

March 6, 2019

PACE ROSEWOOD ASSOCIATION, INC.

MEMBER NOTICE OF MAINTENANCE AND FINANCIAL RESPONSIBILITIES

Dear Members:

This law firm represents Pace Rosewood Association, Inc., ("Pace Rosewood" or "Association"). The Association's Board of Directors ("Board") sought our advice in determining the Association's maintenance obligations versus the Owners' various maintenance obligations. The Board has determined that this notice and maintenance checklist is necessary because over time confusion has arisen as to who is responsible to maintain and repair certain items and who pays for such maintenance and repairs. As such, we are sending you this notice and maintenance checklist to provide you with a quick reference guide as to what the Association's governing documents and Arizona law obligate you to do as Owners versus the obligations of the Association.

Arizona law provides that an association's declaration of covenants, conditions and restrictions are a contract and must be enforced as written. *See Powell v. Washburn*. So, the starting point for such analysis of the various maintenance obligations is the Association's Declaration of Covenants, Conditions and Restrictions of Pace Rosewood, and amended plat (collectively, the "CC&Rs"). The respective maintenance obligations are divided into what type of element is at issue: (i) part of the Townhouse, (ii) Common Area(s), or (iii) other. See the attached maintenance matrix (checklist) that provides a visual snapshot of the types of elements.

Owners must maintain the interior of their Townhouses and any portion of the Lot that is restricted for use of one or more but fewer than all Owners. Owners are responsible for any repairs or replacements of the non-structural exterior portions of the Townhouse, such as balconies, patios, storage sheds, etc., as well as all repairs needed within the Townhouse, i.e., including, but not limited to, any damage from water leaks, replacing water heaters/furnaces, fixtures, and electrical wiring, etc.

The Association, as a common expense, is responsible for the maintenance, repair and replacement of exterior and structural portions of the Buildings and the Common Areas, i.e., those items that benefit all of the owners such as driveways, the pool, parking areas, buildings, roofs, etc. While the Association is obligated to maintain the Common Elements, the costs incurred may be passed through to the benefitted owners in circumstances where the maintenance, repairs or replacements are due to the willful or negligent acts of the Owners, their tenants, guests, invitees, etc.

In addition, the CC&Rs require that the Association to maintain insurance so that the Common Areas may be replaced if damaged. The Association's policy covers Townhouses to the extent that certain structural components would be repaired or replaced; however, the Association does not maintain insurance that covers Owners' personal items (furniture, jewelry, clothing, etc.) and fixtures such as cabinets. Owners are encouraged to maintain their own insurance policies. It is also important to know that when proceeds from the Association's insurance policy are used to repair or replace any portion of the Buildings due to the willful or neglectful act of an Owner (guest, tenant, invitee, etc.), the deductible will be assessed to the benefited owner(s).

We hope this letter and the attached "checklist" are helpful. Reach out to your Community Manager if you have any questions regarding your obligations as an owner.

Very truly yours,

GOODMAN LAW GROUP, L.L.P.



Maura A. Abernethy, Esq.
For the Firm

/MAA
Encl.

PACE ROSEWOOD ASSOCIATION, INC.

MAINTENANCE CHECKLIST (Revised February 2019)

ITEM	TYPE OF ELEMENT	WHO MAINTAINS?	WHO PAYS?
Interior of townhouse; all interior surfaces, doors, walls and drywall.	Part of Townhouse	Owner	Owner
All fixtures and equipment within a townhouse (measured at the point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a townhouse); HVAC systems (A/C & heating units).	Part of Townhouse	Owner	Owner
All areas within individual patios including fences, interior non-structural portion of balconies, sheds, water spigots, windows, doors, exterior security doors and screen doors.	Part of Townhouse	Owner	Owner
Termite control (interior of townhouse); Insurance on townhouse and personal belongings.	Services	Owner	Owner
Walls built as part of the original construction placed on the dividing line between lots.	Party Walls	Adjoining Lot Owners	Adjoining Lot Owners
Common Area – all property owned and maintained by the Association for the common use and enjoyment of all Unit Owners.	Common Area†	Association	Common Expense
Exterior of Townhouses, including: roofs, gutters, water spigots connected to sub-meters, exterior portion of balconies, downspouts, exterior building surfaces, paint doors, other exterior improvements as determined by the Board.	Part of Townhouse to be maintained by Association	Association (paint, repair, replace, maintain)	Common Expense†
Landscaping of trees, shrubs, grass, walks, recreational facilities.	Common Area †	Association	Common Expense

† In addition, even though the Association is responsible to maintain common areas and other areas, if the need for maintenance or repair in such areas is caused through the willful or negligent act of an Owner or his family, guests, or invitees, the cost of the maintenance or repairs will be added to and become part of the assessment to which the Owner's lot is subject.

Also, if any part of the Common Area is damaged or destroyed by an Owner, his guests, tenants, licensees, agents, or family, the Association is authorized to repair the damages, and the Owner must repay the amount spent on the repairs.

Association Insurance Responsibilities

The Association's Bylaws provide that the Association must procure and maintain adequate liability and hazard insurance on property owned by the Association, i.e., Common Areas.