in timely reporting the damage as set forth hereinbefore, the Association shall pay the deductible.

**RULES REGARDING INSURANCE
CLAIM PROCEDURES**

1. In the event a Unit Owner or resident is insured for any loss to the Unit or their personal property, the Association shall be entitled to require the Unit Owner or resident to claim any loss under such Owner's or resident's insurance policy.

2. Unit Owners must file all claims with the Association's managing agent, not with the Association's insurance agent. The managing agent will not refer the claim to the Association's insurance agent until the Unit Owner provides proof that the claim exceeds the applicable insurance deductible.

3. The Association shall disburse insurance proceeds pursuant to the requirements of the Governing Deed.


CERTIFICATION

The Board of Directors adopted this Resolution at a duly called meeting on the 18th day of DECEMBER 18th, 2019.

DATED this 19th day of December, 2019.

Shadow Mountain Villas

Condominium Association of Phoenix

A handwritten signature in black ink, consisting of a large, stylized initial 'S' followed by a series of loops and a long horizontal stroke extending to the right.

By:

Its: President