

PARK VILLAS NORTH CONDOMINIUMS, INC.
Rules Regarding Water Intrusion, Mold, and Related Repairs

On July 2023, the Board of Directors (“Board”) for Park Villas North Condominiums, Inc. (“Park Villas North”) adopted the following policy regarding Water Intrusion, Mold, and Related Repairs (“Policy”) at a duly noticed general / open session meeting. The Policy is intended to create requirements of Park Villas North’s Members before Park Villas North involvement. The Policy is not intended to release Park Villas North from its obligations pursuant to Park Villas North’s Governing Documents. Nothing in the Policy should be construed to obligate Park Villas North to resolve any water intrusion, mold, and/or related repair issues to the satisfaction of any particular party.

1. *Introduction:*

Regardless of the cause, water leaks constitute an emergency. All water leaks must be quickly repaired and the Unit dried out, because the extent of the damage, as well as the ultimate cost of repair, largely depends upon the speed with which the problem is initially addressed and corrected. Therefore, as a Unit Owner, it is important for you to be aware of, and to understand, Park Villas North’s policies related to water leaks and water damage, as well as your responsibilities in this area.

The following policies and procedures are designed to protect the financial interests of all Park Villas North Unit Owners. These policies will apply to all reported cases of water leaks, floods and/or mold infestations within the Park Villas North community. Because individual Unit Owners can and will be held financially responsible for some or all of the costs involved in remediating and/or restoring affected Unit(s) under appropriate circumstances as described below, all Unit Owners and tenants are strongly advised to read through this policy and to purchase and maintain adequate levels of liability and property insurance to protect themselves. As described in this policy, you might be financially responsible to restore, repair and replace your Unit even if the leak is not your fault. Failure to carry insurance could cost you thousands of dollars. Be proactive and be prepared!

Mold is natural. It is found in nature and its presence is not unusual. However, excessive amounts of mold can grow in a Unit and behind walls when excessive moisture, such as from a leak or unventilated bathroom, is not promptly addressed. It can also occur from poor housekeeping habits, inadequate ventilation in the Unit, and many other causes. Because of the potential health issues associated with some types of mold, it is necessary that mold be removed whenever its presence becomes known.

Owners are expected to proactively perform regular inspections and maintenance on their plumbing lines, plumbing fixtures and appliances so that they minimize the possibility of long term, undetected leaks and/or a failure becoming a flood. Owners and tenants are also expected to regularly keep their Units well ventilated in order to reduce moisture and the potential for mold growth.

Owners and tenants are required to repair all leaks in their Units, and to report all water intrusions and/or mold growth in their Units immediately upon discovery. Park Villas North’s property management company has a twenty-four (24) hour emergency phone number that should be used to report Common Area emergencies.

Owners are responsible for all plumbing lines exclusively servicing her/his Unit. This includes but is not limited to plumbing lines under the sinks, toilet supply lines, washing machines, dishwashers, garden hose faucets, shut-off valves, pressure regulators, ice-maker hoses, and plumbing lines within walls that serve the Unit, etc. Park Villas North is responsible for the plumbing lines servicing multiple Units and/or the Common Area. Unit Owners are responsible

for repairing leaks in pipes within the Unit. Park Villas North is only responsible for repairing leaks in Common Area pipes.

Failure to proactively perform regular inspections, make timely repairs and/or to immediately report water intrusions or mold growth may result in the Unit Owner being held financially responsible for some, or all, of the costs incurred to correct the problem and restore the Unit to its prior condition, as well as the costs incurred to repair any impacted adjoining Units and/or Common Area. Any Owner who fails to inspect, perform preventative maintenance or timely fix or report water or mold related problems to Park Villas North shall be deemed negligent.

Water or moisture can enter Common Areas and residential Units in one of three ways:

1. From some Common Area source that is Park Villas North's responsibility to maintain and repair;
2. From a residential Unit adjacent to or above the affected Unit; or
3. From inadequate ventilation of a Unit, from a plumbing leak or blockage in a pipe within the affected Unit or from the fixtures within the affected Unit itself.

2. Preventive Maintenance Requirements:

All Owners and residents are expected to proactively perform regular inspections, maintenance, repairs and/or replacement of their plumbing lines, fixtures and appliances, including, but not limited to, all of the following:

1. Plumbing supply lines to toilets, sinks and other appliances;
2. Washing machine hoses;
3. Pipes leading from sinks, showers and bathtubs to the point they enter the Common Area (including the proper use of drain cleaning products to prevent back-ups from the accumulation of hair, soap, grease, and other blockages);
4. Garbage disposals; and
5. All appliances and fixtures that use or hold water.

All such inspections, maintenance and repairs should be performed as needed, but at least annually, by someone qualified to recognize and perform these needed repairs.

Park Villas North strongly encourages Owners to keep documentary evidence of all such inspections, maintenance and repairs so that the Owner can demonstrate to Park Villas North that he/she has acted reasonably and responsibly in fulfilling his/her responsibilities.

3. General Information Applicable To All Water Leaks and Moisture Intrusion Issues:

Owners are encouraged to obtain her/his own insurance policy covering the Unit and any personal property inside the Unit. Those Owners who fail to obtain requisite insurance cannot look to Park Villas North to replace what the Owner has failed to purchase for themselves.

It is frequently impossible to determine who is ultimately responsible for a leak or moisture intrusion problem before work begins. Therefore, when responsibility is uncertain, the affected Unit Owner(s) shall begin the work using a licensed and insured plumber and provide Park Villas

North with reports, photographs, and/or video where the source of the water intrusion is from a Common Area component.

Park Villas North will not clean or replace any of the Owner/resident's personal property. The Owner/resident is solely responsible for cleaning or replacing any damaged furniture, clothing or other personal property within his/her Unit regardless of the person or entity responsible for the initial water intrusion. The Owner is responsible for cleaning any personal property stored outside of his/her Unit before it is returned to the Unit. Personal property that has not been properly cleaned may contain mold spores that will reintroduce mold back into the Unit. If such reintroduction occurs, the Owner will be solely responsible for any and all additional remediation and restoration costs.

In cases where Park Villas North is responsible for the initial water intrusion, and when necessary, Park Villas North may arrange storage for an Owner/resident's personal property for a reasonable period of time, as determined by Park Villas North. Park Villas North will not be responsible for any loss or damage to that personal property while in storage.

The Owner will be responsible for the Unit's utility costs even if the contractor undertaking the remediation and restoration work uses these utilities.

In cases where mold is present and mold remediation occurs, Owners/residents are often concerned as to whether the work was appropriately performed and the mold removed. To help ensure that all work is properly performed and that Owners do not face future problems with having to disclose continuing problems, every Unit where mold is found must be "cleared" at the completion of the remediation process. This clearance will be performed by a qualified industrial hygienist who must certify that any remaining mold levels are within acceptable levels. Restoration of the Unit can only begin once this clearance has occurred.

Every Owner/resident must make his or her individual decision whether to remain in the Unit during the remediation and restoration work. Park Villas North recommends that all residents relocate during the remediation and reconstruction process. Anyone contemplating remaining in the Unit during this time period should consult with their personal physician before making a final decision. Any resident choosing to remain in the Unit does so at his/her own risk. The resident, not Park Villas North, shall be responsible for all relocation costs during the remediation and/or restoration period. If the Unit is occupied by a tenant, the landlord and tenant must resolve any issues associated with relocation between themselves. Park Villas North does not assume any responsibility for the landlord's lost rent, if any.

4. Source of Water Intrusion & Related Handling

a. Source of Water Intrusion Park Villas North Responsibility:

Park Villas North will pay to repair the water leak, dry out the affected Common Areas and/or residential Units, and will remediate any mold in the Common Areas and/or residential Units when the loss can be attributed to the Common Area source. Park Villas North shall remediate the mold to the extent necessary to obtain clearance by a qualified industrial hygienist when the remediation is completed. However, if the Owner or tenant has failed to timely report the leak, water intrusion

or presence of mold, that Owner may be held financially responsible for all or part of the cost of remediating the mold.

Park Villas North will pay to replace any drywall that it has removed, and will texture and paint (with one coat of a standard color) the replaced walls. If the Unit Owner prefers to have a non-standard color of paint applied to the replaced wall(s), the Owner shall be responsible for providing Park Villas North with the color and manufacturer of the paint to be applied. If the Owner fails to provide this information, Park Villas North will not be responsible for a mismatched paint color. Park Villas North shall not be responsible for repainting any undamaged walls. Walls will generally be painted “corner-to-corner”. Park Villas North will not repaint entire rooms unless all walls within that room or rooms have had drywall removed.

If possible, Park Villas North will clean any cabinets that have mold, and will reinstall the cleaned cabinets, as well as any counter tops removed to gain access to the cabinets or Common Areas. Cabinets and counter tops that cannot be cleaned or salvaged, as determined by Park Villas North, will be replaced by Park Villas North with original construction quality cabinets (i.e., not Owner-upgraded cabinets). However, Park Villas North cannot guarantee that newly installed cabinets and counter tops will match existing cabinets and counter tops that are not removed. Park Villas North will not replace all cabinets and counter tops solely to have them match. Owners must purchase insurance and submit a claim to their insurance carrier if a partial cabinet and/or countertop replacement is planned under this provision and matching cabinets and/or countertops are important to them.

If possible, Park Villas North will reinstall any carpet and/or other flooring materials that are damaged or removed. Park Villas North will install new carpet pad with original quality pad, but will only reinstall the existing carpet. Park Villas North will not replace the carpet if it cannot be reinstalled. Park Villas North does not cover the cost of cleaning the affected carpet and/or other floor covering beyond the remediation of any mold. Note that Park Villas North will not reinstall or pay for tile or wood floors as these were not the original construction quality materials. Owners must purchase insurance and submit a claim to their insurance carrier for items not addressed by Park Villas North.

Park Villas North will clean and reinstall appliances, toilets, sinks (if not part of a lavatory/cabinet combination that cannot be salvaged) and other fixtures removed in order to gain access to the Common Areas. Park Villas North will not replace used appliances that do not work when reinstalled because of their age or lack of maintenance. Park Villas North shall cover the cost of cleaning and reinstalling the appliances, toilets, sinks and other fixtures under this provision. As explained below, the Unit Owner must provide the appliances, toilets, sinks, fixtures, etc. if the originals cannot be reinstalled.

Some original (or aged) floor coverings, fixtures, cabinets and other building components will not be able to be replaced once they are removed. Under these circumstances the Owner has the option of having the original fixture, floor covering, etc. replaced or of purchasing a new fixture, floor covering, etc. which Park Villas North will install. For Park Villas North to install the fixture, floor covering, etc., the replacement component must be on-site at the time Park Villas North is ready to install it. If the replacement fixture, floor covering, etc. is not on-site when Park

Villas North is ready for the installation, the Unit Owner must make his/her own arrangements for the installation.

b. Source of Water Intrusion Unit Owner and/or Adjacent Unit Owner Responsibility:

When a water leak originates in an adjoining Unit, Park Villas North is not legally responsible to repair the leak, dry out affected Units, or repair the damage to the affected Units. Each Unit Owner affected by a leak in an adjoining Unit must be prepared to act to protect and restore his or her own Unit. Therefore, each Unit Owner should be immediately prepared to notify her/his insurance carrier and/or personal plumber to stop and repair the water leak, dry out and repair her/his affected Unit.

If a Unit Owner or his/her insurance carrier does not immediately accept responsibility for a water leak or moisture intrusion, Park Villas North may perform emergency repairs to mitigate damage to the Common Area. Park Villas North shall not be responsible for any damage to a Unit and/or personal property within the Unit. The risk of loss or damage to these items shall remain with the Owner. Owners are encouraged to purchase their own insurance coverage to protect themselves against damage to these items.

Park Villas North will pay to remediate any mold in the Common Area wall and within the affected Unit as necessary to obtain mold clearance. This does not mean that Park Villas North will remediate mold in a Unit that did not originate from the leak. Park Villas North will also pay to replace, tape and mud any removed drywall.

The Unit Owner must pay to texture and paint his/her affected walls and ceilings. The Unit Owner must also pay to reinstall or replace any removed cabinets, floor or wall coverings, appliances, fixtures or other items.

If requested, Park Villas North will have its contractor complete, replace and/or reinstall the items the Owner is responsible for, provided the Owner has pre-paid Park Villas North for doing so. If no arrangement is made in advance, Park Villas North will leave the Unit after it has reinstalled the removed drywall. The Owner has the option of having Park Villas North reinstall the original items or of providing new items for installation. For Park Villas North to install any items, the items must be on-site when Park Villas North is ready for the installation. If the items are not on-site at that time, the Owner must make his/her own arrangements for the installation.

In accordance with Park Villas North's CC&Rs, Park Villas North will seek to recover its costs from the responsible Unit Owner. Other affected Unit Owners must seek their own recovery from the party ultimately responsible. Park Villas North will not act as the representative for any Owner/resident on the issue of cost recovery.

c. Source of Water Intrusion Shared Responsibility Between Park Villas North and Unit Owner:

When it appears that the responsibility is, or may be, a shared responsibility, Park Villas North will notify the impacted Owner(s) as soon as reasonably possible of the Owner(s) anticipated or expected financial contribution. Failure of Park Villas North to notify the Owner(s) will not affect

the Owner(s) responsibility to pay their proportionate share of the total costs incurred. Owner(s) are expected to sign an acknowledgment of the possibility of financial responsibility prior to the beginning of any work in the Unit.

Please note that an Owner's failure to inspect, maintain and repair the plumbing lines, fixtures and appliances in his/her Unit as stated in this policy shall constitute negligence by that Unit Owner, and shall make that Unit Owner financially liable for any and all damage to the Common Areas and/or other Units caused by that negligence.

5. Insurance Policy and Deductible Issues

For all water intrusion incidents occurring within an Owner's Unit, the Owner shall contact a licensed and insured plumber to identify the source of the water intrusion and stop the water leak from continuing. Subsequent repairs, remediation, dry-out, etc. will then be addressed as stated in this policy.

Should a Unit Owner wish to file a claim with an insurance carrier, the Owner shall first make a claim with her/his own insurance carrier. Only after the Unit Owner's insurance limits have been met, or a claim has been denied in writing, shall an Owner endeavor to file a claim with Park Villas North's master insurance policy.

In the event of a covered claim under Park Villas North's master policy, the responsibility for payment of any deductible shall be as follows:

- a. Owners shall be responsible for the deductible, if the covered loss occurs only to the Owner's Unit or personal property, or other property the Owner is responsible for repairing or replacing pursuant to the CC&Rs ("Owner Property").
- b. Park Villas North shall be responsible for the deductible if the covered loss occurs only to the Common Area or property owned by Park Villas North, or other property Park Villas North is responsible for repairing or replacing ("Park Villas North Property").
- c. If the covered loss occurs to any Owner Property and any Park Villas North Property, or to more than one Owner's Property, the responsibility for the payment of any deductible shall be apportioned among the affected parties on the basis of the ratio of each party's insured loss to the total insured loss under that policy.

The foregoing notwithstanding, if the Board determines the damage or loss is caused by the negligence or misconduct of any Owner, or resident, guest, tenant or invitee of an Owner, or is the Owner's responsibility pursuant to the CC&Rs, such Owner shall be liable for the full amount of the deductible.