

**SCOTTSDALE SHADOWS IV, INC.  
BOARD OF DIRECTORS RESOLUTION  
REGARDING DAMAGE TO UNITS, INSURANCE DEDUCTIBLES,  
AND WATER LEAK PREVENTION**

WHEREAS, Scottsdale Shadows IV, Inc. ("Association") is governed by a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions, recorded at Docket 12813, p. 87, Official Records of Maricopa County, and subsequently amended ("Declaration"), the Association is also subject to Bylaws.

WHEREAS, all Lots within the Association are governed by the Declaration;

WHEREAS, Article IV, Section 19 of the Bylaws allow the Association, through the Board of Directors, to adopt and amend Rules and Regulations.

WHEREAS, the Association is responsible for the maintenance, repair and replacement of the Common Elements. Section 1.4 of the Declaration sets forth Common Elements includes, without limitation the roofs of buildings, and all other portions of the property except the Units.

WHEREAS, Section 12 of the Declaration provides that each Owner shall be responsible for at the Owner's own expense, all of the maintenance, repairs and replacements within the Owner's Unit. Section 1.18 of the Declaration sets forth a Unit is one or more rooms and any patio or balcony designed or intended for independent use as a dwelling unit. Section 3.2 of the Declaration further sets forth a Unit includes the space enclosed and bounded by the interior unfinished surfaces of the ceiling or any extension of the elevation thereof, floor and any extension of the elevation thereof, perimeter walls and windows thereof (or, if there is no perimeter wall, then the interior boundary thereof), and the patio or balcony fences of any extension of the vertical interior surface thereto, together with any portion of the central air-conditioning/heating system which exclusively serves such Unit.

WHEREAS, Section 9.1 of the Declaration requires the Association's casualty insurance to cover the Common Elements and each Unit, and Section 9.5 of the Declaration states owners are responsible for obtaining insurance covering personal property and furnishings.

WHEREAS, Section 9 of the Declaration provides the cost and expense of all insurance obtained by the Association, except insurance covering additions, alterations or improvements made to a Unit or Restricted Common Elements by an Owner or other insurance obtained at the request of and specifically benefitting any particular Owner, shall be a general common expense.

WHEREAS, Section 12 of the Declaration provides that if an Owner willfully or negligently causes damage to the Common Elements or to a Unit owned by others, the Owner is required by Section 12 to pay for such damage and replacement to the extent the damage/replacement is not otherwise covered by the Association insurance.

WHEREAS, A.R.S. § 33-1255(E) provides that if any common expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against that Owner.

WHEREAS, the Declaration has no express language on the responsibility for payment of deductibles for work incurred based on a claim on the Association's insurance policy, if there is coverage and the work is on the Common Elements or Units and the Board wishes to clarify its current practice under the Declaration.

NOW, THEREFORE, based on the power authorized to the Board of Directors and the responsibilities of the Owners, the Board of Directors hereby adopts the following resolution and makes the provisions below part of the Association's Rules and Regulations, concerning damage and destruction of Units and Common Elements, i.e. damage from hazards, perils, sudden losses, fire, acts of nature (e.g. hail, tornado), etc. that are not normal "wear and tear", hereafter "damage":

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

1. If damage occurs solely to a Unit and the amount of such damage is less than the Association's insurance deductible, the owner of the Unit shall be responsible for the cost for repair, replacement or restoration thereof. The Association Board reserves the right of judgment to determine if the

repairs to the external portions of the damage to a Unit fall within the normal responsibility of the Association, such as roof or siding. If the damages are clearly caused by the owner and/or tenant then the owner will bear the full responsibility.

2. If damage occurs to more than one Unit 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.
3. 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 the negligence or willful misconduct of an Owner or the Owners guests, tenants, licensees or invitees for which the Owner shall be held responsible.
4. 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. Each Owner is ultimately responsible for adequately insuring his or her own Unit, whether the Association insures or not.

#### **RULES RELATING TO PAYMENT OF INSURANCE DEDUCTIBLES**

1. In the event that partial or complete damage covered by the Association's insurance policy is caused by the negligence or willful act of a Unit Owner, the Owner's residents, family, guests, tenants or invitees, such Unit Owner shall be liable for the full amount of any deductible on the Association's insurance policy, even if the Association causes contractors to be paid in order to facilitate adjusting the claim. The Association may ask for payment in advance from the Owner, or may ask for reimbursement and will sue if necessary to recover such funds. Further, if payment has not been made at the time of sale or transfer of a Unit, the Association may deduct the amount owed from the Owner's 'Impound Account' in accordance with the terms of the Association's Bylaws. If there is damage to portions of a Unit that ARE normally the Association's responsibility and which the Association maintains, then the Association Board reserves the right of decision regarding what fractional portion, if any, of the deductible is apportioned to the Association.

2. In the event that the cause of the insured loss is directly attributable to a failure in operation of a portion of the Common Elements, the Association shall pay the deductible.

### **RULES REGARDING INSURANCE CLAIM PROCEDURES**

1. 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.
2. The Association shall adjust the claims and disburse insurance proceeds.
3. Owners are responsible for making claims against their own policies.

### **RECOMMENDATIONS AND GUIDELINES UNIT OWNERS**

#### **Maintaining Units, Water Leak Prevention, and Water Damage Mitigation**

1. Each Owner should install steel-braided toilet tank fill hoses with steel connectors and ball valve shutoffs at the wall.
2. Each Owner should install steel-braided washer hoses to replace plain rubber hoses.
3. Each Owner should install copper, steel-braided, or nylon mesh tubing on ice maker refrigerators to replace plain plastic tubing.
4. Each Owner should install steel-braided hoses with steel connectors and ball valve shutoffs at the wall connecting any and all bathroom or kitchen sink(s) to its water supply.
5. Each Owner should install copper or steel-braided hoses with steel connectors on any and all dishwasher water connections.

6. Each Owner should install copper or steel-braided hoses with steel connectors on any and all water heater connections.
7. If an Owner leaves a Unit vacant for more than seven (7) days, the Owner must shut off the water to the residence. If an Owner leaves a Unit vacant for more than two (2) weeks, the Owner must have a person perform weekly inspections of their Unit to ensure that no water leaks or other damage has occurred.
8. Each Owner shall provide the Association with an emergency contact person with appropriate contact information, including telephone number.

If any of the above guidelines and recommendations (items 1 through 8) are not followed, and damage from a water leak occurs as a result of a guideline or recommendation not being followed, then the Association shall deem the leak was caused by the Owner's negligence. However, the above guidelines and recommendations are not inclusive of all scenarios and it is possible the Association can deem the leak was caused by the Owner's negligence even if all guidelines and recommendations are followed.

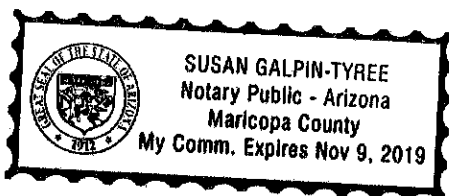
A majority of the Board of Directors adopted the above Resolution on this 15 day of DECEMBER, 2016.

SCOTTSDALE SHADOWS IV INC.

By: [Signature]  
 Its: President  
BRET A. ZAHM

STATE OF ARIZONA )  
 ) ss.  
 COUNTY OF MARICOPA )

On this 15<sup>th</sup> day of December, 2016, before me the undersigned Notary Public, personally appeared Bret A. Zahm, who acknowledged to me that he/she is the President of Scottsdale Shadows V Inc., and that he/she executed the foregoing resolution on behalf of the Association for the purposes expressed therein.



[Signature]  
 Notary Public  
 My Commission Expires  
9 Nov 2019