

STREAM HOUSE COMMUNITY ASSOCIATION
WATER INTRUSION POLICY
(Approved September 20, 2021)

The Association and all homeowners are required to comply with the Association's Governing Documents with regard to the responsibility for maintaining and repairing any component damaged as a result of water leaks and/or water intrusion. It is important for homeowners to be aware of and understand the Association's policies related to water leaks and water and mold damage, as well as the homeowners' responsibilities in this area. These policies will apply to all occurrences of water leaks and/or mold infestation within the Units and Common Area.

Association's Responsibility

In the event of water intrusion or other type of damage to a Unit caused by a common area component that the Association is responsible for maintaining, such as the roof, the Association will inspect and make the necessary repairs to the Common Area, including performing the necessary remediation to the Common Area, replacing the damaged drywall and repairing and/or replacing any other Common Area components as more fully set forth in Article IX, Section 9.01 of the CC&Rs.

If a Common Area water leak is caused by an act of a homeowner or his/her family members, tenants, guests or invitees, then the homeowner may be held financially responsible for the cost of the Common Area repairs caused thereby (see CC&Rs, Article VIII, Section 8.18, Article V, Section 5.05, and Article XVII, Section 17.04).

The Association is not responsible for damage to property and improvements within the Unit, caused by a water leak and/or water intrusion from the Common Area unless the damage resulted from the Association's negligence or failure to comply with the CC&Rs. (see CC&Rs, Article VIII, Section 8.22 and Article IX, Section 9.01). Therefore, it is imperative that each homeowner purchase and maintain insurance coverage for all interior contents and appliances of the homeowner's unit (see discussion below regarding insurance). In the event the Association does have responsibility for damage occurring within the Unit, the Association will reimburse the homeowner for the amount of the homeowner's deductible, up to \$500.00.

Following notification by a homeowner of a suspected leak in a Common Area component, and depending on the nature and location of the leak, Management may contact the necessary Association vendor to inspect the potential water leak or loss and assess the damage and necessary repairs. If any repairs to components for which the homeowner is responsible is/are necessary to avoid further damage, the Association's vendor may perform such repairs and the Association will seek reimbursement for the cost of such repairs from the homeowner as a Reimbursement Assessment (after providing notice and the opportunity to attend a hearing). If the source of the suspected leak is not a component for which the Association is responsible, but repairs to components for which the homeowner is responsible is/are necessary to avoid further damage, the Association's vendor may perform such repairs and the Association will seek reimbursement for the cost of such repairs from the homeowner as a Reimbursement Assessment (after providing notice and the opportunity to attend a hearing).

Homeowners must allow the Association's vendors and other representatives into the

homeowner's Unit when needed in connection with construction, maintenance and repair activities for which the Association is responsible (See CC&Rs, Article IX, Section 9.06). Homeowners who lease their Units are responsible to ensure their tenants provide access. Except in the case of an emergency, access shall be provided upon reasonable advance notice, which in most cases will be 24 to 48 hours prior notice. In case of an emergency, such right of entry shall be immediate.

Homeowner's Responsibility

Homeowners are responsible for the repair and restoration of their Units, including, but not limited to, interior paint, wall coverings and floor coverings, fixtures, cabinets and other improvements (CC&Rs, Article VIII, Section 8.22; CA Civil Code, § 4775(a)(2)).

Homeowners are also responsible for the maintenance, repair and replacement of all built-in appliances and all plumbing servicing the homeowner's Unit and located within or underneath the outside perimeter of the exterior bearing walls of the homeowner's Unit or within or under the floor or ceiling of the Owner's Unit (CC&Rs, Article VIII, Section 8.22(b)). Components for which homeowners are typically responsible include, but are not limited to, sinks, toilets, faucets, sink hardware, water supply hoses for sinks and toilets, shower, bath, stop valves, water heater, dishwasher, washing machine, water supply hoses for washing machine, and the water and waste pipes within or under the floor or ceiling of the homeowner's Unit and/or within the footprint of the homeowner's Unit.

When these components, and any other component for which the homeowner is responsible, malfunction, fail, break or leak, the homeowner is responsible for all resulting damage including, without limitation, damage to their own Unit, any damage to neighboring units, and any damage to the Association Common Area.

Homeowners are encouraged to regularly check any potential sources of leaks. If a Unit is only occupied on a seasonal basis, the homeowner must have someone inspect the Unit periodically to ensure that any problems that may occur can be dealt with in a timely manner.

If any water leaks and/or other types of damages are exacerbated by a homeowner's failure to inspect or a failure to timely report to the Association (i.e., the homeowner must report the incident **immediately**, and certainly within 24 hours of discovery) or is otherwise not timely addressed by the homeowner, and moisture is allowed to remain in the Unit and/or Association walls/structures and/or other Common Area, then this may result in avoidable, additional damage. In that circumstance, the homeowner may be held liable for all of the additional expense incurred due to the delay in timely reporting the incident. Such expenses often consist of additional cost to address mold remediation and other repairs/replacements that would have otherwise been avoided if timely reported. In addition, the homeowner will be responsible for the utility costs (such as, without limitation, electricity charges for drying fans and dehumidifiers) charged to the Unit in connection with the contractor using the Unit utility outlets in undertaking the remediation and restoration work. Homeowners who lease their Units are responsible to ensure their tenants report leaks immediately to the Owner. The Association reserves the right to deny responsibility for repairing damage resulting from leaks which are not timely reported, or which are not reported within the time frame required by the Association's insurance policy.

In the event a homeowner fails to accomplish the necessary maintenance and repair to their Unit following a water leak, the Association may, but is not obligated to, perform the repairs. After reasonable notice to the owner and, in compliance with the Association's governing documents, the Association may enter the Unit and conduct the necessary repairs or replacements, the cost of which shall be charged back to the homeowner as a Reimbursement Assessment, after notice and hearing (CC&Rs, Article VIII, Section 8.22).

Insurance

In accordance with the governing documents, the Association is responsible for maintaining a master fire and casualty policy of insurance covering the Common Area and the Units, except for homeowner-installed upgrades or betterments to the Unit and personal property within the Units (CC&Rs, Article XII, Section 12.01(b)).

Each homeowner is advised to obtain additional insurance, at each homeowner's sole cost and expense, covering the homeowner-installed upgrades or betterments and their personal property located within their Unit, together with any "homeowners" or other type of personal insurance coverage upon their Unit. While repairs to the interior of a Unit, which may include but are not necessarily limited to, painting, carpet/flooring replacement, furniture and/or cabinets, etc., are the responsibility of the homeowner, the cost to make such repairs may be covered by the Association's insurance and/or the homeowner's insurance policy. However, even if there is coverage under the Association's insurance policy, the homeowner may be responsible for the deductible, which is subject to change from year-to-year and may be \$10,000, \$20,000, or more at any given time. Because of this, the Association strongly recommends (i) that each homeowner purchase and maintain insurance to cover these risks, and (ii) if you already have insurance, confirm that such insurance currently in place covers damages to your personal property and interior contents arising from water leaks and/or water intrusion. Homeowners should not look to the Association's insurance policy as their first line of protection against damage to personal property caused by water leaks and/or water intrusion inside their Units.

A lack of insurance coverage for any particular condition/event does not relieve a homeowner of responsibility. As such, all owners are encouraged to carefully review their coverage with their own insurance professionals.

Mold Elimination Procedures

Mold is a naturally occurring organism. 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. Mold 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 from the Units and the Common Area wall, ceiling and floor cavities when its presence becomes known.

When mold is attributed to a Common Area leak source, the Association will pay to repair the water leak, dry out the affected Common Areas, and remediate any mold in the Common Areas. The Association shall remediate any mold on Common Area components to the extent necessary to obtain clearance by a qualified industrial hygienist when the remediation is completed. This Association will not remediate mold in a Unit that did not originate from the leak.

When mold is attributed to a homeowner responsibility leak source, the homeowner must pay to repair the water leak, dry out the affected areas of the Owner's Unit, any other impacted Units and the Common Areas, and remediate any mold in these areas. The Association may require the homeowner to provide documentation affirming that the homeowner has obtained clearance by a qualified industrial hygienist when the remediation is completed. In the event a homeowner fails to accomplish the necessary dry out and/or mold remediation following a water leak, the Association may, but is not obligated to, perform these tasks. After reasonable notice to the owner and, in compliance with the Association's governing documents, the Association may enter the Unit and conduct the necessary repairs or replacements, the cost of which shall be charged back to the homeowner as a Reimbursement Assessment, after notice and hearing (CC&Rs, Article VIII, Section 8.22).

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.

The Owner is responsible for cleaning any personal property stored outside of his/her Unit during mold remediation work, before returning such personal property 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.