

When recorded, return to:

Carpenter, Hazlewood, Delgado & Bolen, PLC  
1400 East Southern Avenue, Suite 400  
Tempe, Arizona 85282

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

WHEREAS, Scottsdale Shadows II, Inc. ("Association") is governed by a Declaration of Horizontal Property Regime and Declaration of Covenants, Conditions and Restrictions, recorded at Docket 9524, p. 73, Official Records of Maricopa County, ("Declaration"), the Association is also subject to Bylaws.

WHEREAS, all Units within the Association are governed by the Declaration.

WHEREAS, Article VII, Section 1(B) of the Bylaws allow the Association, through the Board of Directors, to adopt and amend Rules and Regulations.

WHEREAS, Article VII, Section 1(D) of the Bylaws sets forth the Association is responsible for the maintenance and services related to the Common Elements.

WHEREAS, Article 2, Section 2.2 of the Declaration provides that each Owner shall be responsible for all of the maintenance, repairs and replacements within the Owner's Unit. Article 1, Section 1.5 of the Declaration sets forth the boundaries of each Unit. The vertical boundaries of each Unit shall be the interior of all the unfinished walls located on the perimeter lines as set forth on the Plat, and the horizontal boundaries shall be the plane of the top elevation and the plane of the base elevation of each floor in the building in which the apartment unit is located. Additionally, the Condominium Act at A.R.S. § 33-1212 provides, in relevant part, that, "[e]xcept as provided by the declaration: 1. If walls, floors or ceilings are designated as boundaries of a unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces are a part of the Unit.

WHEREAS, Article 2, Section 2.15(a) of the Declaration requires the Association's casualty insurance to cover the Buildings, Units, and

Improvements. The Declaration at Article 2, Section 2.15(f) provides that it shall be the responsibility of each Owner to provide, as he sees fit hazard insurance not otherwise covered, home Owner's liability insurance, theft and other insurance covering personal property damage and loss.

WHEREAS, Article 2, Section 2.15(a) of the Declaration provides the cost and expense of the insurance obtained by the Association shall be a general common expense.

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. 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.

5 A majority of the Board of Directors adopted the above Resolution on this day of October, 2017.

SCOTTSDALE SHADOWS II INC.

By: [Signature]  
Its: President

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

On this 5 day of October, 2017, before me the undersigned Notary Public, personally appeared Ken Yamaguchi, who acknowledged to me that he/she is the President of Scottsdale Shadows II Inc., and that he/she executed the foregoing resolution on behalf of the Association for the purposes expressed therein.



[Signature]  
Notary Public