
THE TERRACE AT CANYON HILLS ASSOCIATION

MEMO

Date: March 28, 2023
To: The Terraces at Canyon Hills Association Residents
From: The Terraces at Canyon Hills Association Board of Directors
Re: Adopted Water Intrusion Policy

Dear Homeowner(s),

The Terrace at Canyon Hills Association Board of Directors, in consultation with the Association's managing agent, and legal counsel, has prepared an updated version of Association's adopted Water Intrusion Policy. The Board adopted the proposed water intrusion policy in the Rules & Regulations at the March 27, 2023 general session Board meeting after review of homeowner comments and concerns.

The adopted policy is enclosed.

It is the Board's hope that this change will have a positive effect for the community. As always, please contact the interim Community Manager, Kylie Decker, via email at kdecker@powerstonepm.com should you have any questions and/or concerns.

Sincerely,

The Board of Directors
The Terraces at Canyon Hills Association

THE TERRACE AT CANYON HILLS HOMEOWNERS ASSOCIATION WATER INTRUSION AND DEDUCTIBLE POLICY

A. Introduction

1. In accordance with Article VII, Section 7.11 of the Declaration of Covenants, Conditions and Restrictions for The Terrace at Canyon Hills (the “CC&Rs”), the Board of Directors (“Board”) for The Terrace at Canyon Hills Homeowners Association (the “Association”) has the power to establish rules and regulations for the Project.
2. The Board desires a clear and consistent policy for handling routine and emergency plumbing issues within the Project. This Water Intrusion and Deductible Policy (“Policy”) is intended to provide distinct guidelines and procedures for consistent response to the presence or existence of a water leak, flooding, or persistent moisture and/or presence of mold and/or other fungi and/or odors resembling mildew (collectively “Water Intrusion”), and damage caused thereby, without requiring legal consultation in each instance, in order to protect the financial interests of Owners as well as the Association. Accordingly, this Policy has been adopted by the Board and is in effect as of March 27, 2023.
3. Unless otherwise defined herein, capitalized terms have the same meaning assigned to them in the CC&Rs.
4. As used in this Policy, the term “Maintain” or “Maintenance” mean repair, replace, restore, manage, and/or otherwise maintain an item to preserve it in its original condition so as to prolong its life and preserve its value.

B. General Maintenance Responsibilities

1. Pursuant to the CC&Rs, specifically Article VII, Section 7.03(a), the Association is generally responsible for the Maintenance of the Common Area in the Project. Article I, Section 1.06 of the CC&Rs and Paragraph 3 of the Condo Plan Definitions establish that Common Area is the entire Project *excluding* each Unit. Thus, the Association must Maintain areas including, but not limited to, landscaping as well as the exterior surfaces of all buildings.
2. Article VII, Section 7.05 of the CC&Rs provides that each Owner is generally responsible to Maintain his or her Unit, including the stoppage of drains when attributable to a specific Unit. Article I, Section 1.18 of the CC&Rs and Paragraph 4(A) of the Condo Plan Definitions establish that a Unit includes the interior

surfaces of interior walls, ceilings, floors, and doors and private utilities within and servicing the Unit.

3. Article I, Section 1.18(c) and (d) of the CC&Rs and Paragraphs 4(C) and (D) of the Condo Plan Definitions provide that the interior of each deck and patio air space, including the outlets of all utility installations, are also part of a Unit and, thus, an Owner's Maintenance responsibility.
4. Pursuant to Article VII, Section 7.04(b) of the CC&Rs, each Owner must Maintain the water heater servicing his or her Unit, forced air unit, if any, and related chutes, ducts, or the like. Moreover, pursuant to Article XVII, Section 17.04 of the CC&Rs, each Owner is obligated to Maintain sewer connections, water connections, electricity, gas, telephone lines, cable television lines, and drainage facilities which service his or her Unit.
5. The Association recognizes that each Owner has the right to lease his or her Unit to a third party. Thus, it is imperative that each Owner communicates the mandates of the Association's Governing Documents, including this Policy, to his or her residents or tenants. The Association will communicate with each Owner and not with his or her residents or tenants. Any Owner who rents his or her Unit must provide his or her contact information to the Association's manager, such as home, work, and cell phone numbers, so the Association may reach the Owner in times of Water Intrusion or other emergency.
6. Each Owner is responsible for any damages to his or her Unit, whether the Owner occupies the Unit or not. The Association will not insert itself in any dispute between an Owner and his or her residents, tenants, or invitees that arises as a result of Water Intrusion or any other matter.

IF A UNIT IS UNOCCUPIED FOR AN EXTENDED PERIOD OF TIME (I.E., MORE THAN SEVEN (7) DAYS), THE OWNER MUST TURN OFF THE WATER TO HIS OR HER UNIT. SUCH MEASURES SHOULD HELP TO MINIMIZE WATER INTRUSION THAT MIGHT OTHERWISE GO UNDETECTED.

C. Insuring Responsibility and Deductible Policy

1. Pursuant to Article VIII, Section 8.03, the Association must secure a master, walls-in insurance policy, insuring and providing coverage for each Unit to builder grade.

2. The Association's insurance policy does not cover personal property or improvements/betterments made to a Unit (e.g., upgraded flooring, additional cabinetry, etc.). Thus, each Owner and his or her resident or tenant are responsible to replace their personal property and all other improvements/betterments within the Unit at their sole expense.

AN OWNER IS FINANCIALLY RESPONSIBLE FOR IMPROVEMENTS/BETTERMENTS IN HIS OR HER UNIT AS WELL AS PERSONAL PROPERTY, EVEN IF THE LEAK IS NOT HIS OR HER FAULT. FAILURE TO CARRY INSURANCE COULD COST THOUSANDS OF DOLLARS. BE PROACTIVE AND BE INSURED!

D. Allocation of Deductible and Premium Increase

1. When a claim for repairs to a Unit is made under the Association's insurance policy, if the Association is responsible for the Water Intrusion (i.e., it occurred because of the negligence or intentional act of the Association or because of something for which the Association has Maintenance responsibility), the Association will be responsible for the deductible and any increase in premium.
2. If the Water Intrusion occurred because of something for which the Owner has Maintenance responsibility, or because of the negligence or intentional act of the Owner or his or her resident, tenant, or invitee, the deductible and any resulting increase in the premium is the Unit Owner's responsibility. Under those circumstances, pursuant to Article VI, Section 7.12 of the CC&Rs, the Association may levy a Reimbursement Assessment against the Owner for reimbursement of the costs of deductible and/or any increase in premiums.

E. Owner's Reporting Requirements in the Event of Water Intrusion Affecting Common Property or Party Walls

1. Each Owner must report any Water Intrusion in his or her Unit or which affects or may affect Common Area or another Unit to the Association's Manager immediately upon discovery as follows:
 - a. Such notification must be made by telephone call at the Manager's phone number. The Association also requests that the Owner notify the Manager in writing by personal delivery, regular U.S. mail, overnight delivery, or electronic mail. **Never report a Water Intrusion solely in writing, which can result in a delayed response. Water Intrusions should be addressed immediately upon discovery to avoid major damage.**

- b. Owner's written notification must include the date of discovery (by Owner or his or her residents, tenants, or invitees) of Water Intrusion in his or her Unit, which affects or may affect Common Area or another Unit.
- c. Owner's written notification should include a description and, photographs, if possible, of the location of the Water Intrusion.

F. Investigation and Initial Dispatch Upon Notification of Water Intrusion

- 1. In the event of any Water Intrusion, regardless of cause, that has any effect upon Common Area or any other areas that impact the Association's Maintenance responsibilities, the Association will dispatch a contractor to investigate and document the source/cause and damage of the Water Intrusion and take steps to prevent further damage.
- 2. If the damage is a result of an Owner-Maintained component or stems from Water Intrusion within his or her a Unit, the Owner may be responsible for the costs of any emergency dry-out procedures or repairs made by the Association-retained contractor that are not covered by the Association's insurance policy and/or the portion of the costs for which insurance proceeds are not available (e.g., allocation of insurance deductible).

G. Water Intrusion Originating In and Damaging Specific Areas

- 1. **Damage Limited to Common Area.** If it is determined that Water Intrusion and damage to Common Area, including the presence or potential of mold or other fungi, originated in Common Area or was caused by Association negligence or intentional act, the Association, using its own contractors, will take action to prevent further damage to Common Area and to repair any damage to Common Area.
- 2. **Damage Limited to Unit.**
 - a. **Damage to Unit Caused by Owner.** If it is determined that Water Intrusion and damage to a Unit originated in the Unit or was caused by an Owner's own negligence or intentional act, the Owner using his or her own contractors, must take action to prevent damage to his or her Unit as well as to prevent damage to Common Area or another Unit.
 - b. **Damage to Unit Caused by an Association-Maintained Component.** If it is determined that Water Intrusion and damage to a Unit originated in Common Area or was caused by Association negligence or intentional act,

the Association, using its own contractors, will take action to prevent further damage to the Unit and the Owner is responsible to repair any damage to his or her Unit.

- c. The Association does not guarantee that all Association-Maintained components will always perform flawlessly. As set forth above and in the CC&Rs, the Association is not responsible for damage to an Owner's Unit. For example, if a pipe in Common Property should unexpectedly leak, the Association will repair the pipe and any Common Property component damaged as a result of the Association's efforts to make the repairs to the pipe. Damage to a Unit, however, such as paint or flooring damaged by the Water Intrusion, shall be repaired and restored by the Owner to the extent that Association insurance coverage and/or proceeds are not available. Each Owner, resident, and tenant should be sure to obtain appropriate homeowner's insurance or renter's insurance to cover such losses to personal property or improvements/betterments to the Unit regardless of source or cause.

H. Special Considerations for Mold

1. The existence of mold should be fully disclosed to all affected residents or tenants.
2. Each Owner or his or her residents or tenants may decide whether to remain in the Unit during the remediation and/or restoration work, except that the Association may require an Owner or his or her residents or tenants to relocate during certain remediation and/or restoration work, including, without limitation, structural repairs and mold remediation. Anyone contemplating remaining in the Unit during remediation and/or restoration work should consult with his or her healthcare professional before making a final decision. Any Owner, resident, tenant, or invitee choosing to remain in the Unit does so at his or her own risk.
3. Each Owner or his or her residents, tenants, or invitees, not the Association, shall be responsible for all relocation costs during the remediation and/or restoration period. The Owner and any resident or tenant must resolve any issues associated with relocation between themselves. The Association does not assume any responsibility for the Owner's lost rent, temporary relocation costs, and/or loss of use, if any.

I. Other Considerations

1. Because water shutoffs in one Owner’s Unit may affect Common Area or other Units, each Owner must abide by the following protocol for water shutoffs:
 - a. Contact the Manager to determine if non-emergency plumbing repairs in your Unit require shutting off water to other Units, such that those Owners may be notified at least seventy-two (72) hours before the shutoff.
 - b. Water shutoffs must not be conducted on Fridays, weekends, or holidays.
 - c. For emergency water shutoffs, an Owner must locate the water shutoffs serving his or her Unit and shut off the water. If an Owner is unsure where water shut-off valves are located, it is the Owner’s responsibility to locate them and know where the shutoff is located. After the water is shut off, or if an Owner is having problems shutting off the water, contact the Manager immediately.
2. Clogged kitchen lines are typically due to improper use of garbage disposals (i.e., disposing of foods and grease) or a malfunctioning garbage disposal. Foods like cornhusks, eggshells, bones, celery, onion skins, rice, potato skins, and other fibrous items, or liquid or solid grease can cause a back-up in the drain line. Owners are also discouraged from using drain cleaner products, such as Drano, to unclog a sink.
3. Paper towels, wet wipes, sanitary products, and other such items should never be flushed down the toilet as they may cause clogged sewer lines.

The Association’s Manager should be *immediately* notified first by phone of any Water Intrusion issues, by calling:

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