

 **SCANNED**

**Manager's  
Copy**

Tesoro at Grayhawk Condominium Association  
Resolution of the Board of Directors Regarding  
Damage to Units, Insurance Deductibles, and Water Leak Prevention

WHEN RECORDED MAIL TO:

Tesoro at Grayhawk Condominium Association

3260 E Indian School Road Phoenix, AZ 85018



**TESORO AT GRAYHAWK CONDOMINIUM ASSOCIATION  
RESOLUTION OF THE BOARD OF DIRECTORS  
REGARDING DAMAGE TO UNITS, INSURANCE DEDUCTIBLES, AND WATER  
LEAK PREVENTION**

The Board of Directors of Tesoro at Grayhawk Condominium Association, an Arizona nonprofit corporation (the "Association"), hereby take the following action by vote of a majority of the Directors at a duly noticed Board of Directors meeting held on May 31, 2023.

**Recitals**

A. The Association is governed by the Condominium Declaration for Tesoro at Grayhawk recorded on February 21, 2002 at Document No. 2002-0176932, official records of the Maricopa County Recorder, State of Arizona, and any amendments thereto (the "Declaration");

B. All Units within the Association are governed by the Declaration.

C. Article 6, Section 6.3 of the Declaration empowers the Association, through its Board of Directors (the "Board") to adopt rules and regulations for the community.

D. Article 5, Section 5.1 of the Declaration provides that the Association shall maintain, repair, and replace all Common Elements and Limited Common Elements, whether located inside or outside of the Units. This section further provides that the Association may assess the cost of any maintenance, repair, or replacement of a Limited Common Element that is allocated exclusively to the use of one Unit to the Unit's Owner.

E. Article 5, Section 5.3 of the Declaration provides that the Owners are responsible to maintain in good order and repair and replace, at their own expense, all portions of their Units.

F. Article 5, Section 5.4 of the Declaration provides that Owners are liable to the Association for any damage to the Common Elements or Improvements thereon caused by the Owner's negligence or willful misconduct. This section further provides that the Association may assess the cost of repairing any such damage caused by an Owner to that Owner's Unit.

G. Article 7, Section 7.2.4 of the Declaration provides that the Association shall assess any Common Expense caused by the misconduct of an Owner to that Owner's Unit.

H. Article 8, Section 8.1.1(i) of the Declaration obligates the Association to maintain a policy of property insurance covering the Common Elements and the Units, excluding any betterments and improvements installed in Units by Owners, and excluding any personal property located within the Units.

I. The Board is concerned about water damage to the Units, Limited Common Elements, and the Common Elements, the potential ramifications of such damage to the Association's members in general, as well as any members specifically affected by any such damage, and the increase in insurance premiums that may result from numerous water claims.

NOW, THEREFORE, the Board does hereby adopt this Resolution Regarding Damage to Units, Insurance Deductibles, and Water Leak Prevention (the "Resolution"). The Board further provides recommendations for each Owner to help prevent water leaks, which are a major source of damage and insurance claims. If an Owner fails to follow the recommendations set forth herein to help prevent water leaks, said Owner will be deemed to have been negligent in the performance of the Owner's duties, and said Owner will be deemed to have engaged in misconduct.

IN WITNESS WHEREOF, the Board, by vote of a majority of the Directors at a duly noticed Board of Directors meeting held on May 31, 2023 hereby approve this Resolution.

**TESORO AT GRAYHAWK  
CONDOMINIUM ASSOCIATION**

By: James Dilling  
Its: President

**RESOLUTION**  
**REGARDING DAMAGE TO UNITS, INSURANCE DEDUCTIBLES,**  
**AND WATER LEAK PREVENTION**

**A. Rules for when the damage is less than the Association's insurance deductible.**

1. When damage occurs to only one Unit and the amount of the damage is less than the Association's insurance deductible.
  - a. The Unit Owner will be responsible for the cost of mitigating, repairing, replacing, or restoring the Unit.
  - b. The Unit Owner may tender a claim under the Owner's insurance policy for the Unit.
2. When damage occurs to more than one Unit and the amount of the damage is less than the Association's insurance deductible.
  - a. Each Unit Owner will be responsible for mitigating, repairing, replacing, or restoring the Owner's respective Unit.
  - b. If the damage to a Unit was caused by conditions or events emanating from another Unit, including without limitation the negligence or misconduct of the Owner of that Unit, the other Owners whose Units were damaged may seek reimbursement from the Owner of that Unit.
  - c. Owners may tender claims under their respective insurance policies for their Units.
  - d. The Association recommends Owners rely on their insurance carriers to sort out who is ultimately responsible for and pays for the damage.
3. When damage occurs to one or more Units and the Common Elements and/or Limited Common Elements, and the amount of the damage is less than the Association's insurance deductible.
  - a. Each Unit Owner will be responsible for mitigating, repairing, replacing, or restoring the Owner's respective Unit.
  - b. The Association will be responsible for mitigating, repairing, replacing, or restoring the Common Elements and/or Limited Common Elements.
  - c. If the damage to a Unit was caused by conditions or events emanating from another Unit, including without limitation the negligence or misconduct of the Owner of that Unit, the other Owners whose Units were damaged may seek reimbursement from the Owner of that Unit.

- d. If the damage was caused by the negligence or misconduct of an Owner, the Association will assess the cost of mitigating, repairing, replacing, or restoring the Common Elements and/or Limited Common Elements to the responsible Owner.
  - e. If a Limited Common Element benefits only the Unit in which the events or conditions causing the damage occurred, the Association will assess the cost of mitigating, repairing, replacing, or restoring the Limited Common Element to the Owner benefitted by the Limited Common Element.
  - f. Owners may tender claims under their respective insurance policies for their Units.
  - g. The Association recommends Owners rely on their insurance carriers to sort out who is ultimately responsible for and pays for the damage.
4. If damage occurs to only the Common Elements and/or Limited Common Elements and the amount of the damage is less than the Association's insurance deductible.
- a. The Association will be responsible for mitigating, repairing, replacing, or restoring the Common Elements and/or Limited Common Elements.
  - b. If the damage was caused by the negligence or misconduct of an Owner, the Association will assess the cost of mitigating, repairing, replacing, or restoring the Common Elements and/or Limited Common Elements to the responsible Owner.
  - c. If the Limited Common Element benefits only the Unit in which the events or conditions causing the damage occurred, the Association will assess the cost of mitigating, repairing, replacing, or restoring the Limited Common Element to the Owner benefitted by the Limited Common Element.
5. Each Owner should be aware of the amount of the Association's insurance deductible so that the Owner carries proper insurance in the event damage to a Unit does not exceed the amount of the Association's insurance deductible. Each Owner is ultimately responsible for adequately insuring the Owner's own Unit, whether the Association insures or not.

**B. Rules for when the damage is greater than the Association's insurance deductible.**

- 1. If damage occurs to only one Unit and the amount of the damage is more than the Association's insurance deductible.
  - a. Upon the Owner's request, or on its own accord, the Association may tender a claim under the Association's insurance policy.

- b. The Association will hold the insurance proceeds in trust for the Owner to be disbursed for the mitigation, repair, replacement or restoration of the Unit.
    - c. The Owner will be responsible for mitigating, repairing, replacing, or restoring any damage to the Owner's Unit that is not covered by the Association's insurance policy.
    - d. If the damage was caused by the misconduct of the Owner, the Association will assess the cost of the deductible to the responsible Owner.
  2. If damage occurs to more than one Unit and the amount of the damage is more than the Association's insurance deductible.
    - a. Upon the request of one or more of the Owners, or on its own accord, the Association may tender a claim under the Association's insurance policy.
    - b. The Association will hold the insurance proceeds in trust for the Owners to be disbursed for the mitigation, repair, replacement or restoration of the Units.
    - c. The Owners will be responsible for mitigating, repairing, replacing, or restoring any damage to their Units that is not covered by the Association's insurance policy.
    - d. If the damage was caused by the misconduct of one or more Owners, the Association will assess the cost of the deductible to the responsible Owner(s).
    - e. If the damage to a Unit was caused by conditions or events emanating from another Unit, including without limitation the negligence or misconduct of the Owner of that Unit, the other Owners whose Units were damaged may seek reimbursement from the Owner of that Unit.
    - f. The Association recommends Owners rely on their insurance carriers to sort out who is ultimately responsible for and pays for the damage.
  3. If damage occurs to one or more Units and the Common Elements and/or Limited Common Elements, and the amount of the damage is more than the Association's insurance deductible.
    - a. Upon request of one or more Unit Owners, or on its own accord, the Association may tender a claim under the Association's insurance policy.
    - b. The Association will hold the insurance proceeds in trust for itself and the Owners to be disbursed for the mitigation, repair, replacement or restoration of the Units and the Common Elements and/or Limited Common Elements.

- c. The Owners will be responsible for mitigating, repairing, replacing, or restoring any damage to their Units that is not covered by the Association's insurance policy.
  - d. The Association will be responsible for mitigating, repairing, replacing, or restoring any damage to the Common Elements and/or Limited Common Elements that is not covered by the Association's insurance policy.
  - e. If the damage was caused by the misconduct of one or more Owners, the Association will assess the cost of the deductible to the responsible Owner(s).
  - f. If the damage was caused by the negligence or misconduct of an Owner, the Association will assess any out-of-pocket cost of mitigating, repairing, replacing, or restoring the Common Elements and/or Limited Common Elements to the responsible Owner.
  - g. If the Limited Common Element benefits only the Unit in which the events or conditions causing the damage occurred, the Association will assess the cost of mitigating, repairing, replacing, or restoring the Limited Common Element to the Owner benefitted by the Limited Common Element.
  - h. If the damage to a Unit was caused by conditions or events emanating from another Unit, including without limitation the negligence or misconduct of the Owner of that Unit, the other Owners whose Units were damaged may seek reimbursement from the Owner of that Unit.
  - i. The Association recommends Owners rely on their insurance carriers to sort out who is ultimately responsible for and pays for the damage.
4. If damage occurs to only the Common Elements and/or Limited Common Elements, and the amount of the damage is more than the Association's insurance deductible.
- a. The Association may tender a claim on its own accord.
  - b. The Association will hold the insurance proceeds in trust for itself to be disbursed for the mitigation, repair, replacement or restoration of the Common Elements and/or Limited Common Elements.
  - c. The Association will be responsible for mitigating, repairing, replacing, or restoring any damage to the Common Elements and/or Limited Common Elements that is not covered by the Association's insurance policy.
  - d. If the damage was caused by the misconduct of one or more Owners, the Association will assess the cost of the deductible to the responsible Owner(s).



- e. If the damage was caused by the negligence or misconduct of an Owner, the Association will assess the responsible Owner for the cost of mitigating, repairing, replacing, or restoring the Common Elements and/or Limited Common Elements that is not paid by the Association's insurance policy.
- f. If the Limited Common Element benefits only the Unit in which the events or conditions causing the damage occurred, the Association will assess the responsible Owner for the cost of mitigating, repairing, replacing, or restoring the Limited Common Element that is not paid by the Association's insurance policy.

**C. Rules regarding insurance claim procedures.**

- 1. Owners must file all claims with the Association's managing agent, not with the Association's insurance agent. Upon receipt of any claim, the Association's managing agent will notify the insurance agent of the claim and a determination will be made as to whether the claim is covered under the Association's insurance policy.
- 2. If the claim is covered by the Association's insurance policy, the Association shall adjust the claims and disburse insurance proceeds.
- 3. Owners are responsible for making claims against their own policies if the claim is not covered by the Association's insurance policy or to cover any gaps in the Association's insurance coverage.

**D. Recommendations for 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. For VILLA owners: If the Unit will be vacant for any length of time, the Owner or resident should shut off the water to the Unit. The water shut off valve is located on each side of the building. Each Unit number is clearly marked on the pipe for the appropriate shut off valve.
8. For TOWNHOME owners: It is not recommended to shut off water for your Unit because the sprinkler alarm system and backyard irrigation will not work. Instead, it is recommended that the entry points of water at various outlets in the Unit (e.g., sink, toilet, etc.) be shut off.
9. If an Owner or resident leaves a Unit vacant for more than two (2) weeks, the Owner should have a person perform weekly inspections of the Unit to ensure that no water leaks or other damage has occurred.
10. Each Owner should follow the manufacturer's guidelines to either drain and/or replace the water heater as recommended.
11. Each Owner should install a water heater and sump pump, wifi water freeze and leak detector with alarm, or similar products, which are currently available at various locations or websites.
12. Each Owner should provide the Association with an emergency contact person with appropriate contact information, including telephone number.

**E. Compliance with this Resolution**

If any of the above recommendations (items D 1 through 12) are not followed, and damage from a water leak occurs as a result of a guideline or recommendation not being followed, then the Association will deem the leak to have been caused by the Owner's negligence and/or misconduct. However, the above recommendations are not inclusive of all scenarios and it is possible the Association can deem a leak caused by the Owner's negligence and/or misconduct even if all recommendations are followed.